



ANNUAL REPORT 2014

FOOD FOR THOUGHT



VISION

To be known as leader of quality products in the region.

Dedication to quality is a way of life at our Company, so much so that it goes far beyond rhetorical slogans. It is the objective of Shezan International Limited to produce and provide products and services of the highest quality. In its activities the Company will pursue goals aimed at the achievement of quality excellence and succeed as a profitable business. These results will be derived from the dedicated efforts of each employee in conjunction with supportive participation from management at all levels of the Company.

To play its role in the economic development of the country and to enhance quality of life of its people.

MISSION

Our mission is to provide the highest quality fruit and vegetable related juices and products to retail and food service customers.

We want to be the recognized industry leader in quality and service, providing more than expected for our customers, employees and stakeholders.

We will accomplish this by maintaining a tradition of pride in our products, growth through innovation, integrity in the management of our business, commitment to Team Management and the Quality Improvement Process.

CONTENTS

Company Information	03
Notice of Meeting	05
Directors' Report to the Members	07
Horizontal Analysis	12
Vertical Analysis	13
Statement of Value Addition	15
Pattern of Shareholdings	16
Six Years Review at a Glance	20
Review Report to the Members	21
Statement of Compliance	22
Auditors' Report to the Members	23
Balance Sheet	24
Profit and Loss Account	25
Cash Flow Statement	26
Statement of Changes in Equity	27
Notes to the Financial Statements	28
Proxy Form	

حَالَال
HALAL



HAVE A
FRUITFUL
DAY



An ISO 9001, ISO 22000 & HACCP Certified Company

Company Information

Board of Directors:

Mr. Muneer Nawaz	Chairman
Mr. Humayun A. Shahnawaz	Chief Executive
Mr. Mahmood Nawaz	
Mr. M. Naeem	
Mr. Rashed Amjad Khalid	
Ms. Manahil Shahnawaz	
Mr. Munaf Ibrahim	
Mr. Syed Etrat Hussain Rizvi	(N.I.T. Nominee)

Chief Financial Officer & Company Secretary:

Mr. Faisal Ahmad Nisar, FCA

Audit Committee:

Mr. M. Naeem	Chairman
Mr. Muneer Nawaz	Member
Mr. Rashed Amjad Khalid	Member

Human Resource and Remuneration Committee:

Mr. M. Naeem	Chairman
Mr. Muneer Nawaz	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

Auditors:

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

Share Registrar:

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

Legal Advisors:

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

Bankers:

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

Just Nature's Ingredients



Just ALL PURE

Notice of Meeting

The 51st Annual General Meeting of the Company will be held on 30 October 2014 at 11.00 am at Avari Hotel, 87-Shahrah-e-Quaid-e-Azam, Lahore, to transact the following business: -

Ordinary Business:

1. To confirm the minutes of Extraordinary General Meeting held on 27 June 2014.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended 30 June 2014 together with the Directors' and Auditors' Report thereon.
3. To consider and, if thought fit, approve the cash dividend @ Rs. 10/- per share, i.e., 100% and bonus shares @ 10% i.e., ten (10) ordinary shares for every hundred (100) shares held by the existing shareholders, as recommended by the Board of Directors for the year ended 30 June 2014.
4. To appoint External Auditors of the Company for the year 2014-15 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

Special Business:

6. To give effect to the issue of bonus shares, as recommended by the Board of Directors, consider and, if thought fit, pass, with or without modification, the following resolution as an ordinary resolution:


"Resolved that a sum of Rs. 7,260,000/- be capitalized out of the free reserves of the Company and applied towards issue of 726,000 ordinary shares of Rs. 10/- each as fully paid bonus shares, ranking pari passu with the existing shares, in the proportion of ten (10) ordinary shares for every hundred (100) ordinary shares held by the members whose names appear in the Members Register at the close of the business on 22 October 2014.

Further resolved that any Director, Chief Executive and/or Company Secretary be and is/are hereby authorized to give effect to the resolution and to do and cause to be done all acts, deeds and things that may be necessary or required for issue and distribution of the said bonus shares."

A statement under section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the Special Business referred to above, is given in this Notice of Meeting.

By Order of the Board

Lahore:
26 September 2014.


Faisal Ahmad Nisar
Company Secretary

Notes:

1. The share transfer books of the Company will be closed from 23 October 2014 to 30 October 2014 (both days inclusive), for determining the entitlement of dividend.
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. Form of proxies, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the meeting.
3. No person shall act as proxy unless he/she is a member of the Company, except that a corporation may appoint a person who is not a Member.
4. Signature of the shareholder on proxy application form must agree with the specimen signature registered with the Company. For the convenience of the shareholders, a proxy application form is attached with this report.
5. Shareholders are requested to immediately notify the Company of any change in their address to our registrar, M/s. Corp Link (Private) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.
6. Any individual beneficial owner of the shares in the Central Depository Company (CDC), entitled to vote at this meeting must bring his/her Computerised National Identity Card with him/her to prove his/her identity together with his/her account number in CDC and in case of proxy, must enclose an attested copy of his/her Computerised National Identity Card. Representative of corporate members should bring the usual documents required for such purpose.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

Item No. 6 of the Agenda

The Board of Directors are of the view that the Company's financial position and its reserves as on 30 June 2014 justify the capitalization of reserves by way of issue of bonus shares to the members in the ratio of ten (10) Bonus Shares for every hundred (100) Ordinary Shares held. As a result of issuance of Bonus Shares, the paid up capital of the Company shall stand increased to Rs. 79,860,000/-.

The Directors of the Company have no other interest, except to the extent of their shareholding, in this business either directly or indirectly.

حَلَال
HALAL



Fruity Flavours ka Refreshing Taste



An ISO 9001, ISO 22000 & HACCP Certified Company

Directors' Report to the Members

The Board of Directors takes pleasure in presenting the annual report and audited financial statements of the Company for the year ended 30 June 2014.

Economic and Business Review

Year 2013-2014 has been marked by the continuing macroeconomic and security challenges the country has faced since long. However, economy succeeded in attaining around 4 percent growth in the fiscal year. Early positive results, particularly stable foreign exchange reserves, appreciation of exchange rate, growth in industrial sector, increase in remittances, historical heights of Karachi Stock Exchange and successful launch of Euro Bond were the positive improvements in national economy. The international financial institutions have acknowledged and appreciated the positive improvements in national economy. Year 2014 witnessed global recovery and the global outlook indicates some optimism in economic activities. The world economy after showing a moderate growth of 2.1 percent in 2013 witnessed 3.0 percent growth in 2014 and expected to improve to 3.3 percent growth in 2015.

The situation regarding inflation remained a key concern for the economy. The current fiscal year started with single digit inflation at 8.3 percent in July 2013 and maintained this trend till October 2013. Inflation increased in November 2013 to 10.9 percent on account of electricity prices adjustment combined with short term supply disruption of commodities due to cyclical factors. Inflationary pressures have tapered since December 2013, headline inflation CPI declined to 7.9 percent in January and February 2014. However, it again surged in March and April 2014 at 8.5 percent and 9.2 percent. The factor behind was increase in food inflation which increased to 9.9 percent on account of demand supply gap.

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

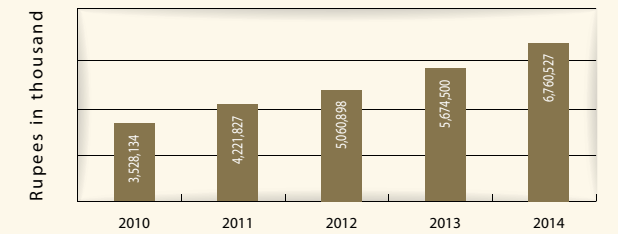
Over the years, juices have garnered attention as a healthy drink. Per capita consumption of juices exhibited robust growth over the past few years. Increasing urban life style and growing middle class are key drivers of the consumer goods industry. We are pleased that our juice products are showing encouraging sales trends. During the period we have also achieved encouraging growth in export sales of our products. Our production facility in Karachi continued to meet the export requirements in the Middle East, Africa, USA and Europe and performed well during the year. We are optimistic that our products have the potential to sustain our growth momentum in the future. Our business strategy focuses mainly on reinforcing and establishing presence in the markets in which it operates and expanding its share in potentially high growth market segments.

Our advertisement activities costs are high and this trend would continue in the coming year due to market competition. The business environment has become very competitive and our profits are affected by commodity inflation, high energy costs due to load shedding and POL prices and marketing costs. Therefore, operating profit decreased from Rs. 440.077 million to Rs. 429.103 million. The Company added Rs. 1.086 billion to the net sales, which grew 19.14%. Earnings per Share were Rs. 35.75. We made our humble contribution to the National Exchequer by paying a sum of Rs. 1.319 billion in the shape of Sales Tax, Federal Excise Duty and Income Tax for the year ended 30 June 2014.

Financial Results

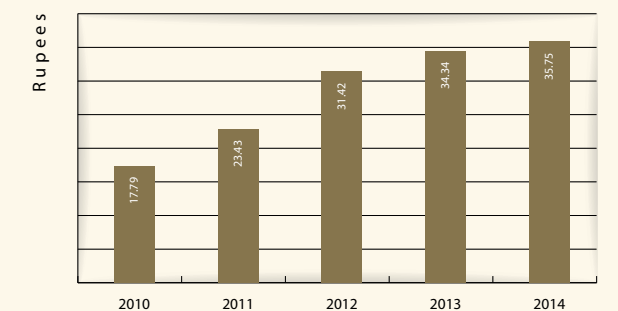
For the year ended 30 June 2014, total sales were Rs. 6.761 billion against Rs. 5.674 billion in the same period last year, registering an increase of 19.14%. The cost of sales was Rs. 4.736 billion against Rs. 3.964 billion last year. Therefore, the Company earned gross profit of Rs. 2.025 billion against Rs. 1.710 billion in the corresponding year last year.

Net Sales



The distribution cost increased and it grew by 26.59% as compared to the last year. The distribution cost includes an advertisement and sales promotion expense of Rs. 582 million. We had to increase our publicity campaign to boost our sales due to stiff competition in the market and develop our brand. The finance cost was Rs. 28.57 million against Rs. 45.75 million last year. The decrease in finance cost was due to efficient use of borrowed capital. However, borrowings were made during the year to stock the seasonal fruits, pulps and packaging materials to fulfil the sales demands of our products.

Earnings per share



Directors' Report

to the Members

Net profit for the year was Rs. 259.532 million as compared to Rs. 249.321 million of the corresponding year of 2013 and earning per share were Rs. 35.75 versus Rs. 34.34 (re-stated) in the last year.

Appropriations

The Company has earned an after tax profit of Rs. 259.532 million for the year under review.

The Directors are pleased to recommend as follows:

	Rupees in thousand
Profit after taxation	259,532
Unappropriated profits brought forward	291,409
Dividend @ Rs 10/- per share for the year ended 30 June 2013	(66,000)
Transfer to General reserve	(150,000)
Transfer to reserve for issue of bonus shares for the year ended 30 June 2013	(6,600)
Un-appropriated profits carried forward	328,341
Earnings per share in Rupees – Basic	35.75

Dividend

Keeping in view the satisfactory financial results, the Directors have immense pleasure in proposing a cash dividend of 100%, i.e., Rs. 10/- per share. We hope our shareholders would appreciate our paying generous returns on their investment.

Future Prospects

Economic outlook of the country continues to remain challenging due to energy crisis, internal security issues and inflationary trends. The ongoing electricity and gas load shedding severely affects the industrial sector, substantially increasing the cost of production and affecting both margins and volumes.

Looking forward, we are hopeful that we will see improved sales levels during the next year. Our marketing teams have been focusing on increasing the visibility and availability of our diverse line of consumer products through advertisement and various promotional activities.

Current Inflationary trends and economic conditions depict that commodity prices will remain high in the next year. In addition, payroll expenses will increase due to substantial increase in minimum wages.

Corporate Governance and Financial Reporting Frame Work

As required by the Code of Corporate Governance, the Directors are pleased to report the following:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.

- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data of last six years is annexed to this report.
- Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed.
- Value of investments of provident fund for the year ended 30 June 2014 was Rs. 144.825 million.
- During the year, four Board of Directors meetings were held. Attendance of these meetings was as follows:

Name of Director	No. of Meetings Attended
Mr. Muneer Nawaz	4
Mr. Muhammad Khalid	4
Mr. Mahmood Nawaz	4
Mrs. Amtul Hai Khalid	1
Ms. Nazish Khalid	2
Mr. M. Naeem	3
Mr. Saleem Zamindar	4
Mr. Firasat Ali	2

Leave of absence was granted to the Directors, who could not attend the board meetings.

- Pattern of Shareholdings as on 30 June 2014 and its disclosure according to the requirement of Code of Corporate Governance is annexed to this report.
- The Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children shareholdings and change therein during the year is disclosed in "Categories of Shareholders".

Related Party Transactions

The Directors confirm the following regarding related party transactions:

Directors' Report

to the Members

- That the transactions undertaken with related parties during the financial year have been ratified by the Audit Committee and approved by the Board of Directors.
- That the amounts or appropriate proportions of outstanding items pertaining to related parties and receivables/payables from the related parties as on 30 June 2014:

Name of Related Party	Rupees in thousand	
	Payable	Receivable
Shezan Services (Private) Limited	34,376	Nil
Shahnawaz (Private) Limited	Nil	7
Shezan Ampis	Nil	16

- There is no other material information pertaining to related party transactions, which is necessary for an understanding of financial statements.

Board Audit Committee

The Audit Committee met five times during the year under reference. These meetings were held prior to the approval of interim results of the Company by the Board of Directors and before and after completion of external audit. Attendance by each director was as follows:

Name of Director	No. of Meetings Attended
Mr. Muneer Nawaz	5
Mr. M. Naeem	3
Ms. Nazish Khalid	2

Leave of absence was granted to the Directors, who could not attend the audit committee meetings.

Board Human Resource Committee

A Human Resource & Remuneration Committee has been in existence since the enforcement of the Revised Code of Corporate Governance, which comprises, which comprises three Directors. During the year one meeting of the Human Resource & Remuneration Committee was held. Attendance by each director was as follows:

Name of Director	No. of Meetings Attended
Mr. Muneer Nawaz	1
Mr. M. Naeem	1
Mr. Saleem Zamindar	1

Election of Directors

During the current year, fresh election of Directors of the Company were conducted on 27 June 2014 in pursuance of the requirements of listing regulations of the Stock Exchanges and the new Board has been elected for the next term of three years effective 01 July 2014.

Mr. Muneer Nawaz has been re-appointed as the Chairman of the Board of Directors and Mr. Humayun A. Shahnawaz has been appointed as the Chief Executive Officer of the Company for the next term of three years effective from 01 July 2014 by the Board of Directors.

A statement under section 218 of the Companies Ordinance, 1984 regarding payment of remuneration of the Chief Executive and full time working Director as approved by the Board and shareholders has already been circulated to all the shareholders of the Company.

The Chief Executive and Executive Director being the Directors of the Company are interested in this matter to the extent of the remuneration payable to them.

The Board of Directors wishes to place on record its appreciation and gratitude to the outgoing Members of the Board for their guidance during their tenure as Directors of the Company.

Auditors

The retiring auditors Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, proposes the appointment of Messrs. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, for the year ending 30 June 2015.

Statement of Compliance with the Best Practices on Transfer Pricing

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulations of the stock exchanges.

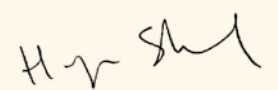
Corporate Social Responsibilities

Disclosure as required by the Corporate Social Responsibility General Order, 2009 is annexed and form integral part of this report.

Acknowledgement

We are thankful to the valuable consumers of Company's products for their continued patronage of our products, the shareholders for their trust and confidence in the Company. We also place on record our appreciation for the commitment, devotion to duty and hard work of the officers and workers of all categories.

On Behalf of the Board


Humayun A. Shahnawaz
Chief Executive

Karachi:
26 September 2014.

Corporate Social Responsibility



The Company believes that Corporate Social Responsibility is the continuing commitment to behave ethically and contribute to economic development of the workforce and their families as well as of the local community and society at large.

Business Ethics and Anti-Corruption Measures

Business Ethics which include the practice of honesty and integrity are considered as an essential part in everyday operations of the Company. Since the Company's business is to deal with food and juice products, so it is the policy of the Company to provide not only healthy products to its customers but also ensures clear and coherent view of its product range in all its advertisement campaigns.

Further, Statement of Ethics and Business Practices is circulated among all employees of the Company for compliance purposes. It proved very helpful in maintaining the level of credibility of each employee in the organization.

Along with all these, the Company has developed procedure and system regarding all key positions to avoid the impact of any corruption and bribery.

Industrial Relations

Cordial industrial relations and harmonious working environment prevailed at all locations of the Company. The management enjoys good relationship with the employees. CBA elections are held in time and without any hurdles. The basic purpose of this practice is to secure maximum cordiality between the workers and the management and to establish a climate of mutual understanding where-by the workers may be able to contribute their best for the growth and development of the Company. The Company has a Hajj Scheme and two workers are sent to perform Hajj at the Company's expense. The Company also has good relations with the suppliers.

Employment of Special Persons

To ensure the welfare and rehabilitation of special persons, the Company has especially stressed upon the induction of Disabled Persons in accordance with "Employment and Rehabilitation Ordinance, 1981". The Company has established a policy regarding the hiring of disable persons with assigning a special quota in compliance with the said ordinance to ensure the protection of deserving persons.

Occupational Safety, Health, Environmental Protection and Energy Conservations

Safety and Health protection of our employees as well as protection of environment are the Principal concerns of the Company. We firmly believe that commitment to safety health and environmental protection (SHE) is an indispensable part of our main objective of efficiently producing and distributing quality products. Matters of SHE are integral parts of the business planning processes and decision making. They are handled with the same sense of responsibility and just as other operations like quality, productivity and cost-efficiency.

We ensure all technical, organizational and personnel measures for the prevention of potentially hazardous situations and to manage incidents or accidents which might occur nevertheless.

We strive to achieve eco-efficiency by optimizing resource utilization, conserve energy and avoid damage to environment, employees and public.

Corporate Philanthropy

Shezan management is well aware of the fact that corporate philanthropy is a social responsibility, which is performed by donating to various organizations and associations.

National-Cause Donation

The Company is committed towards helping distressed communities as and when required. For this purpose, the Company has made donations to various educational and charitable organizations including National Management Foundation, Marie Adelaide Leprosy Center, Care Foundation, SOS, Children Village, Chhipa Welfare Association, Shaukat Khanum Memorial Cancer Hospital, LRBT, Edhi Foundation, Fatimid Foundation, WWF, Pakistan.

Community Investment and Welfare Spending for Under-Privileged Classes

The Company has complete focus on the welfare of community as its mandatory role. Since the incorporation of Company in 1964, it has contributed to its maximum in different welfare schemes of the society. Along with all these investments, our management also devoted some area for the community mosque along with the provision of reasonable funds for the construction of said mosque.

Consumer Protection Measures

Since the product line of Shezan International Limited mainly consists of Food & Beverages which are considered among the category of FMCG (Fast Moving Consumer Goods) products, therefore, its key focus is on the healthy products. For this purposes, our Research and Development department is very much active in regular testing of our product range for their quality conformance. Further, the management is very keen regarding the implementation and execution of ISO rules and regulation for the quality maintenance.

Environmental Protection Measures

The environmental protection is significantly focused by the management of the Company in its policies to protect the environment from any hazards. The management has planted many plants and trees inside the factory area which shows their complete realization of healthy and pollution-free environment.

Contribution to National Exchequer

The management has always showed its responsibility by paying all government taxes in time without any delay. For the year ended 30 June 2014 we made our humble contribution to the National Exchequer as follows:

Description	Rupees in thousand
Income Tax	108,348
Sales Tax and Federal Excise Duty	1,211,535
Total	1,319,883

Horizontal Analysis

of Financial Statements

Statement of Financial Position

	2014	2013	2012	2011	2010	2009	2014	2013	2012	2011	2010	2009
	Rupees in thousand						% increase/(decrease) over preceding year					
Balance Sheet												
Non-current assets	853,797	769,061	448,348	433,769	427,495	310,979	11.01	71.53	3.36	1.47	37.47	1.81
Current assets	1,833,945	1,508,567	1,747,094	1,511,800	1,191,958	1,043,406	21.57	(13.65)	15.56	26.83	14.24	4.07
Total assets	2,687,742	2,277,628	2,195,442	1,945,569	1,619,453	1,354,385	18.01	3.74	12.84	20.14	19.57	3.54
Equity	1,505,256	1,311,038	1,115,460	953,011	848,138	777,820	14.81	17.53	17.05	12.37	9.04	5.58
Non-current liabilities	68,522	50,392	56,682	71,747	91,121	45,684	35.98	(11.10)	(21.00)	(21.26)	99.46	(11.91)
Current liabilities	1,113,964	916,198	1,023,300	920,811	680,194	530,881	21.58	(10.74)	11.13	35.37	28.13	2.19
Total equity and liabilities	2,687,742	2,277,628	2,195,442	1,945,569	1,619,453	1,354,385	18.01	3.74	12.84	20.14	19.57	3.54
Profit and Loss Account												
Net sales	6,760,527	5,674,500	5,060,898	4,221,827	3,528,134	2,728,709	19.14	12.12	19.87	19.66	29.30	10.54
Cost of sales	(4,735,740)	(3,963,874)	(3,603,285)	(3,130,544)	(2,591,790)	(1,974,446)	19.47	10.01	15.10	20.79	31.27	16.73
Gross profit	2,024,787	1,710,626	1,457,613	1,091,283	936,344	754,263	18.37	17.36	33.57	16.55	24.14	(2.94)
Administrative expenses	(214,310)	(162,644)	(145,075)	(116,605)	(101,413)	(91,449)	31.77	12.11	24.42	14.98	10.90	15.83
Distribution cost	(1,272,778)	(1,005,438)	(846,287)	(629,912)	(580,492)	(443,862)	26.59	18.81	34.35	8.51	30.78	20.54
Other operating expenses	(162,188)	(139,724)	(132,720)	(122,601)	(90,702)	(71,979)	16.08	5.28	8.25	35.17	26.01	(0.79)
Other income	53,592	37,257	37,675	28,798	19,448	20,155	43.84	(1.11)	30.83	48.08	(3.51)	1.38
Profit from operation	429,103	440,077	371,206	250,963	183,185	167,128	(2.49)	18.55	47.91	37.00	9.61	(39.72)
Finance cost	(28,571)	(45,756)	(53,118)	(40,343)	(17,950)	(6,542)	(37.56)	(13.86)	31.67	124.75	174.38	(19.27)
Share of loss-associate	-	-	(18)	(18)	(16)	(16)	-	(100.00)	-	12.50	-	97.89
Profit before taxation	400,532	394,321	318,070	210,602	165,219	160,570	1.58	23.97	51.03	27.47	2.90	(40.17)
Taxation	(141,000)	(145,000)	(110,700)	(70,000)	(58,474)	(58,099)	(2.76)	30.98	58.14	19.71	0.65	(45.80)
Net profit for the year	259,532	249,321	207,370	140,602	106,745	102,471	4.10	20.23	47.49	31.72	4.17	(36.43)
Summary of Cash Flows												
Net cash flows from operating activities	311,683	377,732	165,672	98,443	170,645	113,454	(17.49)	128.00	68.29	(42.31)	50.41	(4.69)
Net cash flows from investing activities	(241,975)	(269,633)	(70,688)	(59,077)	(92,908)	(43,338)	(10.26)	281.44	19.65	(36.41)	114.38	(19.90)
Net cash flows from financing activities	(65,893)	(67,667)	(68,423)	(56,267)	(49,072)	(83,314)	(2.62)	(1.10)	21.60	14.66	(41.10)	(6.47)
Net change in cash and cash equivalents	3,815	40,432	26,561	(16,901)	28,665	(13,198)	(90.56)	52.22	257.16	(158.96)	317.19	45.34

Vertical Analysis

of Financial Statements

Statement of Financial Position

	2014		2013		2012		2011		2010		2009	
	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%	Rs. in '000	%
Balance Sheet												
Non-current assets	853,797	31.77	769,061	33.77	448,348	20.42	433,769	22.30	427,495	26.40	310,979	22.96
Current assets	1,833,945	68.23	1,508,567	66.23	1,747,094	79.58	1,511,800	77.70	1,191,958	73.60	1,043,406	77.04
Total assets	2,687,742	100.00	2,277,628	100.00	2,195,442	100.00	1,945,569	100.00	1,619,453	100.00	1,354,385	100.00
Equity	1,505,256	56.00	1,311,038	57.56	1,115,460	50.81	953,011	48.98	848,138	52.37	777,820	57.43
Non-current liabilities	68,522	2.55	50,392	2.21	56,682	2.58	71,747	3.69	91,121	5.63	45,684	3.37
Current liabilities	1,113,964	41.45	916,198	40.23	1,023,300	46.61	920,811	47.33	680,194	42.00	530,881	39.20
Total equity and liabilities	2,687,742	100.00	2,277,628	100.00	2,195,442	100.00	1,945,569	100.00	1,619,453	100.00	1,354,385	100.00
Profit and Loss Account												
Net sales	6,760,527	100.00	5,674,500	100.00	5,060,898	100.00	4,221,827	100.00	3,528,134	100.00	2,728,709	100.00
Cost of sales	(4,735,740)	(70.05)	(3,963,874)	(69.85)	(3,603,285)	(71.20)	(3,130,544)	(74.15)	(2,591,790)	(73.46)	(1,974,446)	(72.36)
Gross profit	2,024,787	29.95	1,710,626	30.15	1,457,613	28.80	1,091,283	25.85	936,344	26.54	754,263	27.64
Administrative expenses	(214,310)	(3.17)	(162,644)	(2.87)	(145,075)	(2.87)	(116,605)	(2.76)	(101,413)	(2.87)	(91,449)	(3.35)
Distribution cost	(1,272,778)	(18.83)	(1,005,438)	(17.72)	(846,287)	(16.72)	(629,912)	(14.92)	(580,492)	(16.45)	(443,862)	(16.27)
Other operating expenses	(162,188)	(2.40)	(139,724)	(2.46)	(132,720)	(2.62)	(122,601)	(2.90)	(90,702)	(2.57)	(71,979)	(2.64)
Other income	53,592	0.79	37,257	0.66	37,675	0.74	28,798	0.68	19,448	0.55	20,155	0.74
Profit from operation	429,103	6.35	440,077	7.76	371,206	7.33	250,963	5.94	183,185	5.19	167,128	6.12
Finance cost	(28,571)	(0.423)	(45,756)	(0.81)	(53,118)	(1.05)	(40,343)	(0.96)	(17,950)	(0.51)	(6,542)	(0.24)
Share of loss from associate	-	-	-	-	(18)	-	(18)	-	(16)	-	(16)	-
Profit before taxation	400,532	5.92	394,321	6.95	318,070	6.28	210,602	4.99	165,219	4.68	160,570	5.88
Taxation	(141,000)	(2.086)	(145,000)	(2.56)	(110,700)	(2.19)	(70,000)	(1.66)	(58,474)	(1.66)	(58,099)	(2.13)
Net profit for the year	259,532	3.84	249,321	4.39	207,370	4.10	140,602	3.33	106,745	3.03	102,471	3.76



Shezan

speed
ENERGY DRINK

UNLIMITED



speed
ENERGY DRINK

Statement of Value Addition

Statement of Financial Position

	2014		2013	
	Rs. in '000	%	Rs. in '000	%
Wealth Generated				
Net sales	6,760,527	99.21	5,674,500	99.35
Other income	53,592	0.79	37,257	0.65
	6,814,119	100.00	5,711,757	100.00
Distribution of Wealth				
Cost of sales and services (excluding employees remuneration)	4,549,298	66.76	3,818,990	66.86
Distribution, administrative & other operating expenses (excluding employees remuneration, donations, WPPF and WWF)	1,279,212	18.78	1,015,957	17.78
Employees remuneration	520,917	7.64	408,318	7.15
Finance costs	28,571	0.42	45,756	0.80
Government taxes and levies (Income tax, WPPF and WWF)	168,396	2.47	173,122	3.03
Dividend to shareholders	72,600	1.07	66,000	1.16
Bonus shares issued	7,260	0.10	6,600	0.11
Retained for future growth	179,672	2.64	176,721	3.10
Charity and donation	8,193	0.12	293	0.01
	6,814,119	100.00	5,711,757	100.00

Pattern of Shareholdings

as at 30 June 2014

- Incorporation Number: 0001883.
- Name of Company: Shezan International Limited.
- Pattern of holding of the shares held by the shareholders as at 30 June 2014.

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
179	1	100	3,894
138	101	500	32,125
83	501	1,000	59,998
69	1,001	5,000	153,970
10	5,001	10,000	70,224
4	10,001	15,000	53,498
3	15,001	20,000	50,174
2	20,001	25,000	44,894
2	30,001	35,000	63,250
2	35,001	40,000	79,617
1	40,001	45,000	44,745
1	60,001	65,000	62,726
1	70,001	75,000	72,751
1	75,001	80,000	78,500
2	90,001	95,000	185,762
1	95,001	100,000	100,000
1	100,001	105,000	104,538
1	115,001	120,000	119,390
4	125,001	130,000	509,396
4	130,001	135,000	530,357
1	145,001	150,000	148,539
1	165,001	170,000	166,500
1	170,001	175,000	172,594
1	190,001	195,000	191,840
1	240,001	245,000	240,757
2	305,001	310,000	611,872
1	545,001	550,000	547,331
1	675,001	680,000	677,935
1	700,001	705,000	702,000
1	1,380,001	1,385,000	1,380,823
520			7,260,000

Categories of Shareholders	Shares held	Percentage
5.1 Directors, Chief Executive Officer, and their spouses and minor children	2,465,310	33.9574%
5.2 Associated companies, undertakings and related parties.	-	-
5.3 NIT and ICP	-	-
5.4 Banks, Development Financial Institutions, Non Banking Financial Institutions	775	0.0107%
5.5 Modarabas and Mutual Funds	1,417,985	19.5315%
5.6 Insurance companies	164,323	2.2634%
5.7 Pension funds	138,240	1.9041%
5.8 Investment companies	317,252	4.3699%
5.9 Joint stock companies	3,971	0.0547%
6.0 Others	39,979	0.5507%
6.1 Executives	545	0.0075%
6.2 General public		
a. Local	2,712,165	37.3576%
b. Foreign	-	-
Shareholders holding 10% or more	1,380,823	19.0196%
Shareholders holding 5% or more	3,338,339	45.9826%

Pattern of Shareholdings

as at 30 June 2014

S. No.	Name	Shareholdings	%Age
5.1	Directors, Chief Executive Officer their Spouses & Minor Children		
1	Mr. Mahmood Nawaz	677,935	9.3379%
	Mr. Mahmood Nawaz (CDC)	30,250	0.4167%
2	Mr. Muneer Nawaz	547,331	7.5390%
3	Mr. M. Naeem	44,745	0.6163%
4	Mr. Rashed Amjad Khalid	133,234	1.8352%
	Mr. Rashed Amjad Khalid	145	0.0020%
5	Mr. Humayun A. Shahnawaz	305,936	4.2140%
6	Ms. Manahil Shahnawaz	148,539	2.0460%
7	Mr. Munaf Ibrahim (CDC)	166,500	2.2934%
8	Mr. Syed Etrat Hussain Rizvi (NIT Nominee)	-	-
9	Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz	72,751	1.0021%
10	Mrs. Bushra Mahmood Nawaz W/o Mr. Mahmood Nawaz	5,227	0.0720%
11	Mrs. Amtul Bari Naeem W/o Mr. M. Naeem	240,757	3.3162%
	Mrs. Barea Naeem W/o Mr. M. Naeem	91,960	1.2667%
		2,465,310	33.9574%
5.2	Associated Companies	-	-
5.3	NIT & ICP	-	-
5.4	Banks, Development Financial Institutions, Non Banking Financial Institutions		
1	National Bank of Pakistan (CDC)	775	0.0107%
		775	0.0107%
5.5	Modaraba & Mutual Funds		
1	Trustee AKD Index Tracker Fund (CDC)	800	0.0110%
2	Trustee Lakson Equity Fund (CDC)	20,200	0.2782%
3	Trustee National Investment (Unit) Trust (CDC)	1,380,823	19.0196%
4	Trustee UBL Retirement Saving Fund - Equity Sub Fund (CDC)	16,162	0.2226%
		1,417,985	19.5315%
5.6	Insurance Companies		
1	EFU Life Assurance Company Limited (CDC)	100,000	1.3774%
2	Habib Insurance Company Limited (CDC)	1,597	0.0220%
3	State Life Insurance Corporation of Pakistan (CDC)	62,726	0.8640%
		164,323	2.2634%

Pattern of Shareholdings

as at 30 June 2014

S. No.	Name	Shareholdings	%Age
5.7 Pension Funds			
1	Trustee National Bank of Pakistan Employees Pension Fund (CDC)	126,240	1.7388%
2	Trustee IBM Italia S.P.A. Pakistan Employees Pension Fund (CDC)	150	0.0021%
3	Trustee Engro Corporation Limited MPT Employees Defined Contribution Pension Fund (CDC)	6,600	0.0909%
4	Trustees of Crescent Steel & Allied Products Limited Pension Fund (CDC)	700	0.0096%
5	Trustee Sanofi Aventis Pakistan Senior Executive Pension Fund (CDC)	100	0.0014%
6	Trustees of Shell Pakistan DC Pension Fund (CDC)	4,450	0.0613%
		138,240	1.9041%
5.8 Investment Companies			
1	Tundra Frontier Opportunities Fund (CDC)	191,840	2.6424%
2	Tundra Pakistan Fond (CDC)	125,412	1.7274%
		317,252	4.3699%
5.9 Joint Stock Companies			
1	Murree Brewery Company Limited	145	0.0020%
2	Burma Oil Mills Limited (CDC)	605	0.0083%
3	Inveslink Capital (Private) Limited (CDC)	48	0.0007%
4	Ismail Abdul Shakoor Securities (Private) Limited (CDC)	242	0.0033%
5	Magnus Investment Advisors Limited (CDC)	121	0.0017%
6	Mohammad Munir Mohammad Ahmed Khanani Securities (Private) Limited (CDC)	2,800	0.0386%
7	N. H Capital Fund Limited (CDC)	2	0.0000%
8	UHF Consulting (Private) Limited (CDC)	8	0.0001%
		3,971	0.0547%
6.0 Others			
1	Trustee National Bank of Pakistan EMP Benevolent Fund Trust (CDC)	4,429	0.0610%
2	Trustee IBM Italia S.P.A. Pakistan Employees Gratuity Fund (CDC)	150	0.0021%
3	Trustee Engro Corporation Limited MPT Employees Defined Contribution Gratuity Fund (CDC)	8,800	0.1212%
4	Trustee Engro Corporation Limited Gratuity Fund (CDC)	2,300	0.0317%
5	Trustee Glaxo Smith Kline Pakistan Limited Employees Gratuity Fund (CDC)	7,600	0.1047%
6	Trustee Glaxo Smith Kline Pakistan Limited Employees Gratuity Fund (CDC)	2,000	0.0275%
7	Trustee IBM Semea Employees Provident Fund (CDC)	2,600	0.0358%
8	Trustee Glaxo Laboratories Pakistan Limited Local Staff O.F (CDC)	2,900	0.0399%
9	Trustee Glaxo Laboratories Pakistan Limited Provident Fund (CDC)	1,400	0.0193%
10	Trustee Karachi Sheraton Hotel Employees Provident Fund (CDC)	150	0.0021%
11	Trustee Sanofi Aventis Pakistan Employees Provident Fund (CDC)	2,700	0.0372%
12	Trustee Shell Pak Management Staff Gratuity Fund (CDC)	300	0.0041%
13	Trustee Shell Pak Management Staff Provident Fund (CDC)	4,650	0.0640%
		39,979	0.5507%

Pattern of Shareholdings

as at 30 June 2014

S. No.	Name	Shareholdings	%Age
6.1 Executives			
1	Mr. Waseem Amjad Mahmood	435	0.0060%
	Mr. Waseem Amjad Mahmood (CDC)	110	0.0015%
		545	0.0075%
6.2 General public			
	a- Local	2,711,620	37.3501%
	b- Foreign	-	-
		2,711,620	37.3501%
Total		7,260,000	100.0000%

Shareholders holding 10% or more of total capital

1	Trustee National Investment (Unit) Trust (CDC)	1,380,823	19.0196%
		1,380,823	19.0196%

Shareholders holding 5% or more of total capital

1	Trustee National Investment (Unit) Trust (CDC)	1,380,823	19.0196%
2	Mr. Mahmood Nawaz	708,185	9.7546%
3	Mst. Amina Wadalawala	702,000	9.6694%
4	Mr. Muneer Nawaz	547,331	7.5390%
		3,338,339	45.9826%

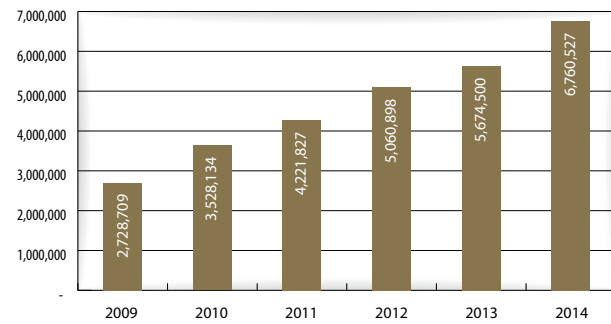
During the financial year the trading in shares of the Company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is as follows:

S. No.	Name	Sale	Purchase	Bonus
1	Mr. Mahmood Nawaz	-	-	61,630
2	Mr. Mahmood Nawaz (CDC)	-	-	2,750
3	Mr. Muneer Nawaz	-	-	49,757
4	Mr. M. Naeem	-	-	4,067
5	Mr. Rashed Amjad Khalid	-	-	12,112
6	Mr. Rashed Amjad Khalid	-	-	13
7	Mr. Humayun A. Shahnawaz	-	-	27,812
8	Ms. Manahil Shahnawaz	-	-	13,503
9	Mrs. Abida Muneer Nawaz W/o Mr. Muneer Nawaz	-	-	6,613
10	Mrs. Bushra Mahmood Nawaz W/o Mr. Mahmood Nawaz	-	-	475
11	Mrs. Amtul Bari Naeem W/o Mr. M. Naeem	-	-	21,887
12	Mrs. Baree Naeem W/o Mr. M. Naeem	-	-	8,360

Six Years Review at a Glance

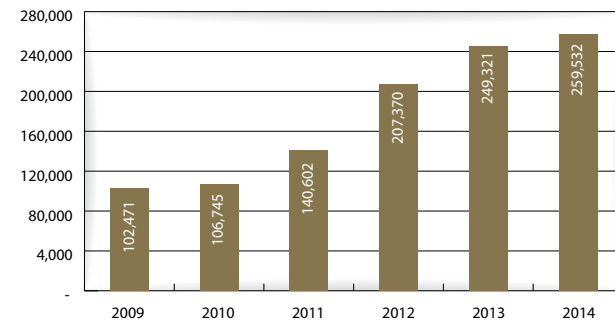
Net Sales

Rupees in thousand



Profit After Taxation

Rupees in thousand



Year	Year	Year	Year	Year	Year
2009	2010	2011	2012	2013	2014
Rupees in thousand					

Income

Sales	2,728,709	3,528,134	4,221,827	5,060,898	5,674,500	6,760,527
Other operating income	20,155	19,448	28,798	37,675	37,257	53,592
	2,748,864	3,547,582	4,250,625	5,098,573	5,711,757	6,814,119

Expenditure

Cost of sales	1,974,446	2,591,790	3,130,544	3,603,285	3,963,874	4,735,740
Distribution cost and administrative expenses	535,311	681,905	746,517	991,362	1,168,082	1,487,088
Finance cost	6,542	17,950	40,343	53,118	45,756	28,571
Other operating expenses and share of loss from associate	71,995	90,718	122,619	132,738	139,724	162,188
	2,588,294	3,382,363	4,040,023	4,780,503	5,317,436	6,413,587

Profit before taxation	160,570	165,219	210,602	318,070	394,321	400,532
Taxation	58,099	58,474	70,000	110,700	145,000	141,000
Profit after Taxation	102,471	106,745	140,602	207,370	249,321	259,532

Paid-up capital	60,000	60,000	60,000	60,000	66,000	72,600
Reserves & unappropriated profits	719,171	790,116	892,740	1,055,381	1,244,781	1,431,970
Unrealized gain / (loss) on remeasurement of investments available for sale	(1,351)	(1,978)	271	79	257	686
Shareholders Equity	777,820	848,138	953,011	1,115,460	1,311,038	1,505,256

Break up value per share in Rupees	129.63	141.36	158.84	185.91	198.64	207.34
Earnings per share in Rupees	17.08	17.79	23.43	31.42*	34.34*	35.75
Dividend declared	6.00	6.00	7.50	9.00	10.00	10.00
Bonus per share	-	-	-	10%	10%	10%

* Restated

Review Report to the Members

On the Statement of Compliance with the best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2014 prepared by the Board of Directors of Shezan International Limited (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited requires the Company to place before the Board of Directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code, for the year ended 30 June 2014.

Lahore:
26 September 2014.

عمرنگ یوگ فیرل اڈیٹرز سیکرٹری

Chartered Accountants
Audit Engagement Partner
Farooq Hameed

Statement of Compliance

with the best practices of the code of corporate governance for the year ended 30 June 2014


This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in the Listing Regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages the representation of non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes

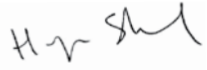
Category	Names
Independent Director	Mr. Munaf Ibrahim
Executive Directors	Mr. Mahmood Nawaz Mr. Humayun A. Nawaz
Non-Executive Directors	Mr. Muneer Nawaz Mr. M. Naeem Mr. Rashed Amjad Khalid Ms. Manahil Shahnawaz Mr. Syed Etrat Hussain Rizvi

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancy occurred on the board and was filled up by the directors within 90 days.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One of the directors attended the directors' training course conducted by the Pakistan Institute of Corporate Governance


Muneer Nawaz
Chairman

(PICG) this year. One other has already completed this course earlier.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The board has formed an Audit Committee. It comprises three members, all are non-executive directors and the chairman of the committee is not an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The board has formed a Human Resource and Remuneration Committee. It comprises three members; all are non-executive directors including the chairman.
18. The board has set up an effective internal audit function with suitably qualified and experienced staff conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the Code have been complied with.


Humayun A. Shahnawaz
Chief Executive

Auditors' Report to the Members


We have audited the annexed balance sheet of Shezan International Limited (the Company) as at 30 June 2014 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for changes as stated in note 5.1 of these financial statements, with which we concur;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the profit, its cash flow and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the central Zakat fund established under section 7 of the Ordinance.

Lahore:
26 September 2014.

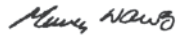

Chartered Accountants
Engagement Partner
Farooq Hameed

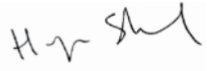
Balance Sheet

as at 30 June 2014

	Note	Rupees in thousand	
		2014	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	847,625	764,709
Long term investments	7	1,830	1,144
Long term deposits and prepayments	8	4,342	3,208
		853,797	769,061
CURRENT ASSETS			
Stores and spares	9	46,458	28,051
Stock in trade	10	1,147,773	998,614
Trade debts	11	323,208	248,995
Loans and advances	12	34,968	14,048
Trade deposits and short term prepayments	13	19,258	23,763
Accrued financial income	14	516	408
Short term investments		-	9,860
Income tax recoverable		108,348	35,227
Cash and bank balances	15	153,416	149,601
		1,833,945	1,508,567
TOTAL ASSETS		2,687,742	2,277,628
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	16	72,600	66,000
Reserves	17	1,104,315	953,629
Unappropriated profit		328,341	291,409
TOTAL EQUITY		1,505,256	1,311,038
NON-CURRENT LIABILITIES			
Deferred taxation	18	68,522	50,392
CURRENT LIABILITIES			
Trade and other payables	19	704,928	603,972
Mark up accrued on short term borrowings		5,573	5,988
Short term borrowings - secured	20	164,530	154,948
Provision for taxation		238,933	151,290
		1,113,964	916,198
TOTAL LIABILITIES		1,182,486	966,590
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		2,687,742	2,277,628

The annexed notes from 1 to 39 form an integral part of these financial statements.


Muneer Nawaz
Chairman

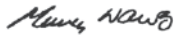

Humayun A. Shahnawaz
Chief Executive


Profit and Loss Account

for the year ended 30 June 2014

	Note	Rupees in thousand	
		2014	2013
Sales - net	22	6,760,527	5,674,500
Cost of sales	23	4,735,740	3,963,874
Gross profit		2,024,787	1,710,626
Distribution cost	24	1,272,778	1,005,438
Administrative expenses	25	214,310	162,644
Other operating expenses	26	162,188	139,724
Other income	27	(53,592)	(37,257)
		1,595,684	1,270,549
Operating profit		429,103	440,077
Finance costs	28	28,571	45,756
Profit before taxation		400,532	394,321
Taxation	29	141,000	145,000
Net profit for the year		259,532	249,321
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent period:			
Unrealized gain on remeasurement of investments - available for sale		686	257
Total comprehensive income		260,218	249,578
Earnings per share - basic and diluted (Rupees)	30	35.75	34.34

The annexed notes from 1 to 39 form an integral part of these financial statements.


Muneer Nawaz
Chairman


Humayun A. Shahnawaz
Chief Executive

Cash Flow Statement

for the year ended 30 June 2014

Note	Rupees in thousand 2014	Rupees in thousand 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations		
Profit before taxation	400,532	394,321
Adjustments for:		
Depreciation	143,418	128,007
Interest/mark-up	24,073	42,654
Profit on bank deposits	(4,883)	(3,564)
Impairment in the value of investment in associate	-	172
Gain on sale of investment	(215)	-
Loss/ (gain) on disposal of property, plant and equipment	24,582	(777)
	186,975	166,492
Operating profit before working capital changes (Increase) / decrease in current assets	587,507	560,813
Stores and spares	(18,407)	(13,424)
Stock in trade	(149,159)	59,781
Trade debts	(74,213)	(5,696)
Loans and advances	(20,920)	11,438
Trade deposits and short-term prepayments	4,505	14,193
	(258,194)	66,292
Increase/(decrease) in current liabilities		
Trade and other payables	100,849	39,676
Short term borrowings - secured	9,582	(141,708)
	110,431	(102,032)
CASH GENERATED FROM OPERATIONS	439,744	525,073
Interest/mark-up paid	(24,488)	(45,886)
Profit on bank deposits - received	4,775	3,593
Income tax paid	(108,348)	(105,048)
NET CASH GENERATED FROM OPERATING ACTIVITIES	311,683	377,732
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(307,740)	(264,867)
Sale proceeds from disposal of property, plant and equipment	56,824	3,103
Long term deposits paid / received	(1,134)	2,131
Investment - available for sale	10,075	(10,000)
NET CASH USED IN INVESTING ACTIVITIES	(241,975)	(269,633)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	-	(13,844)
Dividends paid	(65,893)	(53,823)
NET CASH USED IN FINANCING ACTIVITIES	(65,893)	(67,667)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,815	40,432
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	149,601	109,169
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	153,416

The annexed notes from 1 to 39 form an integral part of these financial statements.

Muneer Nawaz
Muneer Nawaz
Chairman

Humayun A. Shahnawaz
Humayun A. Shahnawaz
Chief Executive

Statement of Changes in Equity

for the year ended 30 June 2014

	Capital Reserve			Revenue Reserve			Total
	Share Capital	Merger Reserve	Reserve for Bonus Issue	General Reserve	Unrealized gain / (loss) on remeasurement of Investments - available for sale	Unappropriated Profits	
Rupees in thousand							
Balance as at 01 July 2012	60,000	5,000	-	820,000	(1,628)	232,088	1,115,460
Transfer to general reserve	-	-	-	130,000	-	(130,000)	-
Dividend @ Rs. 9/- per share for the year ended 30 June 2012	-	-	-	-	-	(54,000)	(54,000)
Transfer to reserve for issue of bonus shares	-	-	6,000	-	-	(6,000)	-
Issue of bonus shares @ 10% for the year ended 30 June 2012	6,000	-	(6,000)	-	-	-	-
Net profit for the year ended	-	-	-	-	-	249,321	249,321
Other comprehensive income	-	-	-	-	257	-	257
Total comprehensive income	-	-	-	-	257	249,321	249,578
Balance as at 30 June 2013	66,000	5,000	-	950,000	(1,371)	291,409	1,311,038
Transfer to general reserve	-	-	-	150,000	-	(150,000)	-
Dividend @ Rs. 10/- per share for the year ended 30 June 2013	-	-	-	-	-	(66,000)	(66,000)
Transfer to reserve for issue of bonus shares	-	-	6,600	-	-	(6,600)	-
Issue of bonus shares @ 10% for the year ended 30 June 2013	6,600	-	(6,600)	-	-	-	-
Net profit for the year ended	-	-	-	-	-	259,532	259,532
Other comprehensive income	-	-	-	-	686	-	686
Total comprehensive income	-	-	-	-	686	259,532	260,218
Balance as at 30 June 2014	72,600	5,000	-	1,100,000	(685)	328,341	1,505,256

The annexed notes from 1 to 39 form an integral part of these financial statements.

Muneer Nawaz
Muneer Nawaz
Chairman

Humayun A. Shahnawaz
Humayun A. Shahnawaz
Chief Executive

Notes to the Financial Statements

for the year ended 30 June 2014

1 THE COMPANY AND ITS OPERATIONS

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

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1 Standards, interpretations and amendments to published approved accounting standards effective in 2013-14

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IAS 19	Employee Benefits – (Revised)
IFRS 7	Financial Instruments : Disclosures – (Amendments)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IFAS 3	Profit and Loss Sharing on Deposits

Improvements to Accounting Standards Issued by the IASB

IAS 1	Presentation of Financial Statements - Clarification of the requirements for comparative information.
IAS 16	Property, Plant and Equipment – Clarification of Servicing Equipment
IAS 32	Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments
IAS 34	Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above standards, amendments / improvements and interpretations did not have any significant effect on the financial statements.

2.2 Standards, Interpretations and amendments to published approved accounting standards those are not yet effective

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)	
IFRS 10	Consolidated Financial Statements	01 January 2015
IFRS 11	Joint Arrangements	01 January 2015
IFRS 12	Disclosure of Interests in Other Entities	01 January 2015
IFRS 13	Fair Value Measurement	01 January 2015
IAS 16 & 38	Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 & 41	Agriculture: Bearer Plants	01 January 2016
IAS 19	Employee Contributions	01 July 2014
IAS 32	Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IAS 36	Recoverable Amount for Non-Financial Assets – (Amendment)	01 January 2014
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendment)	01 January 2014
IFRIC 21	Levies	01 January 2014

Notes to the Financial Statements

for the year ended 30 June 2014

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB Effective Date (Annual periods beginning on or after)	
IFRS 9	Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	Regulatory Deferral Accounts	01 January 2016
IFRS 15	Revenue from Contracts with Customers	01 January 2017

3 BASIS OF PREPARATION

3.1 Basis of Measurement

These financial statements have been prepared under historical cost convention, except for investments classified as "available for sale" which are stated at fair value.

3.2 Presentation Currency

These financial statements are presented in Pak Rupee, which is the Company's functional currency. Figures have been rounded off to the nearest thousands of rupees, unless otherwise stated.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

4.1 Provision for taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

4.2 Provision for doubtful receivables

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

4.3 Useful life and residual values of property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

Notes to the Financial Statements

for the year ended 30 June 2014

4.4 Impairment of non-financial assets

The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are also tested for impairment when there are indicators that the carrying amounts may not be recoverable.

4.5 Provision for compensated absences

The Company accounts for compensated absences on the basis of un-availed earned leave balance of each employee at the end of the year.

5 SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies adopted in the preparation of these financial statements are consistent with those of previous financial year except as mentioned in note 2.1.

5.2 Property, plant and equipment

Owned assets

Property, plant and equipment except for freehold land and leasehold land held on 99 years lease, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Free hold and lease hold land are also stated at cost.

Depreciation is calculated using the reducing balance method at rates disclosed in note 6, which are considered appropriate to write off the cost of the assets over their useful lives.

Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which the asset is disposed off.

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment is recognized in the income currently. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted for the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represents the difference between the sale proceeds and the carrying amount of the asset and is recognized as an income or expense in the period it relates.

Capital work in progress

These are stated at cost including capitalization of borrowing costs. It consists of expenditures incurred and advances made in respect of fixed assets in the course of their construction and installation.

5.3 Ijarah assets

The Company recognizes Ijarah payments under an Ijarah agreement as an expense in the profit and loss account on a straight line basis over the Ijarah term.

Notes to the Financial Statements

for the year ended 30 June 2014

5.4 Investments

Available for sale

Available for sale investments, after initial recognition, are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments, which are actively traded in organized financial markets, is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

5.5 Stores, spares and stock in trade

Stocks, stores and spares are valued at lower of cost or net realizable value except those in transit, which are valued at invoice value including other charges, if any, incurred thereon. Basis of determining cost is as follows:

Raw materials	– Monthly average
Packing material	– Monthly average
Finished goods	– Quarterly average
Pulps, concentrates etc.	– Manufacturing cost according to annual average method
Stores and spares	– Monthly average
Stock in transit	– Cost

Net realizable value is determined on the basis of estimated selling price of the product in the ordinary course of business less costs of completion and costs necessary to be incurred for its sale.

5.6 Trade debts

Trade debts are carried at invoice amount on transaction date less any estimate for doubtful receivable. Known bad debts are written off as and when identified.

5.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, cash at bank in current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

5.8 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company derecognizes a financial asset or a portion of financial asset when, and only when, the enterprise loses control of the contractual rights that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is derecognized from the balance sheet when, and only when, it is extinguished, i.e.; when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets are investments, deposits, trade debts, other receivables, cash and bank balances. These are stated at their nominal values as reduced by the appropriate allowances for estimated irrecoverable amount.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are short term running finance utilized under mark-up arrangements, creditors, accrued and other liabilities. Mark-up bearing finances are recorded at the gross proceeds received. Other liabilities are stated at their nominal value.

Notes to the Financial Statements

for the year ended 30 June 2014

5.9 Impairment

The carrying amount of the Company's asset is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

5.10 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and settle the liabilities simultaneously.

5.11 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized as a liability in the Company's financial statements in the period in which these are approved.

5.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of tax after taking into account applicable tax credits, rebates and exemptions available, if any. The charge for the current tax includes adjustments to charge for prior years, if any.

Deferred

Deferred tax is provided in full using the balance sheet liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying values. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

The carrying amounts of all deferred tax assets are reviewed at each balance sheet date and reduced to the extent, if it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

The tax rates enacted at the balance sheet date are used to determine deferred tax.

5.13 Revenue recognition

Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with the delivery of goods to customers.

Interest income

Return on bank deposit is accrued on a time proportion basis by reference to the principal outstanding on the applicable rate of return.

Notes to the Financial Statements

for the year ended 30 June 2014

Dividend income

It is recognized when the Company's right to receive the payment is established.

5.14 Staff retirement benefits

The Company operates a recognized provident fund scheme (Defined contribution plan) for all permanent employees. Equal monthly contributions are made both by the Company and the employees to the fund.

5.15 Compensated absences

The Company accounts for compensated absences on the basis of un-availed earned leave balance of each employee at the end of the year.

5.16 Borrowing costs

Borrowing costs directly attributable to acquisition, construction, or production of an asset that necessarily takes substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

5.17 Foreign currency transactions

Foreign currency transactions are converted into rupees at the rates prevailing on the date of transactions. Monetary assets and liabilities in foreign currencies are translated into rupees at the rates of exchange prevailing at the date of balance sheet. Gain or losses arising on translation are recognized in the profit and loss account.

5.18 Pricing for related party transactions

All transactions with related parties and associated undertakings are entered into arm's length determined in accordance with comparable uncontrolled price method except for transactions with M/s. Shahnawaz (Private) Limited, where an additional discount of 40% (2013: 40%) is given by them on service charges and 15% (2013: 15%) on spare parts in connection with the repairs of motor vehicles, due to group policy duly approved by the Board of Directors.

5.19 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

Notes to the Financial Statements

for the year ended 30 June 2014

	Note	Rupees in thousand	
		2014	2013
6 PROPERTY, PLANT AND EQUIPMENT			
Operating property, plant and equipment	6.1	763,206	685,167
Capital work in progress	6.2	84,419	79,542
		847,625	764,709

6.1 Operating Property, Plant and Equipment

Note	2014									
	COST				DEPRECIATION				NET BOOK VALUE	Rate
	As at 01 July 2013	Additions/ Adjustments	(Disposals)/ Adjustments	As at 30 June 2014	Accumulated as at 01 July 2013	(Disposals)/ Adjustments	Charge for the year	Accumulated as at 30 June 2014	As at 30 June 2014	
	Rupees in thousand									%
OWNED ASSETS										
	7,091	-	-	7,091	-	-	-	-	7,091	-
	1,802	-	-	1,802	-	-	-	-	1,802	-
	63,559	-	-	63,559	29,057	-	3,450	32,507	31,052	10
	29,691	-	-	29,691	16,566	-	1,313	17,879	11,812	10
6.1.1	547,324	17,626	(775)	564,175	252,229	(517)	37,865	289,577	274,598	12.5
	16,308	234	-	16,542	7,094	-	1,396	8,490	8,052	15
	138,595	23,789	(3,823)	158,561	78,763	(3,212)	14,254	89,805	68,756	20
	5,804	-	-	5,804	3,655	-	215	3,870	1,934	10-25
6.1.2	100,718	56,483	-	157,201	35,588	-	21,786	57,374	99,827	15-33
	1,607	-	-	1,607	703	-	90	793	814	10
	26,624	9,360	(300)	35,684	19,197	(299)	2,537	21,435	14,249	20
	14,492	1,955	-	16,447	11,488	-	1,378	12,866	3,581	33.33
	94	-	-	94	94	-	-	94	-	20
6.1.3	247,845	193,413	(123,077)	318,181	61,953	(42,544)	59,134	78,543	239,638	25
	1,201,554	302,860	(127,975)	1,376,439	516,387	(46,572)	143,418	613,233	763,206	

Note	2013									
	COST				DEPRECIATION				NET BOOK VALUE	Rate
	As at 01 July 2012	Additions/ Adjustments	(Disposals)/ Adjustments	As at 30 June 2013	Accumulated as at 01 July 2012	(Disposals)/ Adjustments	Charge for the year	Accumulated as at 30 June 2013	As at 30 June 2013	
	Rupees in thousand									%
OWNED ASSETS										
	7,091	-	-	7,091	-	-	-	-	7,091	-
	1,802	-	-	1,802	-	-	-	-	1,802	-
	51,663	11,896	-	63,559	25,750	-	3,307	29,057	34,502	10
	23,962	5,729	-	29,691	15,267	-	1,299	16,566	13,125	10
6.1.1	360,839	120,317	(211)	547,324	204,021	(104)	27,051	252,229	295,095	12.5
			66,379			21,261				
	16,273	35	-	16,308	5,472	-	1,622	7,094	9,214	15
	130,881	16,018	(8,304)	138,595	71,734	(6,484)	13,513	78,763	59,832	20
	5,804	-	-	5,804	3,416	-	239	3,655	2,149	10-25
6.1.2	69,476	34,007	(2,765)	100,718	25,032	(2,366)	12,922	35,588	65,130	15-33
	1,607	-	-	1,607	603	-	100	703	904	10
	26,624	-	-	26,624	17,340	-	1,857	19,197	7,427	20
	13,103	1,389	-	14,492	10,354	-	1,134	11,488	3,004	33.33
	94	-	-	94	93	-	1	94	-	20
6.1.3	-	271,260	(23,415)	247,845	-	-	61,953	61,953	185,892	25
	709,219	460,651	31,684	1,201,554	379,082	12,307	124,998	516,387	685,167	
ASSETS SUBJECT TO FINANCE LEASE										
	66,379	-	(66,379)	-	18,252	(21,261)	3,009	-	-	12.5
	775,598	460,651	(34,695)	1,201,554	397,334	(8,954)	128,007	516,387	685,167	

Notes to the Financial Statements

for the year ended 30 June 2014

- 6.1.1 Additions to plant and machinery includes transfer from leased assets having net book value of Rs. (thousand) Nil (2013: Rs. (thousand) 45,118 representing cost of Rs. (thousand) Nil (2013: Rs. (thousand) 66,379) less accumulated depreciation of Rs. (thousand) Nil (2013: Rs. (thousand) 21,261) and transfer from plant and machinery acquired under ijarah arrangements having fair value of Rs. (thousand) Nil (2013: Rs. (thousand) 90,499).
- 6.1.2 Visi coolers costing Rs. (thousand) 60,301 (2013: Rs. (thousand) 23,248) are in the possession of shopkeepers for the sale of Company's products.
- 6.1.3 These include bottles and shells costing Rs. (thousand) 263,713 (2013: Rs. (thousand) 152,313) held by distributors of the Company in the normal course of business.

6.2 Capital Work in Progress

	COST						
	Land*	Pallets	Plant & Machinery**	Vehicles	Buildings		
	Rupees in thousand					2014	2013
Balance as at 01 July	70,507	301	7,500	1,234	-	79,542	56,326
Additions during the year	-	4,358	8,825	23,067	2,975	39,225	137,399
Transferred to operating property, plant and equipment	-	(4,659)	(4,275)	(23,414)	-	(32,348)	(106,799)
Impairment of plant	-	-	(2,000)	-	-	(2,000)	-
Transfer to loans and advances	-	-	-	-	-	-	(7,384)
Balance as at 30 June	70,507	-	10,050	887	2,975	84,419	79,542

* This represents advance given to Punjab Industrial Estate (PIE). The possession and title will be transferred to Company in due course.

** This includes fair value of plant and machinery amounting to Rs. (thousand) 5,500 (2013: Rs. (thousand) 7,500) acquired from Hattar Food Products (Private) Limited.

Impairment of Rs. (thousand) 2,000 (2013: Rs. (thousand) Nil) was charged on the basis of latest valuation, carried out by M/s. Surval, an independent evaluator.

	Note	Rupees in thousand	
		2014	2013
6.3 Depreciation charge for the year has been allocated as follows:			
Cost of sales	23.1	81,630	73,804
Distribution cost	24	45,984	38,980
Administrative expenses	25	9,773	9,074
Other operating expenses	26	6,031	6,149
		143,418	128,007

7 LONG TERM INVESTMENT AVAILABLE FOR SALE

Quoted

Modaraba

BRR Guardian Modaraba-Credit rating A			
305,000 (2013: 305,000) certificates of Rs. 10/- each	7.1	2,375	2,375
Loss on remeasurement		(545)	(1,231)
		1,830	1,144

7.1 The above investment represents 0.39% (2013: 0.39%) of the issued certificate capital of the Modaraba.

Notes to the Financial Statements

for the year ended 30 June 2014

		Rupees in thousand	
	Note	2014	2013
8 LONG TERM DEPOSITS AND PREPAYMENTS			
Deposits			
Utility companies		1,568	1,568
Others		1,680	1,640
		3,248	3,208
Prepayments			
Rent		4,000	2,145
Less: current maturity	13	(2,906)	(2,145)
		1,094	-
		4,342	3,208
9 STORES AND SPARES			
Stores		7,100	-
Spares		39,358	28,051
		46,458	28,051
10 STOCK IN TRADE			
Raw materials		125,776	124,680
Packing materials		380,193	338,961
Finished goods		175,191	146,879
Pulps, concentrates etc.	10.1	451,251	364,118
Goods in transit		15,362	23,976
		1,147,773	998,614
10.1 These include pulps amounting to Rs. (thousand) 99,879 (2013: Rs. (thousand) 83,578) held with third parties in the normal course of business.			
		Rupees in thousand	
	Note	2014	2013
11 TRADE DEBTS			
Unsecured-considered good			
Due from related parties	11.1	35	34
Others		323,173	248,961
		323,208	248,995
Considered doubtful - others			
Less: Provision for doubtful debts		1,350	1,350
		-	-
		323,208	248,995

11.1 No amount is receivable from the Chief Executive, Directors and Executives of the Company (2013: Nil).

Notes to the Financial Statements

for the year ended 30 June 2014

		Rupees in thousand	
	Note	2014	2013
12 LOANS AND ADVANCES			
Advances to distributors - Secured, considered good	12.1	7,275	3,386
Advances - Unsecured, considered good			
- Staff	12.2	3,095	3,093
- Suppliers		24,598	7,569
Advances - Unsecured, considered doubtful			
- Suppliers	12.3	100	4,595
Less: Provision for doubtful advances	12.4	100	4,595
		-	-
		34,968	14,048
12.1 This represents the advances given to the distributors for the purchase of vehicles for the distribution of products of the Company. These are secured against vehicles, registered in the name of the Company.			
12.2 No advances were given to the Chief Executive, Directors and Executives of the Company (2013: Rs. (thousand) Nil).			
12.3 This includes advance given to supplier for the purchase of vehicles Rs. (thousand) Nil (2013: Rs. (thousand) 4,495).			
		Rupees in thousand	
	Note	2014	2013
12.4 Provision for doubtful advances			
Balance as at 01 July		4,595	4,595
Less: reversal during the year		(4,495)	-
		100	4,595
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Short term deposits		4,876	7,058
Prepayments		11,476	14,560
Current maturity of long term prepayments	8	2,906	2,145
		19,258	23,763
14 ACCRUED FINANCIAL INCOME			
Profit receivable on bank deposits		516	408
15 CASH AND BANK BALANCES			
Cash in hand		30,356	23,599
Cheques in hand		7,379	33,226
Cash at banks			
- Current accounts	15.1	21,584	54,655
- PLS savings accounts	15.2	94,097	38,121
		153,416	149,601
15.1 This includes two bank accounts restricted for dividend payments only aggregating to Rs. (thousand) 645 (2013: Rs. (thousand) 213).			
15.2 The balances in PLS saving accounts bear mark-up at the rate of 6.00% (2013: 6.00% to 7.00%) per annum.			

Notes to the Financial Statements

for the year ended 30 June 2014

16 SHARE CAPITAL

	Number of Shares		Rupees in thousand	
	2014	2013	2014	2013
Authorised share capital				
Ordinary shares of Rs. 10/- each	10,000,000	10,000,000	100,000	100,000
Issued, subscribed and paid-up share capital				
Ordinary shares of Rs. 10/- each				
Opening as at 01 July,				
Fully paid in cash	237,500	237,500	2,375	2,375
Issued as fully paid bonus shares	6,362,500	5,762,500	63,625	57,625
	<u>6,600,000</u>	<u>6,000,000</u>	<u>66,000</u>	<u>60,000</u>
Issued during the year				
Fully paid bonus shares	660,000	600,000	6,600	6,000
Closing as at 30 June				
Fully paid in cash	237,500	237,500	2,375	2,375
Bonus shares	7,022,500	6,362,500	70,225	63,625
	<u>7,260,000</u>	<u>6,600,000</u>	<u>72,600</u>	<u>66,000</u>

	Note	Rupees in thousand	
		2014	2013
17 RESERVES			
Capital			
Merger Reserve	17.1	5,000	5,000
Revenue			
General Reserve			
– At the beginning of the year		950,000	820,000
– Transferred from unappropriated profit		150,000	130,000
		<u>1,100,000</u>	<u>950,000</u>
Unrealized loss on remeasurement of investments- available for sale			
– At the beginning of the year		(1,371)	(1,628)
– Additions during the year		686	257
		<u>(685)</u>	<u>(1,371)</u>
		<u>1,104,315</u>	<u>953,629</u>

17.1 This reserve can be utilized by the Company, only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

Notes to the Financial Statements

for the year ended 30 June 2014

	Note	Rupees in thousand	
		2014	2013
18 DEFERRED TAXATION			
This comprises:			
Deferred tax liabilities on taxable temporary differences			
Accelerated tax depreciation		80,094	62,076
Trade deposits and short term prepayments		4,630	5,191
Investment available for sale		411	159
		<u>85,135</u>	<u>67,426</u>
Deferred tax assets on deductible temporary differences			
Provision for doubtful debts		(434)	(1,848)
Provision for employee's compensated absences		(7,801)	(6,641)
Provision for bonuses to staff and agents		(8,378)	(8,545)
		<u>(16,613)</u>	<u>(17,034)</u>
		<u>68,522</u>	<u>50,392</u>
19 TRADE AND OTHER PAYABLES			
Due to related parties	19.1	34,376	32,927
Creditors		363,488	265,138
Deposits	19.2	33,780	36,384
Distributors' credit balances		58,914	52,505
Accrued expenses		99,795	99,046
Sales tax payable		69,011	78,789
Payable to provident fund		–	1,041
Workers' Profit Participation Fund	19.3	21,396	21,122
Workers' Welfare Fund	19.4	19,433	13,433
Unclaimed dividend		1,155	1,048
Taxes and other payables		172	118
Other liabilities	19.5	3,408	2,421
		<u>704,928</u>	<u>603,972</u>

21.1 The amounts due to related parties are in the normal course of business and comprises of:

Shezan Services (Private) Limited	34,376	32,927
-----------------------------------	--------	--------

21.2 Agreements with the distributors give the Company right to utilize these deposits in the normal course of business.

Notes to the Financial Statements

for the year ended 30 June 2014

	Note	Rupees in thousand	
		2014	2013
19.3 Workers' Profit Participation Fund			
Balance at the beginning of the year		21,122	17,004
Allocation for the year	26	21,396	21,122
		42,518	38,126
Interest on funds utilized in the Company's business	28	311	314
		42,829	38,440
Amount paid to the Fund's Trust		(21,433)	(17,318)
Balance at the end of the year		21,396	21,122
19.4 Workers' Welfare Fund			
Balance at the beginning of the year		13,433	11,535
Allocation for the year	26	6,000	7,000
		19,433	18,535
Amount paid with annual return		-	(5,102)
		19,433	13,433

19.5 This includes Rs. (thousand) 800 (2013: Rs. (thousand) 800) payable to Chief Executive Officer and Rs. (thousand) 2,103 (2013: Rs. (thousand) 1,213) to various executives.

20 SHORT TERM BORROWINGS - SECURED

The aggregate short term borrowings available from commercial banks under the mark-up arrangement are Rs. (thousand) 1,475,000 (2013: Rs. (thousand) 975,000).

The rate of mark-up ranges between 1 month KIBOR+0.35% to 3 months KIBOR +0.50% (2013: 1 month/3 months KIBOR+0.50%), payable quarterly.

The facilities are secured against first registered joint pari passu hypothecation and ranking charge on current assets of the Company up to Rs. (thousand) 1,215,000 (2013: Rs. (thousand) 1,215,000) and Rs. (thousand) 948,000 (2013: Rs. (thousand) 200,000) respectively.

The un-utilized facility for letters of credit and for guarantees amounts to Rs. (thousand) 269,891 (2013: Rs. (thousand) 137,245) and Rs. (thousand) 110,948 (2013: Rs. (thousand) 50,621), respectively.

21 CONTINGENCIES AND COMMITMENTS

Contingencies

- Claim of Punjab Employees Social Security Institution (P.E.S.S.I.) for Rs. (thousand) 2,379 (2013: Rs. (thousand) 2,379) is not acknowledged as debt by the Company.
- Notices for additional payments of sales tax and excise duty amounting to Rs. (thousand) 13,094 (2013: Rs. (thousand) 13,094) contested with the Collectorate of Customs, Sales Tax and Central Excise.

Notes to the Financial Statements

for the year ended 30 June 2014

- Notices for additional payment of leasehold land amounting to Rs. (thousand) 844 (2013: Rs. (thousand) 844) contested with Sarhad Development Authority. The management is confident that the matter would be settled in its favour. Consequently, no provision has been made in these financial statements in respect of the above.
- The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the decision of Commissioner of Inland Revenue (Appeals) for an additional amount of Rs. (thousand) 3,465 (2013: Rs. (thousand) 3,465) in respect of the tax year 2003, which is pending adjudication.
- The Company filed an appeal pertaining to capital gain on merger of wholly owned subsidiary, M/s. Hattar Fruit Products Limited (now merged into the Company) before the Commissioner of Inland Revenue (Appeals) against the decision of Additional Commissioner of Inland Revenue for an additional amount of Rs. (thousand) 39,788 in respect of the tax year 2004, which was decided against the Company. The Company filed an appeal before the Appellate Tribunal Inland Revenue against the decision of the Commissioner of Inland Revenue (Appeals), which was decided in favor of the Company.
- Based on the tax audit for the tax year 2009, an additional amount of Rs. (thousand) 21,314 was demanded by the Income Tax Department against which the Company filed an appeal before the Commissioner Inland Revenue (Appeals) which was subsequently decided in favor of the Company. The Income Tax Department has filed an appeal before the Appellate Tribunal Inland Revenue against this decision of the Commissioner Inland Revenue (Appeals), which is pending adjudication.
- The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the amended order passed under section 122(5A) of Income Tax Ordinance, 2001 by the Commissioner Inland Revenue (Appeals) for an additional amount of Rs. (thousand) 28,776 in respect of the tax year 2011, which is pending adjudication.
- The Company has filed an appeal before the Appellate Tribunal Inland Revenue against the amended order passed under section 161 of the Income Tax Ordinance, 2001 by the Commissioner Inland Revenue (Appeals) for payment of additional amount Rs. (thousand) 7,900 in respect of the tax year 2011, which is pending adjudication.
- The Company has filed an appeal before the Commissioner of Inland Revenue (Appeals) against the order passed under section 122(5A) of the Income Tax Ordinance, 2001 by the Additional Commissioner Inland Revenue for payment of additional amount Rs. (thousand) 69,244 in respect of the tax year 2013, which is pending adjudication.

Pending resolution of the above mentioned matters, being contested by the Company at various forums, no provision has been made in these financial statements as the management is confident that the eventual outcome of the above matters will be in favor of the Company.

Commitments

- Commitments in respect of letters of credit opened for the import of tetra pak machine, raw and packing materials amounts to Rs. (thousand) 190,466 (2013: Rs. (thousand) 17,755).
- Counter guarantees in favour of banks in the ordinary course of business amounts to Rs. (thousand) 24,052 (2013: Rs. (thousand) 24,379).

Notes to the Financial Statements

for the year ended 30 June 2014

	Note	Rupees in thousand	
		2014	2013
22 SALES - NET			
Domestic		7,240,947	6,286,303
Export		946,683	570,077
Export rebate		-	1,090
		8,187,630	6,857,470
Less: Discounts and incentives		215,568	185,272
Sales tax		1,210,635	997,138
Federal excise duty		900	560
		1,427,103	1,182,970
	22.1	6,760,527	5,674,500

22.1 This includes sales relating to trading activities amounting to Rs. (thousand) 15,956 (2013: Rs. (thousand) 10,849).

	Note	Rupees in thousand	
		2014	2013
23 COST OF SALES			
Manufacturing	23.1	4,724,545	3,956,160
Trading	23.2	11,195	7,714
		4,735,740	3,963,874

Notes to the Financial Statements

for the year ended 30 June 2014

	Note	Rupees in thousand	
		2014	2013
23.1 Cost of sales - Manufacturing			
Pulps, concentrates etc. consumed:			
Opening stock		364,118	458,741
Add: Production/processing during the year		492,933	439,822
Purchases during the year		507,398	190,230
Less: Closing stock		(451,251)	(364,118)
		913,198	724,675
Raw materials consumed:			
Opening stock		124,680	115,919
Add: Purchases during the year		1,584,169	1,416,744
Less: Production of pulps, concentrates		(492,933)	(439,822)
Closing stock		(125,776)	(124,680)
		1,090,140	968,161
Packing materials consumed:			
Opening stock		338,961	313,648
Add: Purchases during the year		2,231,725	1,817,331
Less: Cost transferred to expenses		(15,210)	(14,209)
Closing stock		(380,193)	(338,961)
		2,175,283	1,777,809
Factory expenses:			
Salaries, wages and amenities		185,230	143,902
Company's contribution to provident fund		1,212	982
Stores and spares consumed		192,176	167,863
Travelling and conveyance		2,836	2,306
Repairs and maintenance		109,947	63,156
Insurance		2,546	1,997
Fuel and power		133,879	110,410
Inward freight and loading/unloading		2,905	4,539
Utilities		8,482	5,214
Loss on disposal of empties	26.1	16,108	23,415
Ijarah rentals		-	48,443
General expenses		32,410	12,951
Depreciation	6.3	81,630	73,804
		769,361	658,982
Cost of production		4,947,982	4,129,627
Add: Finished goods - Opening stock		139,792	154,732
		5,087,774	4,284,359
Less: Cost of samples	24.2	138,454	146,024
Cost of wastage and spoilage	26	59,264	42,383
Finished goods - Closing stock		165,511	139,792
		363,229	328,199
		4,724,545	3,956,160

Notes to the Financial Statements

for the year ended 30 June 2014

	Note	Rupees in thousand 2014	Rupees in thousand 2013
23.2 Cost of sales - Trading			
Finished goods - Opening stock		7,087	3,767
Add: Purchases during the year		15,642	12,944
		22,729	16,711
Less: Cost of samples	24.2	463	337
Cost of wastage and spoilage	26	1,391	1,573
Finished goods - Closing stock		9,680	7,087
		11,534	8,997
		11,195	7,714

24 DISTRIBUTION COST

Salaries, wages and amenities		194,470	151,109
Company's contribution to provident fund		1,410	1,109
Postage and telephone		2,823	2,694
Travelling and conveyance		37,141	28,188
Repairs and maintenance	24.1	46,166	41,157
Insurance		6,620	4,774
Utilities		7,034	5,747
Stationery and printing		927	1,500
Rent, rates and taxes		17,012	17,979
Advertising and promotions	24.2	582,499	432,726
Outward freight and distribution		201,118	150,001
Staff sales incentive		12,006	9,550
Petrol, oil and lubricants		114,986	111,691
General expenses		2,582	8,233
Depreciation	6.3	45,984	38,980
		1,272,778	1,005,438

24.1 This includes loss on disposal of shells amounting to Rs. (thousand) 4,864 (2013: Rs. (thousand) Nil).

24.2 This includes cost of samples amounting to Rs. (thousand) 138,917 (2013: Rs. (thousand) 146,361).

	Note	Rupees in thousand 2014	Rupees in thousand 2013
25 ADMINISTRATIVE EXPENSES			
Salaries, wages and amenities		136,990	109,716
Company's contribution to provident fund		1,605	1,500
Postage and telephone		2,501	1,360
Travelling and conveyance		7,426	2,219
Repairs and maintenance		9,315	5,282
Insurance		7,510	7,672
Utilities		6,481	4,293
Stationery and printing		5,947	4,438
Rent, rates and taxes		9,041	6,216
Auditors' remuneration	25.1	2,353	3,212
Legal and professional		781	286
Donations	25.2	8,193	293
General expenses		6,394	7,083
Depreciation	6.3	9,773	9,074
		214,310	162,644

Notes to the Financial Statements

for the year ended 30 June 2014

	Note	Rupees in thousand 2014	Rupees in thousand 2013
25.1 Auditors' remuneration			
Audit fee		1,100	1,000
Tax consultancy services		582	1,302
Miscellaneous certification and limited review charges etc.		560	660
Out of pocket expenses		111	250
		2,353	3,212

25.2 Donations

This includes donation of Rs. (thousand) 8,000 (2013: Rs. (thousand) Nil) to National Management Foundation (NMF).

Mr. Muneer Nawaz, Chairman of the Company is also a member of Board of Governors at NMF.

	Note	Rupees in thousand 2014	Rupees in thousand 2013
26 OTHER OPERATING EXPENSES			
Product spoilage	26.1	63,636	48,760
Barrel depreciation	6.3	6,031	6,149
Royalty to related party - Shezan Services (Private) Limited		62,497	56,521
Workers' Profit Participation Fund	19.3	21,396	21,122
Workers' Welfare Fund	19.4	6,000	7,000
Loss on impairment of investment in associate		-	172
Loss on disposal of property, plant and equipment	26.1	628	-
Impairment on plant and machinery	6.2	2,000	-
		162,188	139,724

26.1 Loss on disposal of property, plant and equipment

Description	Note	Cost	Book Value	Sale Proceeds	Gain / (loss)	Purchaser	Mode
Honda Civic		1,288	243	525	282	Mr. Khalid Mansoor, Employee	Company policy
Hyundai Shehzore		582	26	275	249	Mr. Mughal Traders	Negotiation
Nissan Datsun		340	3	99	96	Mr. Akhlaq Ahmad	Negotiation
Toyota Forklift		300	1	310	309	Mr. Ravi	Negotiation
Sachet Packing Machines		775	259	320	61	M/s. Toshiba Engineering	Negotiation
Honda City		1,009	305	940	635	Mr. M. Amjad	Negotiation
Hyundai Shehzore		604	35	500	465	Mr. Akhlaq Ahmad	Negotiation
Empty bottles, shells, pallets and barrels		123,077	80,533	53,855	(26,678)	Various Parties	Negotiation
		127,975	81,405	56,824	(24,581)		

Less: Loss on disposal of empties, shells and pallets transferred to:

Cost of sales	23.1	24,630	16,108	-	(16,108)
Distribution cost	24	8,228	4,864	-	(4,864)
Other operating expenses		4,887	2,981	-	(2,981)
		90,230	57,452	56,824	(628)

Notes to the Financial Statements

for the year ended 30 June 2014

	Note	Rupees in thousand 2014	2013
27 OTHER INCOME			
Income from financial assets			
Profit on bank deposits		4,883	3,564
Dividend income		966	55
Foreign exchange gain		4,144	3,547
Capital gain on sale of investment		215	–
		10,208	7,166
Income from non financial assets			
Gain on disposal of property, plant and equipment		–	777
Reversal of provision against advances given to supplier	12.4	4,495	–
Sale of scrap		38,889	29,314
		43,384	30,091
		53,592	37,257
28 FINANCE COST			
Interest, mark-up and charges on - Secured short term borrowings		23,762	41,721
Workers' Profit Participation Fund	19.3	311	314
Finance lease charges		–	619
		24,073	42,654
Bank charges		4,498	3,102
		28,571	45,756
29 TAXATION			
Current tax			
– For the year		122,870	151,290
Deferred tax			
– Relating to origination/(reversal) of temporary differences		18,130	(4,671)
– Due to reduction in tax rates		–	(1,619)
		18,130	(6,290)
		141,000	145,000
29.1 Relationship between income tax expense and accounting profit			
Profit before taxation		400,532	394,321
Current Taxation:			
Tax at the applicable rate of 34% (2013: 35%)		136,181	138,012
Tax effect of expenses that are not deductible in determining taxable income charged to profit and loss account		129,990	96,179
Tax effect of expenses that are deductible in determining taxable income not charged to profit and loss account		(64,355)	(46,380)
Tax effect of applicability of lower tax rate on export sales and dividend income		(60,816)	(42,811)
		141,000	145,000
Tax charge for the current year		141,000	145,000
30 EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation attributable to ordinary shareholders		259,532	249,321
Weighted average number of ordinary shares at the end of the year (in thousand)		7,260	7,260
Earnings per share - Basic (Rupees)		35.75	34.34

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

Notes to the Financial Statements

for the year ended 30 June 2014

	Normal Annual Capacity		Actual Production	
			2014	2013
31 CAPACITY AND PRODUCTION				
Juices:				
Bottling plant	5,925,000	Crates	6,066,955	5,824,677
Tetra Pak plant	22,487,500	Dozens	28,264,390	24,902,342
Squashes and syrups plant	590,000	Dozens	317,328	283,332
Jams and ketchup plant	723,333	Dozens	311,903	338,252
Pickles plant	306,250	Dozens	259,788	242,446
Canning plant	210,000	Dozens	117,236	113,996

The normal annual capacity, as shown above, has been worked out on the basis of 350 working days (2013: 350 working days) except for bottling plant and squashes and syrups plant, which have been worked out on 150 days because of the seasonal nature of the business of the Company.

The variance between normal and actual production is because of change in demand and supply condition.

32 REMUNERATION OF CHIEF EXECUTIVE, PAID DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
Total number	1	1	1	1	10	10
	Rupees in thousand					
Basic salary	2,880	2,640	2,868	2,628	11,722	9,070
Provident fund contribution	240	220	239	219	977	757
Allowances and benefits:						
Conveyance	–	–	–	–	–	7
House rent	624	624	624	624	3,383	3,000
Dearness	510	318	510	318	5,767	2,880
Special	120	120	600	360	828	828
Utilities	348	240	348	240	1,932	1,080
Medical	26	67	–	–	560	417
Bonus	480	440	478	438	1,738	1,456
Ex-gratia	240	220	239	219	869	868
	5,468	4,889	5,906	5,046	27,776	20,363

32.1 Fees paid to six non-executive directors during the year for attending Board meetings Rs. (thousand) 400 (2013: Rs. (thousand) 320).

32.2 Fees paid to three non-executive directors during the year for attending Audit Committee meetings Rs. (thousand) 200 (2013: Rs. (thousand) 155).

32.3 Fees paid to three non-executive directors during the year for attending Human Resource Committee meetings Rs. (thousand) 75 (2013: Rs. (thousand) 75).

32.4 The Company also provides the Chief Executive, certain directors and executives with Company maintained vehicles, partly for personal and partly for business purposes.

Notes to the Financial Statements

for the year ended 30 June 2014

33 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise related group companies, associates, staff provident fund, directors and key management personnel. Transactions with related parties and associated undertakings, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	2 0 1 4									
	Shahtaj Sugar Mills Limited	Shahtaj Textile Limited	Shahnawaz Engineering (Private) Limited	Shezan Services (Private) Limited	Nawazabad Farms	Shezan Ampis	Shahnawaz (Private) Limited	Information Systems Associates Limited	Staff Provident Fund	Total
	Rupees in thousand									
Purchases of raw materials	653,435	-	-	-	-	-	-	-	-	653,435
Sales of finished goods	551	294	15	-	-	44	29	-	-	933
Royalty charged	-	-	-	62,497	-	-	-	-	-	62,497
Purchases/repairs of electric equipments/vehicles	-	-	-	-	-	-	376	-	-	376
Services rendered	-	-	-	-	-	-	-	684	-	684
Contributions to staff provident fund	-	-	-	-	-	-	-	-	4,227	4,227

	2 0 1 3									
	Shahtaj Sugar Mills Limited	Shahtaj Textile Limited	Shahnawaz Engineering (Private) Limited	Shezan Services (Private) Limited	Nawazabad Farms	Shezan Ampis	Shahnawaz (Private) Limited	Information Systems Associates Limited	Staff Provident Fund	Total
	Rupees in thousand									
Purchases of raw materials	537,931	-	-	-	2,638	-	-	-	-	540,569
Sales of finished goods	486	350	9	-	-	49	165	-	-	1,059
Royalty charged	-	-	-	56,521	-	-	-	-	-	56,521
Purchases/repairs of electric equipments/vehicles	-	-	-	-	-	-	12	-	-	12
Services rendered	-	-	-	-	-	-	-	2,229	-	2,229
Contributions to staff provident fund	-	-	-	-	-	-	-	-	3,591	3,591

Notes to the Financial Statements

for the year ended 30 June 2014

34 PROVIDENT FUND TRUST

The Company has maintained an employees provident fund trust and investments out of provident fund has been made in accordance with provisions of section 227 of the companies Ordinance 1984, and the rules formulated for this purpose. The salient information of the fund is as follows:

	Note	Rupees in thousand	
		2014	2013
Size of the fund		150,075	133,826
Percentage of the investments made		96%	98%
Fair Value of Investments	34.1	144,825	130,169
Cost of Investments made		147,493	129,926

Break-up of the investments in terms of amount and percentage of the size of the provident fund are as follows:

	2014		2013	
	Investment	Investment as a % of size of the fund	Investment	Investment as a % of size of the fund
	Rs. in '000	% Age	Rs. in '000	% Age
34.1 Breakup of investment				
Government securities	13,811	9%	8,321	6%
Listed securities and mutual fund units	28,543	19%	31,520	24%
Placements/certificates	92,251	61%	85,551	64%
Cash at PLS saving accounts	10,220	7%	4,777	4%
Total	144,825	96%	130,169	98%

34.2 Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	No. of Persons	
	2014	2013
35 NUMBER OF EMPLOYEES		
Number of permanent persons employed are as follows:		
Total Employees	311	306
Average Employees	308	309

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

36.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company does not believe it is exposed to major concentration of credit risk, however to manage any possible exposure the Company applies approved credit limits to its customers.

The management monitors and limits Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits, other receivables and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

Notes to the Financial Statements

for the year ended 30 June 2014

	Carrying Values	
	Rupees in thousand	
	2014	2013
Long-term deposits	4,342	3,208
Trade debts – unsecured	323,208	248,995
Loans and advances	3,095	3,093
Trade deposits	4,876	7,057
Bank balances	123,060	126,002
Accrued financial income	516	408
	459,097	388,763

The credit quality of financial assets can be assessed by reference to external credit ratings or the historical information about counter party defaults as shown below:

36.1.1 Trade Debt

	2014		
	Related parties	Others	Total
	Rupees in thousand		
Neither past due nor impaired	–	138,898	138,898
Past due but not impaired			
1- 30 days	–	118,047	118,047
31-150 days	35	23,563	23,598
150 and above	–	42,665	42,665
	35	323,173	323,208

	2013		
	Related parties	Other	Total
	Rupees in thousand		
Neither past due nor impaired	–	121,599	121,599
Past due but not impaired			
1- 30 days	–	41,549	41,549
31-150 days	34	26,939	26,973
150 and above	–	58,874	58,874
	34	248,961	248,995

	Rupees in thousand	
	2014	2013
Geographically		
Pakistan	198,091	203,718
North America	1,157	–
Europe	7,954	14,679
Central Asia	2,039	–
South Asia	685	10
Africa	113,282	30,588
	323,208	248,995

As at 30 June 2014, trade debts of Rs. (thousand) 1,350 (2013: Rs. (thousand) 1,350) were impaired and provided for.

Notes to the Financial Statements

for the year ended 30 June 2014

	Rupees in thousand	
	2014	2013
36.1.2 Cash at Bank		
A-1+	3,439	19,310
A2	600	380
A1+	91,938	26,293
A-1+	6,641	36,941
A1+	7	3
A-1+	13,056	9,848
Cheques in hand	7,379	33,226
	123,060	126,001

36.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

Financial liabilities are analysed below, with regard to their remaining contractual maturities.

	2014		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Short term borrowings	164,530	–	164,530
Trade and other payables	536,002	–	536,002
Mark up accrued on short term borrowings	5,573	–	5,573
Total Financial liabilities	706,105	–	706,105

	2013		
	Maturity Upto One Year	Maturity After One Year	Total
	Rupees in thousand		
Short term borrowings	154,948	–	154,948
Trade and other payables	438,005	–	438,005
Mark up accrued on short term borrowings	5,988	–	5,988
Total Financial liabilities	598,941	–	598,941

36.3 Market Risk

36.3.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the export of its products and import of some chemicals. The Company does not view hedging as financially viable considering the materiality of transactions.

Notes to the Financial Statements

for the year ended 30 June 2014

Sensitivity analysis

With all other variables remain constant, a 1 % change in the rupee dollar parity existed at 30 June 2014 would affect the profit and loss account and liabilities and equity by Rs. (thousand) 1,225 (2013: Rs. (thousand) 499).

36.3.2 Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. The Company is exposed to interest rate risk for short term borrowings obtained from the financial institutions, liabilities against assets subject to finance lease and bank deposits, which have been disclosed in the relevant note to the financial statements.

Sensitivity analysis

If interest rates at the year end, fluctuate by 100 basis points higher / lower, profit for the year would have been Rs. (thousand) 1,645 (2013: Rs. (thousand) 1,549) higher / lower. This analysis is prepared assuming that all other variables held constant and the amounts of liabilities outstanding at the balance sheet dates were outstanding for the whole year

36.4 Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. Capital includes ordinary share capital and reserves.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue of new shares.

Consistent with industry norms, the Company monitors its capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalent. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt (as defined above).

The Company finances its operations through equity, short term borrowing and managing working capital. The Company has no gearing risk in current year that is to be managed as it does not have any long term borrowing.

The Company is not subject to any externally imposed capital requirements.

36.5 Fair Value of Financial Instruments

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair values are observable either, directly or indirectly.

Level 3: techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

At 30 June, the Company had following financial instruments with respect to their level of fair value modelling:

Notes to the Financial Statements

for the year ended 30 June 2014

	Level 1	Level 2	Level 3
	Rupees in thousand		
2014			
Investment - available for sale	1,830	-	-
2013			
Investment - available for sale	11,004	-	-

37 SEGMENTAL ANALYSIS

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

Juice drinks activities

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

Other operating activities

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

Segment analysis of profit and loss account for the year ended 30 June 2014:

	Juices and Drinks	Others	Total
	Rupees in thousand		
Sales	5,851,806	908,721	6,760,527
Cost of sales	(4,014,957)	(720,783)	(4,735,740)
Gross profit	1,836,849	187,938	2,024,787
Unallocated expenses			
Corporate expenses			(1,487,088)
Finance costs			(28,571)
Other operating expenses			(162,188)
Other income			53,592
Taxation			(141,000)
Profit after taxation			259,532

Segment analysis of assets and liabilities as at 30 June 2014:

	Juices and Drinks	Others	Total
	Rupees in thousand		
Segment assets	1,911,281	446,385	2,357,666
Unallocated assets			330,076
Total			2,687,742
Segment liabilities	267,418	213,960	481,378
Unallocated liabilities			701,108
Total			1,182,486

Notes to the Financial Statements

for the year ended 30 June 2014

Segment analysis of profit and loss account for the year ended 30 June 2013:

	Juices and Drinks	Others	Total
Rupees in thousand			
Sales	4,718,081	956,419	5,674,500
Cost of sales	(3,239,089)	(724,785)	(3,963,874)
Gross profit	1,478,992	231,634	1,710,626
Unallocated expenses			
Corporate expenses			(1,168,082)
Finance costs			(45,756)
Other operating expenses			(139,724)
Other income			37,257
Taxation			(145,000)
Profit after taxation			249,321

Segment analysis of assets and liabilities as at 30 June 2013:

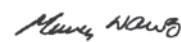
	Juices and Drinks	Others	Total
Rupees in thousand			
Segment assets	1,615,383	399,070	2,014,453
Unallocated assets			263,175
Total			2,277,628
Segment liabilities	273,369	95,618	368,987
Unallocated liabilities			597,603
Total			966,590


38 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 26 September, 2014.

39 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed a final dividend of Rs.10/- per share, amounting to Rs. (thousand) 72,600 for the year ended 30 June 2014 (2013: Rs.10/- per share amounting to Rs. (thousand) 66,000) and 10% bonus share amounting to Rs. (thousand) 7,260 (2013: 10% bonus shares amounting to Rs. (thousand) 6,600) along with transfer to general reserve amounting to Rs. (thousand) 150,000 (2013: Rs. (thousand) 150,000) at their meeting held on 26 September 2014 for approval of the members at the Annual General Meeting to be held on 30 October 2014.


Muneer Nawaz
Chairman


Humayun A. Shahnawaz
Chief Executive

Form of Proxy

I/We, _____
of _____
being a Member(s) of Shezan International Limited holding _____
ordinary shares hereby appoint _____
of _____
or failing him _____
of _____
who is also a Member of Shezan International Limited as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 51st Annual General Meeting of the Company to be held on 30 October 2014 and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2014.

Signed by _____

in the presence of _____

Folio Number

Signature

Affix Rs. 5/-
revenue stamp

This signature should agree with the specimen registered with the Company.

Important:

- No person shall act as proxy unless he himself is Member of the Company, except that a corporation may appoint a person who is not a Member.
- If a Member appoints more than one proxy and more than one instruments of proxy are deposited by a Member with the Company, all such instruments of proxy shall be rendered invalid.

I AM DESI
AND I LOVE IT



