



# HALF YEARLY REPORT

31 DECEMBER 2022



*Discover the exotic*



# 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 - 66210  
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.

# 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 2022.

Pakistan has been stuck in an economic vortex for the last several months, caught between the sharply depreciating rupee, rising energy prices, and the backbreaking highest inflation rate in its history. The State Bank of Pakistan's reserves plunged to around three billion dollars, enough to cover only fifteen days worth of imports, which has sent a panic signal across the economy. With the massive increase in gas and electricity tariffs, the prices of daily necessities have also increased significantly. The rise in fuel prices, combined with overall inflation, has become uncontrollable, and life has become miserable for common citizens. Internal political instability has further worsened this scenario. There is a significant external element to the crisis as well, with rising global food and fuel prices in the wake of Russia's war in Ukraine. The combination of all these factors has spelled perhaps the greatest economic challenge Pakistan has ever seen. Further, in its recent monetary policy announcement in January 2023, the State Bank of Pakistan raised the policy rate to 17%, the highest in two decades. The higher interest rates coupled with galloping inflation and an uncertain political environment have badly affected the overall business sentiments of the country.

### OPERATIONAL OVERVIEW

The Company's performance during the six-month period under review is summarized below:

|   | 2022               | 2021      |
|---|--------------------|-----------|
| Particulars                                 | Rupees in thousand |           |
| Revenue from contracts with customers – net | 4,105,680          | 3,221,416 |
| Gross profit                                | 916,818            | 612,030   |
| Profit before taxation                      | 22,097             | 8,453     |
| Net profit after tax for the period         | 14,289             | 3,032     |
| Earnings per share (Rs.)                    | 1.48               | 0.31      |

On the operational side, we would like to apprise our shareholders that October -December is our leanest quarter due to seasonal nature of our products. Commodity costs remained very high in the six-month period ended due to high inflation. Some factors like slowness in the market, a record increase in the prices of mango pulp, tomato paste, Tetrapak paper, glass bottles (major raw and packing materials for our products), high payroll expenses because of increase in minimum wages in the fiscal budget 2022-2023, heavy urban and rural flood turmoil in the country, shortage of various crops of fruits and vegetables due to flood disaster, continuous increase in the prices of oil, gas, and electricity, inflated cost of locally available raw and packaging materials and sky-high import cost due to devaluation of Pak Rupee against the U.S dollar, have adversely affected the profitability of the Company. Despite this hostile economic environment our Company, however, depicted satisfactory financial performance and achieved a reasonable growth of 27% in the turnover. Our main product juices (in tetra packaging) are an impulse buy, have shown positive sales trends. Consumer acceptance of our juice products is growing reasonably and contribution from these products to the sales has made a substantial impact on the profitability. However, keeping in view the inflationary trends, we had to enforce the price rationalization of our products to offset the impact of higher input costs. Still, we had to absorb a big component of hiked input costs as we could not pass on the full impact to end consumers due to the intense competitive environment and day-by-day deteriorating buying power of the consumers.

We upheld our progress momentum in exports by achieving a significant volumetric growth of 48% during the six month period under review. Our cooked food range, Juicepak, bottled juices, and ketchup are the main contributors to export sales.

The finance cost of the working capital component has increased significantly due to the upward revision of 325 basis points in policy rates by the State Bank of Pakistan during the six-month period ended bringing it to a cumulative of 1700 basis points. The average utilization of working capital limits during the period remained on the higher side. These working capital borrowings were made to stock the seasonal fruits, pulps, and packaging materials to fulfill the annual sales demand of our products.

## FUTURE PROSPECTS

The remaining quarters ahead of the financial period again will be challenging for the Company as the economic conditions do not appear to be favourable in near future. The urban and rural flooding in the country, the devastation of agricultural crops resulting in a shortage of the availability of fruits and vegetables, upside risks from potential food-price shocks, adverse future agriculture conditions due to flood water, supply chain disruption, gas and electricity load shedding, sky-high inflation, declining consumer's buying power, sharp devaluation of Pak Rupee, continuous rising interest rates and political instability, are the key factors which will definitely adversely affect the future performance and profitability of the Company. The oil prices are further expected to mount due to some levies proposed to be imposed, this will further exacerbate the energy/oil crises in the country and resultantly for the Company.

It is evident that after IMF's bailout package, petroleum prices, energy costs, raw materials (local and imported) and packaging costs (specially Tetra Pak paper and plastic material), and freight costs are further expected to increase tremendously in the near future. The finance cost is also expected to increase as the Company will have to spend more on expensive inventory buying for uninterrupted supply of its products.

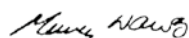
The Government has imposed 10% Federal Excise Duty on sugary fruit juices in its recently promulgated Finance (Supplementary) Act, 2023. This may have a negative impact on our sales of juices, squashes and syrups in coming months and consequently on bottom line as well.

Despite the above challenges the Company is closely monitoring the situation and has rightly positioned itself to capitalize on whatever business opportunities arise out of the current economic situation. Management will utilize its best potential towards increasing the Company's market share in all its sales segments. The Company is trying to focus and uplift its export sales in the coming quarters as well to gain reasonable profitability. The management contemplates that a handsome increase in the export size is one of the much-needed solutions to overcome the current economic crises for the country as well as the Company. The Company will strive to attain volumetric growth from its existing customers and will continue to explore local markets. The Company's focus on research and development will further strengthen its product portfolio, enabling sustainable growth in the future.

## 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, and associates.

For and on behalf of the Board



**Muneer Nawaz**  
Chairman



**Shahid Hussain Jatoi**  
Director

Lahore:  
24 February 2023.



## مستقبل کے امکانات:

مالیاتی سال کی بقیہ سہ ماہیاں کمپنی کے لئے مشکل ثابت ہوگی کیونکہ معاشی ملکی حالات میں فوری بہتری کے آغا نظر نہیں آرہے۔ دہلی اور شہری سیلاب، فصلوں کی تباہی کے نتیجے میں پھلوں اور سبزیوں کی دستیابی میں کمی، نامساعد حالات کی وجہ سے خوراک کی قیمتوں کے بڑھنے کے خطرات، سیلابی پانی کی وجہ سے مستقبل میں زراعت کی کاشت پر منفی اثرات، سیلابی چین میں رکاوٹ، گیس اور بجلی کی لوڈ شیڈنگ، بے پناہ افراط زر، صارفین کی کم ہوتی ہوئی قوت خرید، روپے کی قدر میں کمی، تسلسل سے بڑھتی ہوئی شرح سود اور سیاسی عدم استحکام جیسے عوامل کمپنی کی مستقبل کی کارکردگی اور منافع پر یقیناً منفی اثر پڑے گا۔ کچھ تجویز کردہ محصولات عائد کئے جانے کے امکانات کی وجہ سے تیل کی قیمتوں میں نمایاں اضافہ متوقع ہے جس کی وجہ سے ملک میں توانائی / تیل کے بحران میں گہینی پیدا ہو سکتی ہے جو کہ کمپنی کیلئے باعث تشویش ہوگی۔

واضح رہے کہ بین الاقوامی مالیاتی ادارے کے تیل آؤٹ پکچ کے بعد مستقبل قریب میں پٹرولیم کی قیمتیں، توانائی کے اخراجات، مقامی اور درآمدی خام مال اور پیکنگ کے اخراجات خاص طور پر ٹیڑا ایک پیپر اور پلاسٹک میٹیریل اور مال برداری کے اخراجات میں مزید بے پناہ اضافہ متوقع ہے۔ مالیاتی لاگت میں بھی اضافہ متوقع ہے کیونکہ کمپنی کو اپنی مصنوعات کی بلا قعطل فراہمی کیلئے مہنگا خام اور پیکنگ میٹیریل خریدنے پر زیادہ سرمایہ خرچ کرنا پڑے گا۔

حکومت نے اپنے حال ہی میں منظور ہوئے فنانس (سپلیمنٹری) ایکٹ 2023ء میں جس کی صنعت پر 10 فی صد فیڈرل ایکسائز ڈیوٹی عائد کر دی ہے اس اقدام کی وجہ سے ہماری جوس، سکوائش اور شربت کی فروخت پر منفی اثر پڑ سکتا ہے جو کہ آگے چل کر ہمارے مجموعی منافع کو بھی متاثر کرے گا۔

مندرجہ بالا مشکلات کے باوجود کمپنی صورتحال پر گہری نظر رکھے ہوئے ہے اور موجودہ معاشی صورتحال سے جو بھی کاروباری مواقع پیدا ہوتے ہیں اس سے فائدہ اٹھانے کیلئے کوشاں ہے۔ انتظامیہ اپنی کمپنی کی مصنوعات کی مارکیٹ میں حصہ داری کو بڑھانے کیلئے بہترین اقدامات اٹھائے گی۔ کمپنی مناسب منافع حاصل کرنے کیلئے آنے والی سہ ماہیوں میں اپنی برآمدی فروخت پر خصوصی توجہ مرکوز کرنے اور اسے بڑھانے کی کوشش کر رہی ہے۔ انتظامیہ کا خیال ہے کہ برآمدات کے حجم میں اضافہ، ملک کے ساتھ ساتھ کمپنی کے موجودہ معاشی بحرانوں پر قابو پانے کیلئے انتہائی ضروری اقدامات میں سے ایک ہے۔ کمپنی اپنے موجودہ گاہکوں کے حجم میں اضافے کیلئے مزید مقامی منڈیوں کی تلاش جاری رکھے گی۔ آراینڈ ڈی اور پروڈکٹ میجمنٹ پر کمپنی کی توجہ اس کے پروڈکٹ پورٹ فولیو کو مضبوط کرے گی جو مستقبل میں پائیدار ترقی کو مستحکم کرنے کا باعث ہوگی۔

## 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 مسلسل رہنمائی کا اور تمام متعلقہ میٹنگرز، ڈیلرز، ویئررز، ایسوسی ایٹس کا شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے

*Mah Saiti*

شاہد حسین جتوئی

ڈائریکٹر

*Muhammad Nawaz*

منیر نواز

چیرمین

لاہور

24 فروری 2023ء

## ڈائریکٹرز رپورٹ برائے ممبران

ہم شیڈ انٹرنیشنل لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ڈائریکٹرز رپورٹ اور اختتام شدہ ششماہی 31 دسمبر 2022ء کیلئے کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی نتائج پیش کرتے ہیں۔

پاکستان، روپے کی تیزی سے گرتی ہوئی قدر، توانائی کی بڑھتی ہوئی قیمتوں اور تاریخ کی بلند ترین کمر توڑ شرح افراط زر کی وجہ سے پچھلے کئی مہینوں سے ایک معاشی بحسور میں پھنسا ہوا ہے۔ بینک دولت پاکستان کے ذخائر تاریخ کی کم ترین سطح تقریباً تین ارب ڈالر تک گر گئے، جو کہ صرف چند ہفتوں کی درآمدات کو پورا کرنے کیلئے کافی ہیں، جس سے پوری معیشت کو خطرات لاحق ہیں۔ گیس اور بجلی کے نرخوں میں ہوشربا اضافے سے، روزمرہ کی اشیاء ضروریات کی قیمتوں میں بھی بے پناہ اضافہ ہوا۔ ایندھن کی قیمتوں اور مجموعی افراط زر میں اضافہ بے قابو ہو چکا ہے اور عام شہریوں کیلئے زندگی نہایت اجیرن ہو گئی ہے۔ اندرونی سیاسی عدم استحکام نے اس صورتحال کو مزید گھمبیر کر دیا ہے۔ روس اور یوکرین کی جنگ کی وجہ سے خوراک اور ایندھن کی بڑھتی ہوئی عالمی قیمتوں جیسے بیرونی عناصر بھی اس بحران کی سنگینی کی وجہ بنے۔ ان تمام عوامل کے امتزاج کی وجہ سے شاید پاکستان کو اب تک کا سب سے بڑا معاشی چیلنج درپیش ہے۔ مزید، جنوری 2023ء میں اپنی حالیہ ماہی پالیسی کے اعلان میں، بینک دولت پاکستان نے شرح سود کو بڑھا کر 17 فیصد کر دیا، جو دو دہائیوں میں سب سے زیادہ ہے۔ بلند شرح سود کے ساتھ تیزی سے بڑھتی ہوئی افراط زر اور غیر یقینی سیاسی صورتحال نے ملک کے مجموعی کاروباری ماحول کو بُری طرح متاثر کیا ہے۔

### عملی جائزہ:

کمپنی کی اختتام شدہ ششماہی کی عملی کارکردگی مختصر اوجہ ذیل ہے:

| 2021            | 2022      | تفصیلات                   |
|-----------------|-----------|---------------------------|
| روپے ہزاروں میں |           |                           |
| 3,221,416       | 4,105,680 | فروخت                     |
| 612,030         | 916,818   | مجموعی منافع              |
| 8,453           | 22,097    | خالص منافع قبل اخراجات    |
| 3,032           | 14,289    | خالص منافع بعد اخراجات    |
| 0.31            | 1.48      | فی شخص آمدنی۔ (روپوں میں) |

کمپنی کی عملی کارکردگی کے متعلق ہم اپنے حصص داران کو مطلع کرنا چاہتے ہیں کہ اکتوبر تا دسمبر ہماری مصنوعات کی موٹی نوعیت کی وجہ سے کمزور ترین سہ ماہی ہے۔ ہوشربا افراط زر کی وجہ سے اختتام شدہ ششماہی میں اشیاء کی قیمتوں میں بے پناہ اضافہ ہوا۔ مارکیٹ میں سست روی، آم اور نمائش کی پمپ، ٹیڑا پیک پیپر اور شیشے کی بوتلیں جو ہماری مصنوعات کے لئے اہم خام اور بیکنگ مال ہیں، کی قیمتوں میں ریکارڈ اضافہ، مالی سال 2022-23ء میں کئے گئے اعلان کے مطابق کم از کم اجرت کے اخراجات میں بے پناہ اضافے، ملک بھر کے دیہی اور شہری علاقوں میں سیلاب کی تباہ کاریوں، پھلوں اور سبز یوں کی پیداوار میں کمی، آئل، گیس اور بجلی کی مسلسل بڑھتی ہوئی قیمتوں، میں اضافہ مقامی طور پر دستیاب خام اور بیکنگ مال کی قیمتوں میں اضافے اور امریکی ڈالر کے مقابلے میں روپے کی قدر میں مسلسل کمی کی وجہ سے درآمدی لاگت میں بے پناہ اضافے جیسے عوامل نے کمپنی کے منافع کو بُری طرح متاثر کیا۔ اس معاشی ابتری کی کیفیت کے باوجود ہماری کمپنی نے کسی حد تک تسلی بخش کارکردگی کا مظاہرہ کیا اور فروخت میں 27 فیصد کی مناسب نمو حاصل کی۔ ہماری اہم پروڈکٹ جوس پیک جو کہ ہر دل عزیز پروڈکٹ ہے، نے فروخت میں مثبت رجحان دکھایا، صارفین میں ہماری جوس مصنوعات کی فروخت بڑھی جس کا منافع میں ایک بڑا واضح حصہ ہے۔ تاہم افراط زر کو مد نظر رکھتے ہوئے ہمیں اپنی مصنوعات کی قیمتوں میں معقول اضافہ کرنا پڑا تاکہ بڑھتی ہوئی پیداواری لاگت کے اثر کو کم کیا جاسکے۔ اس کے باوجود ہمیں اس لاگت کا ایک بڑا حصہ خود برداشت کرنا پڑا تاہم انتہائی مسابقتی ماحول اور صارفین کی روز بروز کم ہوتی ہوئی قوت خرید کی وجہ سے اس کا مکمل بوجھ صارفین کو منتقل نہیں کیا جاسکا۔

ہم نے زیر نظر ششماہی کے دوران برآمدات میں 48 فیصد کی حوصلہ افزاء نمو حاصل کی۔ ہمارے تیار شدہ کھانے، جوس پیک، بوتل جوس، اسکوائش اور کچپ برآمدی فروخت کا اہم حصہ ہیں۔ کاروباری سرمائے کی لاگت میں بے پناہ اضافہ ہوا۔ زیر نظر ششماہی کے دوران بینک دولت پاکستان کی جانب سے شرح سود میں 325 فیصد پوائنٹ کا اضافہ ہوا۔

مجموعی شرح سود اب 1700 فیصد پوائنٹ پر پہنچ چکا ہے۔ اس مدت کے دوران کاروباری سرمائے کیلئے لئے قرضوں کا اوسط استعمال زیادہ رہا۔ کاروباری سرمائے کیلئے لئے گئے قرضے، موسمی پھلوں، پلچر اور بیکنگ مال کو ذخیرہ کرنے کیلئے تھے تاکہ ہماری مصنوعات کی سالانہ فروخت کی طلب کو پورا کیا جاسکے۔

# 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 (the Company) as at 31 December 2022, and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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.

### 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 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### Other matter

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three-month period ended 31 December 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended 31 December 2022.

The engagement partner on the audit resulting in this independent auditor's report is Ahsan Shahzad.



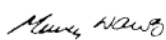


# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2022

|  |      | (Un-Audited)<br>31 December<br>2022 | (Audited)<br>30 June<br>2022 |
|--|------|-------------------------------------|------------------------------|
|  | Note | Rupees in thousand                  |                              |
| <b>ASSETS</b>  |      |                                     |                              |
| <b>NON-CURRENT ASSETS</b>  |      |                                     |                              |
| Property, plant and equipment  | 6    | 1,440,943                           | 1,439,189                    |
| Long-term investment   | 7    | 3,672                               | 3,200                        |
| Long-term receivables  |      | 21,330                              | 22,179                       |
| Long-term prepayment   |      | 2,280                               | 2,832                        |
| Long-term deposits   |      | 18,132                              | 7,881                        |
| Deferred tax asset - net   |      | 261,372                             | 215,543                      |
|  |      | 1,747,729                           | 1,690,824                    |
| <b>CURRENT ASSETS</b>  |      |                                     |                              |
| Stores and spares  |      | 209,429                             | 167,387                      |
| Stock-in-trade   |      | 2,233,057                           | 2,147,005                    |
| Right to recover asset   |      | 2,963                               | 4,400                        |
| Trade receivables  |      | 275,370                             | 285,999                      |
| Loans and advances   |      | 34,468                              | 121,929                      |
| Trade deposits, prepayments and other receivables                    |      | 14,460                              | 10,877                       |
| Tax refunds due from the Government                                  |      | 190,763                             | 119,984                      |
| Cash and bank balances   |      | 63,495                              | 84,116                       |
|  |      | 3,024,005                           | 2,941,697                    |
| <b>TOTAL ASSETS</b>  |      | 4,771,734                           | 4,632,521                    |
| <b>EQUITY AND LIABILITIES</b>  |      |                                     |                              |
| <b>CAPITAL AND RESERVES</b>  |      |                                     |                              |
| Authorized share capital   |      |                                     |                              |
| 10,000,000 (30 June 2022: 10,000,000) ordinary shares of Rs. 10 each |      | 100,000                             | 100,000                      |
| Issued, subscribed and paid up capital                               |      |                                     |                              |
| 9,663,060 (30 June 2022: 9,663,060) ordinary shares of Rs. 10 each   |      | 96,631                              | 96,631                       |
| Capital reserves   |      | 5,000                               | 5,000                        |
| Revenue reserves   |      | 1,969,629                           | 2,003,250                    |
| <b>TOTAL EQUITY</b>  |      | 2,071,260                           | 2,104,881                    |
| <b>NON-CURRENT LIABILITIES</b>                                       |      |                                     |                              |
| Long-term loans  | 8    | —                                   | —                            |
| Lease liability  |      | 61,899                              | 62,463                       |
|  |      | 61,899                              | 62,463                       |
| <b>CURRENT LIABILITIES</b>   |      |                                     |                              |
| Trade and other payables   |      | 795,132                             | 968,190                      |
| Contract liabilities   |      | 78,402                              | 132,890                      |
| Unclaimed dividend   |      | 13,928                              | 9,796                        |
| Accrued markup   |      | 56,220                              | 20,805                       |
| Current portion of long-term loans                                   | 8    | 21,250                              | 95,924                       |
| Current portion of lease liability                                   |      | 7,738                               | 7,770                        |
| Current portion of deferred grant                                    |      | —                                   | 1,098                        |
| Short-term borrowings  | 9    | 1,419,919                           | 1,035,442                    |
| Refund liability   |      | 90,603                              | 91,583                       |
| Provision for taxation   |      | 155,383                             | 101,679                      |
|  |      | 2,638,575                           | 2,465,177                    |
| <b>TOTAL LIABILITIES</b>   |      | 2,700,474                           | 2,527,640                    |
| <b>CONTINGENCIES AND COMMITMENTS</b>                                 |      |                                     |                              |
|  | 10   |                                     |                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                  |      | 4,771,734                           | 4,632,521                    |

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

  
Director

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

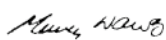
|   | Note | Six-month period ended<br>31 December |             | Three-month period ended<br>31 December |           |
|---|------|---------------------------------------|-------------|---|-----------|
|   |      | 2022                                  | 2021        | 2022                                    | 2021      |
|   |      | Rupees in thousand                    |             | Rupees in thousand                      |           |
| Revenue from contracts with customers-net                   | 11   | <b>4,105,680</b>                      | 3,221,416   | <b>1,672,048</b>                        | 1,142,647 |
| Cost of revenue   |      | <b>(3,188,862)</b>                    | (2,609,386) | <b>(1,308,423)</b>                      | (971,281) |
| Gross profit  |      | <b>916,818</b>                        | 612,030     | <b>363,625</b>                          | 171,366   |
| Distribution costs  |      | <b>(591,655)</b>                      | (406,225)   | <b>(244,976)</b>                        | (162,189) |
| Administrative expenses                                     |      | <b>(175,864)</b>                      | (145,901)   | <b>(84,926)</b>                         | (69,177)  |
|   |      | <b>(767,519)</b>                      | (552,126)   | <b>(329,902)</b>                        | (231,366) |
| Other operating expenses                                    |      | <b>(59,220)</b>                       | (41,912)    | <b>(25,692)</b>                         | (12,790)  |
| Other income  |      | <b>51,130</b>                         | 41,392      | <b>14,868</b>                           | 24,942    |
| Finance costs   |      | <b>(119,112)</b>                      | (50,931)    | <b>(58,298)</b>                         | (23,810)  |
| Profit / (loss) before taxation                             |      | <b>22,097</b>                         | 8,453       | <b>(35,399)</b>                         | (71,658)  |
| Taxation  |      | <b>(7,808)</b>                        | (5,421)     | <b>15,991</b>                           | 20,191    |
| Net profit / (loss) for the period                          |      | <b>14,289</b>                         | 3,032       | <b>(19,408)</b>                         | (51,467)  |
| Earnings / (loss) per share - basic<br>and diluted (Rupees) | 12   | <b>1.48</b>                           | 0.31        | <b>(2.01)</b>                           | (5.33)    |

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

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

|  | Six-month period ended<br>31 December<br><b>2022</b> 2021<br>Rupees in thousand |       | Three-month period ended<br>31 December<br><b>2022</b> 2021<br>Rupees in thousand |          |
|--|---|-------|---|----------|
| Net profit / (loss) for the period   | <b>14,289</b>   | 3,032 | <b>(19,408)</b>   | (51,467) |
| Other comprehensive income / (loss)  |   |       |   |          |
| Items that will not be reclassified to profit or loss in subsequent periods:                                       |   |       |   |          |
| Unrealized gain / (loss) on remeasurement of investment designated at fair value through OCI - net of deferred tax | <b>405</b>  | (132) | <b>5</b>  | (937)    |
| Items that will be reclassified to profit or loss in subsequent periods:   | <b>-</b>  | -     | <b>-</b>  | -        |
| <b>Total comprehensive income / (loss)</b>   | <b>14,694</b>   | 2,900 | <b>(19,403)</b>   | (52,404) |

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

  
Director

  
Director

  
Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

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

|                                       |               |              |                  |              |                 |                  |                  |
|---------------------------------------|---------------|--------------|------------------|--------------|-----------------|------------------|------------------|
| 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 loss              | –             | –            | –                | (132)        | –               | (132)            | (132)            |
| Total comprehensive (loss) / Income   | –             | –            | –                | (132)        | 3,032           | 2,900            | 2,900            |
| <b>Balance as at 31 December 2021</b> | <b>96,631</b> | <b>5,000</b> | <b>2,000,000</b> | <b>1,529</b> | <b>(74,557)</b> | <b>1,926,972</b> | <b>2,028,603</b> |
| <b>Balance as at 01 July 2022</b>     | 96,631        | 5,000        | 2,000,000        | 920          | 2,330           | 2,003,250        | 2,104,881        |
| Final dividend @ Rs. 5.5 /- per share |               |              |                  |              |                 |                  |                  |
| for the year ended 30 June 2022       | –             | –            | –                | –            | (48,315)        | (48,315)         | (48,315)         |
| Profit for the six-month period       |               |              |                  |              |                 |                  |                  |
| ended 31 December 2022                | –             | –            | –                | –            | 14,289          | 14,289           | 14,289           |
| Other comprehensive income            | –             | –            | –                | 405          | –               | 405              | 405              |
| Total comprehensive income            | –             | –            | –                | 405          | 14,289          | 14,694           | 14,694           |
| <b>Balance as at 31 December 2022</b> | <b>96,631</b> | <b>5,000</b> | <b>2,000,000</b> | <b>1,325</b> | <b>(31,696)</b> | <b>1,969,629</b> | <b>2,071,260</b> |

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

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

Six-month period ended  
**2022** 2021  
Rupees in thousand

## CASH FLOWS FROM OPERATING ACTIVITIES

|  |                |         |
|--|----------------|---------|
| Profit before taxation                                     | <b>22,097</b>  | 8,453   |
| Adjustments to reconcile profit before tax to net cash:    |                |         |
| Depreciation   | <b>113,797</b> | 122,411 |
| Finance costs  | <b>119,112</b> | 50,931  |
| Profit on bank deposits                                    | <b>(282)</b>   | (507)   |
| Un-winding of financial charges                            | <b>(757)</b>   | (718)   |
| Unwinding of deferred grant                                | <b>-</b>       | (5,506) |
| Unrealised foreign exchange gain                           | <b>(1,685)</b> | -       |
| Allowance / (Reversal) of expected credit losses           | <b>6,785</b>   | (3,239) |
| Gain on termination of lease                               | <b>-</b>       | (3,881) |
| Workers' Profit Participation Fund                         | <b>1,230</b>   | 392     |
| Workers' Welfare Fund                                      | <b>2,895</b>   | (162)   |
| (Gain) / Loss on disposal of property, plant and equipment | <b>(842)</b>   | 9,199   |
|  | <b>240,253</b> | 168,920 |
| Operating profit before working capital changes            | <b>262,350</b> | 177,373 |

### Working Capital changes:

#### (Increase) / Decrease in current assets:

|   |                 |           |
|---|-----------------|-----------|
| Stores and spares                                 | <b>(42,042)</b> | (2,587)   |
| Stock-in-trade                                    | <b>(86,052)</b> | 189,053   |
| Right to recover asset                            | <b>1,437</b>    | (156)     |
| Trade receivables                                 | <b>3,844</b>    | 141,559   |
| Loans and advances                                | <b>89,146</b>   | (149,051) |
| Trade deposits, prepayments and other receivables | <b>(3,036)</b>  | (18,024)  |
|   | <b>(36,703)</b> | 160,794   |

#### (Decrease) / Increase in current liabilities:

|                          |                  |           |
|--------------------------|------------------|-----------|
| Trade and other payables | <b>(177,183)</b> | (251,262) |
| Contract liabilities     | <b>(54,488)</b>  | 24,267    |
| Refund liability         | <b>(980)</b>     | 504       |
|                          | <b>(232,651)</b> | (226,491) |

|  |                |         |
|--|----------------|---------|
| Cash flows (used in) / from operations | <b>(7,004)</b> | 111,676 |
|--|----------------|---------|

|                                  |                 |          |
|----------------------------------|-----------------|----------|
| Profit on bank deposits received | <b>287</b>      | 440      |
| Income tax paid                  | <b>(70,779)</b> | (30,515) |
| Long term receivable             | <b>1,606</b>    | -        |
| Long-term deposits               | <b>(10,251)</b> | (1,601)  |

|  |                 |        |
|--|-----------------|--------|
| NET CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES | <b>(86,141)</b> | 80,000 |
|--|-----------------|--------|

## CASH FLOWS FROM INVESTING ACTIVITIES

|  |                  |          |
|--|------------------|----------|
| Purchase of property, plant and equipment                    | <b>(126,602)</b> | (31,697) |
| Sale proceeds from disposal of property, plant and equipment | <b>11,893</b>    | 7,369    |

|   |                  |          |
|---|------------------|----------|
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | <b>(114,709)</b> | (24,328) |
|---|------------------|----------|

## CASH FLOWS FROM FINANCING ACTIVITIES

|  |                 |           |
|--|-----------------|-----------|
| Repayment of long-term loan                    | <b>(75,772)</b> | (189,179) |
| Short-term borrowings - secured obtained - net | <b>384,477</b>  | 135,649   |
| Repayment of lease liability                   | <b>(4,093)</b>  | (4,932)   |
| Interest expense paid                          | <b>(80,200)</b> | (43,467)  |
| Dividends paid                                 | <b>(44,183)</b> | (43,222)  |

|   |                |           |
|---|----------------|-----------|
| NET CASH FLOWS FROM / (USED IN) FROM FINANCING ACTIVITIES | <b>180,229</b> | (145,151) |
|---|----------------|-----------|

|   |                 |          |
|---|-----------------|----------|
| NET DECREASE IN CASH AND CASH EQUIVALENTS | <b>(20,621)</b> | (89,479) |
|---|-----------------|----------|

|  |               |         |
|--|---------------|---------|
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD | <b>84,116</b> | 154,955 |
|--|---------------|---------|

|  |               |        |
|--|---------------|--------|
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | <b>63,495</b> | 65,476 |
|--|---------------|--------|

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

  
Director

  
Director

  
Chief Financial Officer

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

## 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  |

## 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 are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 237 of the Act and the Listed Companies (Code of Corporate Governance) Regulations 2019. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2022.

- 2.3** The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months ended 31 December 2022 and 31 December 2021 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the six months ended period 31 December 2022 and 31 December 2021.

- 2.4** These financial statements are presented in Pak Rupees, which is also the Company's functional currency.

## 3 SIGNIFICANT ACCOUNTING POLICIES AND JUDGMENTS

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the "Company's annual financial statements for the year ended 30 June 2022 except for the adoption of amendments to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period as disclosed in Note 3.1 to these condensed interim financial statements. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

### 3.1 Amendments to published accounting and reporting standards as applicable in Pakistan, that are effective in the current period

The Company has adopted the following amendments to published accounting and reporting standards as applicable in Pakistan, which became effective:



### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Company had not identified any contracts as being onerous and the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised of both incremental costs directly related to the contracts and certain other directly related costs. The Company has therefore not recognised any onerous contract provision, upon adoption of the amendment, which remained unchanged as of 31 December 2022.

In accordance with the transitional provisions, the Company has applied the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applied the amendments (the date of initial application, i.e. 01 July 2022) without a need to restate comparative information.

These amendments had no impact on the interim condensed financial statements of the Company as there were no such contract which may become onerous.

### **Reference to the Conceptual Framework – Amendments to IFRS 3**

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed financial statements of the Company as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

## **Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of 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 recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed financial statements of the Company as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

## **IFRS 9 Financial Instruments – Fees in the ‘10 percent’ 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 Financial Instruments: Recognition and Measurement

These amendments had no impact on the interim condensed financial statements of the Company as there were no modifications of the Company’s financial instruments during the period.

## **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.

These amendments had no impact on the interim condensed financial statements of the Company as it did not have assets in scope of IAS 41 as at the reporting date

## **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.

## **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 2022 (un-audited) are as follows:

|  | Additions                                  | Deletions/<br>Transfers      |
|--|--|------------------------------|
|  | Rupees in thousand                         |                              |
| <b>Owned assets</b>                        |  |                              |
| Plant and machinery                        | 4,190                                      | (3,000)                      |
| Laboratory equipment                       | 32   | –                            |
| Furniture and fixtures                     | 295  | –                            |
| Motor vehicles                             | –  | (4,646)                      |
| Electric equipment                         | 6,606                                      | –                            |
| Computers and accessories                  | 579  | –                            |
| Empty bottles, shells, pallets and barrels | 110,173                                    | (32,466)                     |
|  | 121,875                                    | (40,112)                     |
| <b>Capital work in progress</b>            |  |                              |
| Plant and machinery                        | 4,727                                      | –                            |
|  | 126,602                                    | (40,112)                     |
|  | (Un-Audited)<br>31 December<br><b>2022</b> | (Audited)<br>30 June<br>2022 |
| Note                                       | Rupees in thousand                         |                              |

## 7 LONG-TERM INVESTMENT

Quoted Modaraba - Fair value through OCI

|   |     |              |       |
|---|-----|--------------|-------|
| BRR Guardian Modaraba   |     |              |       |
| 305,000 (30 June 2022: 305,000) certificates of Rs. 10/- each | 7.1 | <b>2,375</b> | 2,375 |
| Gain on remeasurement   |     | <b>1,297</b> | 825   |
|   |     | <b>3,672</b> | 3,200 |

**7.1** The above investment represents 0.32% (30 June 2022: 0.32%) of the issued certificate capital of the Modaraba.

|      |  |                              |
|------|--|------------------------------|
|      | (Un-Audited)<br>31 December<br><b>2022</b> | (Audited)<br>30 June<br>2022 |
| Note | Rupees in thousand                         |                              |

## 8 LONG TERM LOANS - SECURED

|  |     |                 |          |
|--|-----|-----------------|----------|
| Long term loans  | 8.1 | <b>21,250</b>   | 95,924   |
| Less: Current maturity shown under current liabilities |     | <b>(21,250)</b> | (95,924) |
|  |     | <b>–</b>        | –        |

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

## 8.1 Loans from banking institutions - secured

|                   |       |         |          | Loan Amount                                 |        |         |
|-------------------|-------|---------|----------|---|--------|---------|
| Banking Companies | Note  | Opening | Received | Accretion of interest<br>Rupees in thousand | Repaid | Closing |
| Loan 1            | 8.1.1 | 42,125  | –        | 375   | 21,250 | 21,250  |
| Loan 2            | 8.1.1 | 53,799  | –        | 723   | 54,522 | –       |
|                   |       | 95,924  | –        | 1,098                                       | 75,772 | 21,250  |

**8.1.1** 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 instalments with a grace period of six months. The rates of markup are SBP plus 1.95% and 0.45% per annum payable quarterly, respectively. The facilities are secured against pari passu 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.

**8.1.2** As at 31 December 2022, the Company was in breach of debt to equity ratio for Loan 1. 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) 1,900,000 (30 June 2022: Rs. (thousand) 2,000,000). The un-utilized portion of the said facility amounts to Rs. (thousand) 480,081 (30 June 2022: Rs. (thousand) 964,558).

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 0.25% per annum (30 June 2022: 1 month / 3 months KIBOR plus 0.05% to 1 month / 3 months KIBOR plus 0.25% per annum), payable monthly / quarterly.

The facilities are secured against first registered joint pari passu hypothecation on current assets of the Company up to Rs. (thousand) 3,848,000 (30 June 2022: Rs. (thousand) 3,848,000).

The un-utilized facility for opening letters of credit and for guarantees amounts to Rs. (thousand) 390,804 (30 June 2022: Rs. (thousand) 388,724) and Rs. (thousand) 40,222 (30 June 2022: Rs. (thousand) 42,577), 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 2022 except for:

- (i) During the period, the Assistant Commissioner Inland Revenue (ACIR) amended the Company's income tax return for 2017, via assessment order dated 05 December 2022 under section 122(4A) of the Income Tax Ordinance, 2001, by disallowing tax depreciation and other expenses creating

demand of Rs. (thousand) 10,005. Being aggrieved, the Company has filed appeal before the Commissioner Inland Revenue (Appeals), which is pending adjudication. The Company, based on advice of its tax advisor, is confident of favorable outcome. Accordingly, no provision has been recognized in the condensed interim financial statements.

- (ii) In previous years, Commissioner Inland Revenue has created a demand of Rs. (thousand) 27,170, for tax years 2014 to 2018, by disallowing adjustment of Workers Welfare Fund against respective income tax refunds for these tax years. During the period, the Honorable Lahore High Court has decided the matter in favor of the Company, via their judgement dated 11 November 2022. Till date of approval of these condensed interim financial statements, management of the Company is not aware of any appeal filed by the tax authorities.

## 10.2 COMMITMENTS

- (i) Commitments in respect of letters of credit established for the import of raw, packing materials and plant and machinery amounted to Rs. (thousand) 9,196 (30 June 2022: Rs. (thousand) 11,276).
- (ii) Guarantees issued by the banks in favor of the Company in the ordinary course of business, amounted to Rs. (thousand) 119,778 (30 June 2022: Rs. (thousand) 117,423).

(Un-Audited)

| Six-month period ended | Three-month period ended |
|------------------------|--------------------------|
| 31 December            | 31 December              |
| 2022                   | 2022                     |
| 2021                   | 2021                     |
| Rupees in thousand     | Rupees in thousand       |

## 11 REVENUE FROM CONTRACTS WITH CUSTOMERS-NET

|                                |           |           |           |           |
|--------------------------------|-----------|-----------|-----------|-----------|
| Domestic                       | 4,630,739 | 3,815,617 | 1,823,797 | 1,359,322 |
| Export                         | 430,920   | 216,905   | 229,091   | 82,584    |
|                                | 5,061,659 | 4,032,522 | 2,052,888 | 1,441,906 |
| Less: Discounts and incentives | 160,585   | 150,950   | 72,152    | 69,640    |
| Sales tax                      | 795,394   | 660,156   | 308,688   | 229,619   |
|                                | 955,979   | 811,106   | 380,840   | 299,259   |
|                                | 4,105,680 | 3,221,416 | 1,672,048 | 1,142,647 |

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

(Un-Audited)  
Six-month period ended  
31 December  
2022  
2021  
Rupees in thousand

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

|                   |           |           |
|-------------------|-----------|-----------|
| Juices and drinks | 3,383,369 | 2,700,937 |
| Others            | 722,311   | 520,479   |
|                   | 4,105,680 | 3,221,416 |

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

(Un-Audited)  
Six-month period ended  
31 December  
**2022** 2021  
Rupees in thousand

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

|           |                |         |
|-----------|----------------|---------|
| Europe    | <b>209,554</b> | 116,852 |
| America   | <b>171,151</b> | 58,401  |
| Asia      | <b>22,873</b>  | 26,049  |
| Australia | <b>27,342</b>  | 15,603  |
|           | <b>430,920</b> | 216,905 |

(Un-Audited)  
Six-month period ended 31 December 2022 2021  
Three-month period ended 31 December 2022 2021

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

|   |               |       |                 |          |
|---|---------------|-------|-----------------|----------|
| Profit / (loss) after taxation attributable to ordinary shareholders (Rupees in thousand) | <b>14,289</b> | 3,032 | <b>(19,408)</b> | (51,467) |
| Weighted average number of ordinary shares at the end of the period (in thousand)         | <b>9,663</b>  | 9,663 | <b>9,663</b>    | 9,663    |
| Earnings / (loss) per share-basic and diluted (Rupees)                                    | <b>1.48</b>   | 0.31  | <b>(2.01)</b>   | (5.33)   |

**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)<br>Six-month period ended<br>31 December<br><b>2022</b> | 2021                 |
|--|----------------------------------|--|----------------------|
|  | Relationship with<br>the Company | Rupees in thousand   |                      |
| <b>Transactions during the period:</b>   |                                  |  |                      |
| <b>Associated undertakings</b>   |                                  |  |                      |
| Purchases of raw materials   | Associate                        | <b>318,582</b>   | 163,641              |
| Sales of finished goods  | Associate                        | <b>677</b>   | 29                   |
| Royalty charged  | Associate                        | <b>40,982</b>  | 32,434               |
| Purchases / repairs of electric<br>equipment / vehicles                                    | Associate                        | <b>106</b>   | 63                   |
| Contributions to staff provident fund  | Employees' Fund                  | <b>2,812</b>   | 3,177                |
| Remuneration and benefits of Directors,<br>Chief Executive and key management<br>personnel | Key management<br>Personnel      | <b>12,831</b>  | 13,523               |
|  |                                  | (Un-Audited)<br>31 December  | (Audited)<br>30 June |
|  | Relationship with<br>the Company | <b>2022</b>  | 2022                 |
|  |                                  | Rupees in thousand   |                      |
| <b>Period/year end balances</b>  |                                  |  |                      |
| Due to related parties   | Associate                        | <b>127,986</b>   | 55,647               |
| Due from related parties   | Associate                        | <b>—</b>   | 58,028               |
| Due from staff provident fund  | Employees' Fund                  | <b>37</b>  | —                    |

## 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 2022. 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].

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

## 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 2022 and 30 June 2022:

|   | (Un-Audited)<br>31 December<br>2022 | (Audited)<br>30 June<br>2022 |
|---|-------------------------------------|------------------------------|
|   | Rupees in thousand                  |                              |
| <b>Debt instruments at amortized cost</b>           |                                     |                              |
| Long-term receivables                               | 21,330                              | 22,179                       |
| Long-term deposits                                  | 18,132                              | 7,881                        |
| Trade receivables - unsecured                       | 275,370                             | 285,999                      |
| Loans and advances                                  | 34,468                              | 121,929                      |
| Trade deposits, prepayments and other receivables   | 14,460                              | 10,877                       |
|   | <b>363,760</b>                      | 448,865                      |
| <b>Equity instruments at fair value through OCI</b> |                                     |                              |
| Long-term investment                                | 3,672                               | 3,200                        |
| Total current                                       | <b>324,298</b>                      | 418,805                      |
| Total non current                                   | <b>43,134</b>                       | 33,260                       |

Set out below, is an overview of financial liabilities held by the Company as at 31 December 2022 and 30 June 2022:

|  | (Un-Audited)<br>31 December<br>2022 | (Audited)<br>30 June<br>2022 |
|--|-------------------------------------|------------------------------|
|  | Rupees in thousand                  |                              |
| <b>Financial liabilities at amortized cost</b> |                                     |                              |
| Trade and other payables                       | 744,614                             | 943,873                      |
| Unclaimed dividend                             | 13,928                              | 9,796                        |
|  | <b>758,542</b>                      | 953,669                      |
| <b>Interest bearing loans and borrowings</b>   |                                     |                              |
| Long-term loans                                | 21,250                              | 95,924                       |
| Lease liability                                | 69,637                              | 70,233                       |
| Deferred grant                                 | —                                   | 1,098                        |
| Accrued markup                                 | 56,220                              | 20,805                       |
| Short-term borrowings                          | 1,419,919                           | 1,035,442                    |
|  | <b>1,567,026</b>                    | 1,223,502                    |
| Total current                                  | <b>2,263,669</b>                    | 2,114,708                    |
| Total non current                              | <b>61,899</b>                       | 62,463                       |

## 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 2022 (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.

|   | Juices and Drinks  | Others    | Total            |
|---|--------------------|-----------|------------------|
|   | Rupees in thousand |           |                  |
| <b>Profit or loss account for six-month period ended 31 December 2022 (Un-Audited):</b> |                    |           |                  |
| Revenue from contracts with customers - net   | 3,383,369          | 722,311   | 4,105,680        |
| Cost of revenue   | (2,594,449)        | (594,413) | (3,188,862)      |
| Gross profit  | 788,920            | 127,898   | 916,818          |
| <b>Unallocated expenses and income</b>  |                    |           |                  |
| Corporate expenses  |                    |           | (767,519)        |
| Other operating expenses  |                    |           | (59,220)         |
| Other income  |                    |           | 51,130           |
| Finance costs   |                    |           | (119,112)        |
| Taxation  |                    |           | (7,808)          |
| <b>Profit after taxation</b>  |                    |           | <b>14,289</b>    |
| <b>Assets and liabilities as at 31 December 2022 (Un-Audited):</b>                      |                    |           |                  |
| Segment assets  | 3,591,225          | 528,254   | 4,119,479        |
| Unallocated assets  |                    |           | 652,255          |
| <b>Total</b>  |                    |           | <b>4,771,734</b> |
| Segment liabilities   | 672,531            | 169,807   | 842,338          |
| Unallocated liabilities   |                    |           | 1,858,136        |
| <b>Total</b>  |                    |           | <b>2,700,474</b> |

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED 31 DECEMBER 2022

|   | Juices and Drinks  | Others    | Total            |
|---|--------------------|-----------|------------------|
|   | Rupees in thousand |           |                  |
| <b>Profit or loss account for six-month period ended 31 December 2021 (Un-Audited):</b> |                    |           |                  |
| 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          |
| <b>Unallocated expenses and income</b>  |                    |           |                  |
| Corporate expenses  |                    |           | (552,126)        |
| Other operating expenses  |                    |           | (41,912)         |
| Other income  |                    |           | 41,392           |
| Finance costs   |                    |           | (50,931)         |
| Taxation  |                    |           | (5,421)          |
| <b>Profit after taxation</b>  |                    |           | <b>3,032</b>     |
| <b>Assets and liabilities as at 30 June 2022 (Audited) :</b>                            |                    |           |                  |
| Segment assets  | 3,499,286          | 611,986   | 4,111,272        |
| Unallocated assets  |                    |           | 521,249          |
| <b>Total</b>  |                    |           | <b>4,632,521</b> |
| Segment liabilities   | 884,182            | 176,525   | 1,060,707        |
| Unallocated liabilities   |                    |           | 1,466,933        |
| <b>Total</b>  |                    |           | <b>2,527,640</b> |

## 17 GENERAL

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

## 18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 24 February 2023.

## NOTES



Burger tonight?







پائن اپیل  
کی لذت ساتھ



**Shezan International Limited**  
[www.shezan.pk](http://www.shezan.pk)