



HALF YEARLY

REPORT

31 DECEMBER
2021





Happy
mornings
Pakistan

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.
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, we present Condensed Interim Financial Statements (un-audited) of the Company for the six-month period ended 31 December 2021.

The economic situation of Pakistan remained challenging over the past six months of FY-2021-22. Commodity prices have drastically increased especially sugar, canola oil, petrol, and LNG. Electricity prices have also increased sharply. The record-breaking inflation has increased the cost of raw and packaging materials, consequently leading to an overall increase in cost of production. The State Bank of Pakistan continued to increase the policy rate which led to higher borrowing costs.

FINANCIAL PERFORMANCE

Summarized operating performance of the Company for the six-month period ended 31 December 2021 is as follows:

Particulars	2021	2020
	Rupees in thousand	
Revenue from contracts with customers-net	3,221,416	2,838,211
Gross profit	612,030	623,232
Net profit before tax for the period	8,453	90,100
Net profit after tax for the period	3,032	62,681
Earnings per share (Rs.)	0.31	6.49

On the operational side, we would like to apprise our shareholders that our net revenue grew by a handsome 13.5% during the period as compared to the corresponding period of the last year. Our main products (juices) are an impulse buy, and with the resumption of in-person schooling, recreation and transport sectors, we were successfully able to maintain the growth momentum. The growth in topline could not be fully materialized into increased profit because of record increases in the prices of our major raw materials, especially sugar. An unprecedented increase in the prices of petroleum products, utilities and significant increase in minimum wages in all the provinces depressed the profit margins as well. The impact of these could not be passed on to our customers due to winter / off-season and prevailing intense market competitiveness. However, some factors like withdrawal of Federal Excise Duty and cost efficiency measures by the management contributed positively to the profit margins.

FUTURE OUTLOOK

The management acknowledges that the uncertain macroeconomic conditions will continue to pose severe challenges to the Company. The third quarter will remain under pressure due to the monetary and fiscal measures taken by the government and any further resumption of Covid-19 related restrictions. These will have an ongoing inflationary impact on the escalating cost of doing business.

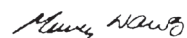
With the arrival of the warm seasons, the Company's prospects are promising as the management will utilize its best potential towards increasing the Company's market price and share in all sales segments. The Company will strive to attain volumetric growth from its existing customers and will continue to explore local and export markets.

The Company intends to include new products in its existing product line in the near future. The Company's focus on R&D and product management will strengthen its product portfolio, enabling sustainable growth in the future.

ACKNOWLEDGEMENT

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:
25 February 2022.



Humayun A. Shahnawaz
Chief Executive

ڈائریکٹر رپورٹ برائے ممبران

ہم شیہ ان انٹرنیشنل کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹر رپورٹ اور اختتام شدہ ششماہی 31 دسمبر 2021 کیلئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔

پاکستانی معیشت مالی سال 2021-22 کی گزشتہ ششماہی کے دوران غیر متحکم رہی۔ اجناس بالخصوص چینی، کنولا آئل، پٹرول اور ایل این جی کی قیمتوں میں ہوشربا اضافہ ہوا۔ بجلی کے نرخوں میں بھی تیزی سے اضافہ ہوا۔ افراط زر میں اضافے نے خام مال اور پیکیجنگ بمٹریل کی قیمتوں میں بے پناہ اضافہ کر دیا ہے جسکی وجہ سے پیداواری لاگت بڑھ چکی ہے۔ بینک دولت پاکستان نے شرح سود میں اضافہ جاری رکھا جسکی وجہ سے سرمائے کی لاگت مزید بڑھ گئی۔

عملی جائزہ:

کمپنی کی زیر غور اختتام شدہ ششماہی 31 دسمبر 2021 کی عملی کارکردگی مختصر اور ج ذیل ہے۔

2020	2021	تفصیلات
روپے ہزاروں میں		
2,838,211	3,221,416	مجموعی فروخت
623,232	612,030	مجموعی منافع
90,100	8,453	خالص منافع قبل از محصولات
62,681	3,032	خالص منافع بعد از محصولات
(ریٹینڈ)		
6.49	0.31	فی شخص آمدنی - روپوں میں

عملی کارکردگی پر ہم اپنے حصص داران کو آگاہ کرنا چاہتے ہیں کہ ہماری خالص فروخت کی شرح میں گزشتہ سال کے اسی عرصے کے مقابلے میں 13.50 فی صد کا حوصلہ افزاء اضافہ ہوا۔ ہماری مصنوعات بالخصوص جوس، آئسکریم سے خرید جانے والا پراڈکٹ ہے اور تعلیمی اداروں، تفریحی مقامات اور ڈرائیو پورٹ کی بحالی کی وجہ سے ہم اپنے نمونے کی مسلسل کو برقرار رکھنے میں کامیاب رہے۔ ہمارے ہم خام مال بالخصوص چینی کی قیمتوں میں ریکارڈ اضافے کی وجہ سے ہم اپنی فروخت میں اس کو مکمل طور پر منافع میں منتقل نہ کر سکے۔ پٹرولیم مصنوعات کی قیمتوں میں ہوشربا اضافہ اور تمام صوبوں کی جانب سے کم از کم اجرت میں نمایاں اضافے نے بھی ادارے کے منافع کو بڑی طرح متاثر کیا۔ ان تمام عوامل کا اثر خفیت مقابلے کی فضا اور موسم سرما کے باعث مکمل طور پر صارفین کو منتقل نہیں کیا جاسکا۔ تاہم کچھ محمول چیمہ کارڈ فیڈرل ایکسٹرنل ڈیوٹی کا خاتمہ اور لاگت کو کنٹرول کرنے کیلئے انتظامیہ کے اقدامات نے منافع میں مثبت کردار ادا کیا۔

مستقبل کے امکانات:

انتظامیہ کو ادراک ہے کہ موجودہ غیر یقینی معاشی حالات کی وجہ سے کمپنی کو سخت چیلنجز کا سامنا رہے گا۔ تیسری سہ ماہی حکومت پاکستان کی جانب سے لیے گئے مشکل مالیاتی اقدامات اور کوویڈ-19 سے متعلق پابندیوں کے دوبارہ نافذ العمل ہونے کے باعث دباؤ کا شکار رہے گی۔ ان عوامل کا کاروباری لاگت پر مزید اثر پڑے گا۔

موسم گرمائی آمد کے ساتھ ساتھ کمپنی کی انتظامیہ مصنوعات کی مارکیٹ میں حجم کو بڑھانے اور مصنوعات کی قیمتوں میں اضافہ کرنا کارآمد رکھتی ہے، کمپنی اپنے موجودہ گاہکوں سے حجم میں اضافے کیلئے کوشاں رہے گی اور مقامی اور غیر ملکی منڈیوں کی تلاش جاری رکھے گی۔

کمپنی اپنی موجودہ پراڈکٹ لائن میں مستقبل قریب میں نئی مصنوعات شامل کرنے کا ارادہ رکھتی ہے۔ آرائیڈ ڈی اور پراڈکٹ منیجمنٹ پر کمپنی کی توجہ اسکے پراڈکٹ پورٹ فولیو کو مضبوط کرے گی، جو مستقبل میں پائیدار ترقی کو مستحکم کرے گی۔

اظہار تشکر:

ہم اس موقع پر اپنے حصص داران کے بھروسے کا معزز صارفین کے غیر متزلزل اعتماد کا، انتظامیہ کی مخلصانہ کوششوں کا، اپنے ملازمین کی قابل ستائش خدمات کا، بورڈ آف ڈائریکٹرز کی مستقل رہنمائی کا اور تمام مختلف بینکرز، ڈیلرز، ویینڈرز، ایسوسی ایشن کا شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے

Muhammad Nawaz

H. V. Shah

ہمایوں اے شاہ نواز

چیف ایگزیکٹو

منیر نواز

چیرمین

لاہور

25 فروری 2022ء

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SHEZAN INTERNATIONAL LIMITED

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Shezan International Limited as at 31 December 2021 and the related condensed interim statement of profit or loss and other 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 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 profit and loss and other comprehensive income for the three-month period ended 31 December 2021 and 2020 have not been reviewed as we are required to review only the cumulative figures for the six-month period ended 31 December 2021.

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 review resulting in this independent auditor's review report is Sajjad Hussain Gill.

Lahore:
25 February 2022.
UDIN Number: RR202110087sbFkMeTIQ



EY Ford Rhodes
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		(Un-Audited) 31 December 2021	(Audited) 30 June 2021
	Note	Rupees in thousand	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,530,166	1,618,924
Long-term investment	7	3,904	4,036
Long-term receivable		27,147	26,429
Long-term deposits		4,932	3,331
Deferred taxation		255,507	220,253
		1,821,656	1,872,973
CURRENT ASSETS			
Stores and spares		143,582	140,995
Stock-in-trade		1,455,922	1,644,975
Right to recover asset		5,052	4,896
Trade receivables		170,799	309,119
Loans and advances		396,273	247,222
Trade deposits and short-term prepayments		27,131	9,040
Tax refunds due from the Government		80,189	146,824
Cash and bank balances		65,476	154,955
		2,344,424	2,658,026
TOTAL ASSETS		4,166,080	4,530,999
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		96,631	87,846
Capital reserve		5,000	5,000
Revenue reserves		1,926,972	1,981,172
TOTAL EQUITY		2,028,603	2,074,018
NON-CURRENT LIABILITIES			
Long-term loans	8	—	42,052
Lease liability		63,776	50,037
Deferred grant		—	1,071
		63,776	93,160
CURRENT LIABILITIES			
Trade and other payables		482,328	733,360
Contract liabilities		87,177	62,910
Unclaimed dividend		9,938	4,845
Interest accrued on borrowings		19,585	21,185
Current portion of long-term loans	8	268,048	409,670
Current portion of lease liability		7,857	8,327
Current portion of deferred grant		4,592	9,026
Short-term borrowings	9	1,065,264	929,615
Refund liability		88,236	87,732
Provision for taxation		40,676	97,151
		2,073,701	2,363,821
TOTAL LIABILITIES		2,137,477	2,456,981
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		4,166,080	4,530,999

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


Director


Chief Executive


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

		Six-month period ended 31 December		Three-month period ended 31 December	
		2021	2020	2021	2020
	Note	Rupees in thousand			
Revenue from contracts with customers-net	11	3,221,416	2,838,211	1,142,647	905,104
Cost of revenue		(2,609,386)	(2,214,979)	(971,281)	(743,743)
Gross profit		612,030	623,232	171,366	161,361
Distribution costs		(406,225)	(317,557)	(162,189)	(132,645)
Administrative expenses		(145,901)	(138,946)	(69,177)	(69,161)
		(552,126)	(456,503)	(231,366)	(201,806)
Operating profit / (loss)		59,904	166,729	(60,000)	(40,445)
Other operating expenses		(41,912)	(36,497)	(12,790)	8,614
Other income		41,392	19,930	24,942	5,571
Finance costs		(50,931)	(60,062)	(23,810)	(28,077)
Profit / (loss) before taxation		8,453	90,100	(71,658)	(54,337)
Taxation		(5,421)	(27,419)	20,191	8,676
Net profit / (loss) for the period		3,032	62,681	(51,467)	(45,661)
Other comprehensive income / (loss)					
Items that will not be reclassified to profit or loss in subsequent periods:					
Unrealized (loss) / gain on remeasurement of investment designated at fair value through OCI - net of deferred tax		(132)	1,050	(937)	1,596
Items that will be reclassified to profit or loss in subsequent periods:		-	-	-	-
Total comprehensive income / (loss)		2,900	63,731	(52,404)	(44,065)
			Re-stated		Re-stated
Earnings / (loss) per share - basic and diluted (Rupees)	12	0.31	6.49	(5.33)	(4.73)

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 2021

	Capital Reserve	Revenue Reserve				
	Merger Reserve	General Reserve	Unrealized gain on remeasurement of Investments	Unappropriated profit / (loss)	Sub Total	
Share Capital						
Rupees in thousand						

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
Balance as at 01 July 2021	87,846	5,000	2,000,000	1,661	(20,489)	1,981,172	2,074,018
Final dividend @ Rs. 5.5 /- per share for the year ended 30 June 2021	–	–	–	–	(48,315)	(48,315)	(48,315)
Issue of bonus shares @10% for the year ended 30 June 2021	8,785	–	–	–	(8,785)	(8,785)	–
Profit for the six-month period ended 31 December 2021	–	–	–	–	3,032	3,032	3,032
Other comprehensive income	–	–	–	(132)	–	(132)	(132)
Total comprehensive income / (loss)	–	–	–	(132)	3,032	2,900	2,900
Balance as at 31 December 2021	96,631	5,000	2,000,000	1,529	(74,557)	1,926,972	2,028,603

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


Director


Chief Executive


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

Six-month period
31 December
2021 2020
Rupees in thousand

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations:

Profit before taxation	8,453	90,100
Adjustments to reconcile profit before tax to net cash:		
Depreciation	122,411	140,262
Finance costs	50,931	63,203
Un-winding of interest on long-term receivable	(718)	(3,141)
Profit on bank deposits	(507)	(176)
Gain on termination of lease	(3,881)	-
Reversal of allowance for expected credit losses	(3,239)	-
Unwinding of deferred grant	(5,506)	-
Loss on disposal of property, plant and equipment	9,199	19,705
	168,690	219,853
Operating profit before working capital changes	177,143	309,953

Decrease / (increase) in current assets:

Stores and spares	(2,587)	(15,663)
Stock-in-trade	189,053	(202,054)
Right to recover asset	(156)	762
Trade receivables	141,559	(82,670)
Loans and advances	(149,051)	(200,697)
Trade deposits and short-term prepayments	(18,024)	(37,071)
	160,794	(537,393)

Increase / (decrease) in current liabilities:

Trade and other payables	(251,032)	(303,021)
Contract liabilities	24,267	(28,798)
Refund liability	504	(5,835)
	(226,261)	(337,654)

Cash flows from / (used in) operations

	111,676	(565,094)
Interest expense paid	(43,467)	(73,293)
Profit on bank deposits received	440	273
Income tax paid	(30,515)	(29,141)
Long-term receivables	-	2,190
Long-term deposits paid	(1,601)	299

Net cash flows from / (used in) operating activities **36,533** (664,766)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(31,697)	(28,157)
Sale proceeds from disposal of property, plant and equipment	7,369	13,657

Net cash flows used in investing activities **(24,328)** (14,500)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term loan	(189,179)	(105,721)
Long-term loan obtained	-	217,017
Short-term borrowings - net	135,649	430,099
Repayment of lease liability	(4,932)	(1,832)
Dividends paid	(43,222)	(35)

Net cash flows (used in) / from financing activities **(101,684)** 539,528

Net decrease in cash and cash equivalents **(89,479)** (139,738)

Cash and cash equivalents at the beginning of the period **154,955** 202,541

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD **65,476** 62,803

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

1 THE COMPANY AND ITS OPERATIONS

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

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.

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 2021.

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 2021. These financial statements are prepared in Pak Rupees, which is the functional currency of the Company.

2.5 The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 December 2021 and 31 December 2020 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have only reviewed the cumulative figures for the six-month period ended 31 December 2021 and 31 December 2020.

3 SIGNIFICANT ACCOUNTING POLICIES AND JUDGMENTS

The accounting policies, methods of computation adopted and judgments used 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 2021 except as follows:

3.1 Standards, amendments and interpretations to accounting standards that are effective in the current year

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendment to the accounting standards effective for annual period beginning on 01 July 2021, 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

Standard, Interpretation and Amendment

IFRS 7 & IFRS 9 Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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

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 and have not been adopted early by the Company:

Standard, Interpretation and Amendment		Effective date (annual periods beginning on or after)
IFRS 3	Business Combinations – The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01 January 2022
IAS 16	Property, plant and equipment – Amendment to clarify the prohibition on an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	01 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.	01 January 2022
IAS 1	Presentation of Financial Statements to clarify how to classify debt and other liabilities as current or non-current.	01 January 2023
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 - The amendments aim to help entities provide accounting policy disclosures that are more useful by:	01 January 2023
–	Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies; and	
–	Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.	
IAS 8	Definition of Accounting Estimates - Amendments to IAS 8 - The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.	01 January 2023

**Effective date
(annual periods
beginning on or after)**

Standard, Interpretation and Amendment

IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 - In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.	01 January 2023
IFRS 10 & IAS 28	Consolidated Financial Statements & Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized

The Company expects that the adoption of the amendments will have no material effect on the Company's financial statements.

In addition to the above new standards and amendments to standards, improvements to various accounting standards (under the annual improvements 2018 - 2020 cycle) 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:

IFRS 9	Financial Instruments: Fees in the '10 per cent' test for derecognition of financial liabilities - The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39.
IFRS 16	Leases: Lease incentives – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.
IAS 41	Agriculture: Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The Company expects that the adoption of the above improvements to the standards will have no material effect 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.

**IASB effective date
(annual periods
beginning on or after)**

Standard

IFRS 1	First time adoption of International Financial Reporting Standards	01 July 2004
IFRS 17	Insurance Contracts	01 January 2023

The Company expects that the adoption of the above standards will have no material effect on the Company's financial statements, in the period of initial application.

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, these are subject to final adjustments in the annual audited financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

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).

6 PROPERTY, PLANT AND EQUIPMENT

The additions / deletions / transfers (at cost), made during the six-month period ended 31 December 2021 (un-audited) are as follows:

	Additions	Deletions/ Transfers
	Rupees in thousand	
Owned assets		
Building on freehold land	51,136	–
Plant and machinery	15,957	–
Furniture and fixtures	308	–
Electric equipment	3,258	–
Computers and accessories	153	(208)
Empty bottles, shells, pallets and barrels	15,388	(43,584)
Right of use asset - building on rent	34,713	(22,617)
	120,913	(66,409)
Capital work in progress		
Plant and machinery	7,833	–
Buildings	171	(62,507)
	8,004	(62,507)
	128,917	(128,916)
	(Un-Audited) 31 December 2021	(Audited) 30 June 2021
Note	Rupees in thousand	

7 LONG-TERM INVESTMENT

Quoted modaraba - fair value through OCI

BRR Guardian Modaraba			
305,000 (30 June 2021: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Gain on remeasurement		1,529	1,661
		3,904	4,036

7.1 The above investment represents 0.35% (30 June 2021: 0.35%) of the issued certificate capital of the Modaraba.

		(Un-Audited) 31 December 2021	(Audited) 30 June 2021
	Note	Rupees in thousand	
8 LONG-TERM LOANS - SECURED			
Long-term loans	8.1	268,048	451,722
Less: Current maturity shown under current liabilities		(268,048)	(409,670)
		–	42,052

8.1 Loans from banking institutions - secured

Particulars	Note	Opening	Received	Loan Amount		Closing
				Accretion of interest Rupees in thousand	Repaid	
Loan 1	8.1.1	211,440	–	–	105,720	105,720
Loan 2	8.1.2	123,144	–	2,426	42,500	83,070
Loan 3	8.1.2	117,138	–	3,079	40,959	79,258
		451,722	–	5,505	189,179	268,048

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

8.1.2 These represent loans obtained 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 facilities have an aggregate sanctioned limit of Rs. 170 million each and are repayable in eight quarterly installments with a grace period of six months each. The rates of markup are SBP plus 1.95% and 0.45% per annum payable quarterly, respectively. The facilities are secured against initial ranking charge on plant and machinery up to Rs. 227 million each. The difference between cash received and present value of cash outflow upon initial recognition has been recognized 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 As at six-month period end, the Company was in breach of current ratio, debt service coverage ratio and interest coverage ratio for Loan 1 and debt service coverage ratio of Loan 3. In accordance with the requirements of IFRS, Loans are required to be classified in current liabilities in case of breach of covenants. However, loans are already classified in the current liabilities as all the payments are due within the next twelve months.

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 2021: Rs. (thousand) 2,625,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 1,559,736 (30 June 2021: Rs. (thousand) 1,699,228).

The rate of mark-up / interest on short-term borrowings ranges between 1 month / 3 months KIBOR plus 0.05% per annum to 1 month / 3 months KIBOR plus 0.50% per annum (30 June 2021: 1 month / 3 months KIBOR plus 0.05% per annum to 1 month / 3 months KIBOR plus 0.50% per annum), payable quarterly.

The facilities are secured against first registered joint pari passu hypothecation charge on current assets of the Company up to Rs. (thousand) 3,848,000 (30 June 2021: Rs. (thousand) 3,848,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 540,460 (30 June 2021: Rs. (thousand) 541,392) and Rs. (thousand) 120,780 (30 June 2021: Rs. (thousand) 190,732), respectively.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

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 2021.

10.2 Commitments

- (i) Commitments in respect of letters of credit established for the import of raw and packing materials, amounted to Rs. (thousand) 9,540 (30 June 2021: Rs. (thousand) 8,608).
- (ii) Guarantees issued by banks in favor of the Company in the ordinary course of business, amounted to Rs. (thousand) 139,220 (30 June 2021: Rs. (thousand) 69,268).

(Un-Audited)

	Six-month period ended 31 December 2021		Three-month period ended 31 December 2021	
	2020		2020	
	Rupees in thousand		Rupees in thousand	
11 REVENUE FROM CONTRACTS WITH CUSTOMERS-NET				
Domestic	3,815,617	3,533,948	1,359,322	1,075,915
Export	216,905	213,800	82,584	116,957
	4,032,522	3,747,748	1,441,906	1,192,872
Less: Discounts and incentives	150,950	128,561	69,640	64,191
Sales tax	660,156	622,136	229,619	182,951
Federal excise duty	—	158,840	—	40,626
	811,106	909,537	299,259	287,768
	3,221,416	2,838,211	1,142,647	905,104

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

(Un-Audited) (Un-Audited)
31 December 31 December
2021 2020
Rupees in thousand

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

Juices and drinks	2,700,937	2,314,146
Others	520,479	524,065
	3,221,416	2,838,211

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

Europe	116,852	131,347
America	58,401	63,310
Asia	26,049	4,720
Australia	15,603	14,423
	216,905	213,800

(Un-Audited)					
		Six-month period ended 31 December		Three-month period ended 31 December	
		2021	2020	2021	2020
12	EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED				
Profit / (loss) after taxation attributable to ordinary shareholders (Rupees in thousand)		3,032	62,681	(51,467)	(45,661)
			Re-stated		Re-stated
Weighted average number of ordinary shares at the end of the period (in thousand)		9,663	9,663	9,663	9,663
Earnings / (loss) per share-basic and diluted (Rupees)		0.31	6.49	(5.33)	(4.73)

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.

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:

		(Un-Audited) Six-month period 31 December	
		2021	2020
Relationship with the Company		Rupees in thousand	
Transactions during the period:			
Associated undertakings			
Purchases of raw materials	Associate	163,641	274,932
Sales of finished goods	Associate	29	128
Royalty charged	Associate	32,434	19,152
Purchases / repairs of electric equipment / vehicles	Associate	63	26
Contributions to staff provident fund	Employees' Fund	3,177	3,029
Remuneration and benefits of Directors, Chief Executive and key management Personnel	Key management	13,523	24,134

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

Period / year end balances:	Relationship with the Company	(Un-Audited) 31 December 2021	(Audited) 30 June 2021
		Rupees in thousand	
Due to related parties	Associate	36,400	57,744
Due from related parties	Associate	16	80,128

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 2021. 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 2021 and 30 June 2021:

	(Un-Audited) 31 December 2021	(Audited) 30 June 2021
	Rupees in thousand	
Debt instruments at amortized cost		
Long-term receivables	27,147	26,429
Long-term deposits	4,932	3,331
Trade receivables - unsecured	170,799	309,119
Loans and advances	396,273	247,222
Trade deposits and short-term prepayments	23,783	9,040
	622,934	595,141
Equity instruments at fair value through OCI		
Long-term investment	3,904	4,036
Total current	590,855	565,381
Total non current	35,983	33,796

Set out below, is an overview of financial liabilities held by the Company as at 31 December 2021 and 30 June 2021:

	(Un-Audited) 31 December 2021	(Audited) 30 June 2021
	Rupees in thousand	
Financial liabilities at amortized cost		
Trade and other payables	469,318	674,486
Unclaimed dividend	9,938	4,845
	479,256	679,331
Interest bearing loans and borrowings		
Long-term loans	268,048	451,722
Lease liability	71,633	58,364
Mark up accrued on borrowings	19,585	21,185
Short-term borrowings	1,065,264	929,615
	1,429,122	1,470,983
Total current	1,844,602	2,057,154
Total non current	63,776	93,160

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2021

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 2021 (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 2021 (Un-Audited):

	Juices and Drinks	Others	Total
	Rupees in thousand		
Revenue from contracts with customers - net	2,700,937	520,479	3,221,416
Cost of revenue	(2,147,300)	(462,086)	(2,609,386)
Gross profit	553,637	58,393	612,030
Unallocated expenses and income			
Distribution costs			(406,225)
Administrative expenses			(145,901)
Other operating expenses			(41,912)
Other income			41,392
Finance costs			(50,931)
Taxation			(5,421)
Profit after taxation			3,032

Assets and liabilities as at 31 December 2021 (Un-Audited):

Segment assets	3,190,154	482,353	3,672,507
Unallocated assets			493,573
Total			4,166,080
Segment liabilities	666,630	117,005	783,635
Unallocated liabilities			1,353,842
Total			2,137,477

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

	Juices and Drinks	Others Rupees in thousand	Total
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 30 June 2021 (Audited):

	Juices and Drinks	Others Rupees in thousand	Total
Segment assets	3,358,736	545,605	3,904,341
Unallocated assets			626,658
Total			4,530,999
Segment liabilities	1,027,491	113,732	1,141,223
Unallocated liabilities			1,315,758
Total			2,456,981

17 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 25 February 2022.

18 GENERAL

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


Director


Chief Executive


Chief Financial Officer

NOTES

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