

Shezan International Limited

(Annual Report 1996)

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Company's Profile

Board of Directors

Mr. Muneer Nawaz - Chairman
Mr. Saifi Chaudhry - Chief Executive
Mrs. Majeeda Begum
Mr. Mahmood Nawaz
Mr. C.M. Khalid
Mr. M. Naeem
Mrs. Amtul Hal Khalid
Mr. Muhammed Khalid
Mr. Sk. Jahangir (Nominee N.I.T)

Executive Director & Secretary

Mr. Muhammed Khalid

Registered Office/Head Office

Bund Road, Lahore-54500

Factories

Lahore

Bund Road, Lahore.
Ph: (042) 7466900 - 04
Fax: (047) 7466999
Telex: 47275 SHEZN PK

Grams: SHEZJUICE

Karachi

Federal B. Industrial Area.

Ph: (021) 6344722-23

Fax: (021) 6313790

Telex: 23160 SHZAN PK

Auditors

Messrs. Ford, Rhodes, Robson, Morrow

Chartered Accountants

1st Floor, The Syed 11-Civic Centre

New Garden Town - Lahore.

Legal Advisors

Messrs, Cornelius, Lane & Mufti

Nawa-i-Waqt Building,

Sharae Fatima Jinnah, Lahore.

Bankers

United Bank Limited

Citibank N.A.

Bank of Khyber

Notice of Meeting

Notice is hereby given that the 33rd Annual General Meeting of the Company will be held on Monday, 30th December, 1996 at 10.30 hours at Hotel Avari, Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:-

1. To confirm the Minutes of Extra Ordinary General Meeting held on 29th June, 1996.
2. To receive and adopt the Director's and Auditor's Reports and Audited Accounts for the year ended 30th June, 1996.
3. To approve the dividend @ Rs. 4.25 per share as recommended by the Board of Directors.
4. To appoint Auditors for the year 1996-97 and to fix their remuneration. The present Auditors Messrs. FORD, RHODES, ROBSON, MORROW, Chartered Accountants being eligible, offer themselves for re-appointment.
5. To transact any other business with the permission of the Chair.

Shares Transfer Books of the Company will be closed from 29th December, 1996 to 08th January, 1997 (both days inclusive) for determining entitlement of the dividend.

By order of the Board

Lahore

Muhammed Khalid

December 03, 1996.

Executive Director

NOTES:

1. A member entitled to attend and vote at the 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.

2. Shareholders are requested to notify the change of address if any, immediately.

Consolidated Financial Information

*Shezan International Limited and its subsidiary,
Hattar Fruit Products Limited*

GENERAL INFORMATION SUBSIDIARIES

Name	Hattar Fruit Products Limited
Accounting year end	June 30
Percentage of holding	100%
Nature of business	Manufacture and sale of juices, beverages, pickles, pre-serves and flayoutings based upon or derived from fresh fruits and vegetables.

Reserves attributable to member of the parent dealt with in the financial statements of the parent:

In the current year	NIL
In the previous years	NIL

Reserves attributable to members of the parent not dealt with in the financial statement of the parent:

In the current year	NIL
In the previous years	NIL

ASSOCIATE

Name of the Associated Company	Basis of Association
	NOT APPLICABLE

TRANSACTIONS WITH SUBSIDIARIES/ASSOCIATED COMPANIES

Type of Transaction	Value during the period (Rupees in thousands)	Basis of determination of the transaction value
Purchases	231,344	Standard sales policy.

Sales 14,352
Interest earned Nil

Cost to Shezan International Limited.
Average bank rate available to
Shezan International Limited.

Subsidiaries/Associated Companies Balances

	Year end Balance	Nature of Balance	Maximum balance at the end of any month during the year
Hattar Fruit Products Limited	Nil	Advance	Nil

Details of Group Banking Arrangements

(e.g. Cross guarantee's charge on group assets to secure the debts)

NOT APPLICABLE

Consolidated Balance Sheet as at June 30, 1996

*Shezan International Limited and its subsidiary,
Hattar Fruit Products Limited*

	30-Jun-96	30-Jun-95
	(Rupees in thousands)	
TANGIBLE FIXED ASSETS		
Operating fixed assets	99,749	105,536
Capital work-in-progress	716	1,060
	100,465	106,596
LONG TERM INVESTMENT	1,250	2,500
LONG TERM DEPOSITS	1,126	661
	-----	-----
	102,841	109,757
CURRENT ASSETS		
Stores and spares	38,236	31,708
Stock in trade	221,738	207,546
Trade debts	28,336	21,051
Loans and advances	3,134	18,671
Advances, deposits and prepayments	4,727	3,925
Accrued interest	-	412
Cash and bank balances	12,198	48,865
	-----	-----
	308,369	332,178
LESS: CURRENT LIABILITIES		
Short-term loans and running finances	26,651	28,215
Current maturity of long term loans	6,625	8,651
Current liability of obligations under finance lease	864	905
Creditors, accrued and other liabilities	76,913	100,306
Provision for taxation	9,257	22,376
Dividends	21,950	42,546

	-----	-----
	142,260	202,999
	-----	-----
WORKING CAPITAL	166,109	129,179
	-----	-----
CAPITAL EMPLOYED	268,950	238,936
LESS: LONG TERM AND DEFERRED LIABILITIES		
Long-term loans	7,500	14,974
Deferred taxation	4,000	4,550
Obligations under finance lease	3,598	191
	-----	-----
	15,098	19,715
	-----	-----
	253,852	219,221
REPRESENTED BY:		
Issued, subscribed and paid up capital	50,000	50,000
Reserves attributable to Parent Company		
Revenue reserves	145,000	88,500
Retained earnings	53,852	80,721
Bonus shares received	5,000	-
	-----	-----
	203,852	169,221
Minority interest	-	-
	-----	-----
	253,852	219,221

Consolidated Profit and Loss Account For the year ended June 30, 1996

*Shezan International Limited and its subsidiary,
Hattar Fruit Products Limited*

	Year Ended	Six Months Ended
	June 30, 1996	June 30, 1995
	(Rupees in thousands)	
Consolidated sales	724,795	430,496
Net Profit for the year		
Shezan International Limited	40,547	44,659
Hattar Fruit Products Limited	31,992	29,604
	-----	-----
	72,539	74,253
Less: Adjustment for unrealised profits and inter group dividends	-	-
	-----	-----
Consolidated profit before taxation	72,539	74,253
Provision for taxation	16,658	17,260
	-----	-----

Consolidated profit after taxation	55,881	56,993
Less: Minority interest	-	-
	-----	-----
Net profit attributed to Parent Company	55,881	56,993
	=====	=====

STATEMENT OF RETAINED EARNINGS

Retained earnings brought forward	80,721	49,728
Net profit for the year	55,881	56,993
	-----	-----
	136,602	106,721
Appropriations:		
Transfer to General Reserve	56,500	8,500
Proposed dividend @ 42.50% (1995:35% (six months))	21,250	17,500
Bonus shares	5,000	--
	-----	-----
	82,750	26,000
	-----	-----
Retained earnings carried forward	53,852	80,721
	=====	=====

Director's Report to the Shareholders

It gives us great pleasure to welcome you to the 33rd Annual General Meeting of the Company. By the Grace of Allah we had satisfactory sales during this year of Rs. 682.248 million compared with Rs. 397.417 million for the half year ended 30th June, 1995. The level of sales shows the confidence of the consumers in Shezan Products and also the quality of our products which has enabled us to maintain this level of sales. Our profit before tax was Rs. 40.547 million compared with Rs. 44.649 million for the six months ended 30th June, 1995. Our shareholders would observe a drop in profit and we have already cautioned every body about this in our previous report. The drop in profit is primarily due to severe competition in the market, inflationary pressures, reduced purchasing power of the consumers which in turn resulted in drop in the sales especially after the budget of June, 1996. Because of the slowdown in sales we are unable to pass on the increased cost to the consumers; however under the circumstances we feel that the company has done well. Due to the lowering of tariff barriers imported consumer goods are available all over the country in large quantities and this also effects our margins.

The management is aware of these changes in the market conditions and is prepared to meet the challenges in the years ahead of stiff competition on account of imports and additional production capacity within the country.

FINANCIAL RESULTS

As you will observe from Balance Sheet and Profit and Loss Account our financial results are as under:

(Rupees in "000")

Profit Before Taxation	40,547
Provision for Taxation	14,450

	26,097
Unappropriated Profit Brought Forward	5,189

Available for Appropriation	31,286
Appropriations:	
Proposed dividends @ 42.50% (1995: 35% (six months))	21,250
Transfer to General Reserve	6,500

	27,750

Unappropriated profit carried forward	3,536
	=====

DIVIDEND

Keeping in view the satisfactory financial results and our desire to give a good return to the shareholders the Directors have pleasure in proposing a cash Dividend of 42.50% i.e. Rs. 4.25 per share for the year ended 30th June, 1996. We pray and hope that we are able to maintain this performance in the future.

FUTURE PROSPECTS

Your Directors feel that the fruit and vegetable industry is going through a crisis and the Government should come out with a package of incentives for this industry. This industry has a direct positive affect on the rural economy as we buy in large quantity the produce from the farmers.

In the field of fiscal support we feel that in order to encourage the fruit based drinks there should be a sales tax differential between fruit based drinks and synthetic drinks. In the previous budget the sales tax has been increased from .10% to 18% which is very substantial increase and this has resulted in additional burden on the company as we have not been able to pass on the full increase to the consumers.

After the budget of June, 1996 there has been a substantial fall in the sales of consumer products including the products of your company and if this trend of falling sales is not reversed in the coming months we anticipate a reduction in sales and profits. We are making efforts to increase sales in the remaining months. We continue to make our humble contribution to the National Exchequer by contributing Rs. 36.355 million in the shape of Excise Duty and Rs. 34.185 million in Sales Tax for the year ended 30th June, 1996.

DIRECTORS

Election of Directors was held in an Extra Ordinary General Meeting and one new Director Mr. SK. Jahangir, nominated by National Bank of Pakistan, Trustees Department was elected. We welcome him on the Board and it is hoped that the Company will benefit from his valuable experience.

AUDITORS

The present Auditors Messrs. Ford, Rhodes, Robson, Morrow, Chartered Accountants have conveyed their willingness to be appointed in the ensuing year.

LABOUR & MANAGEMENT RELATIONS

During the year under review, the labour and management relations remained cordial. Your Directors place on record their appreciation for the loyalty and devotion to duty of the officers and workers of all categories.

On behalf of the Directors

Lahore
December 03, 1996

Muneer Nawaz
Chairman

Five Years Review At a Glance

(Rupees in thousands)

	Year 1992	Year 1993	Year 1994	Year 1995 (Six months)	Year 1996
Income					
Sales	406,028	466,798	548,163	397,417	682,248
Others	6,803	9,523	4,308	1,336	3,911
	-----	-----	-----	-----	-----
	412,831	476,321	552,471	398,753	686,159
	=====	=====	=====	=====	=====
Expenditures					
Cost of Sales	282,638	329,490	400,925	288,154	524,704
Administrative, Selling and General	70,071	73,709	79,487	53,516	99,956
Financial	3,955	6,312	4,887	1,860	3,452
Others	15,260	17,787	16,509	10,575	17,500
	-----	-----	-----	-----	-----
	371,924	427,298	501,808	354,105	645,612
	-----	-----	-----	-----	-----
Profit before taxation	40,907	49,023	50,663	44,648	40,547

Taxation	18,100	19,500	17,707	16,500	14,430
Profit after taxation	22,807	29,523	32,956	28,148	26,097
	=====	=====	=====	=====	=====
Paid up Capital					
Ordinary Shares of Rs. 10 each (thousands shares)	5,000	5,000	5,000	5,000	5,000
	=====	=====	=====	=====	=====
Reserves & Unappropriated Profits	70,560	75,083	83,039	93,689	98,536
Shareholders Equity	120,560	125,083	133,039	143,689	148,536
Break Up value per share	25.02	25.92	27.51	29.64	30.51
Earnings Per Share (Rs.)	4.60	5.90	6.60	5.63	5.22
Cash Distribution per share	4.00	5.00	5.00	3.50	4.25

Pattern of Shareholding

As on June 30, 1996

Shareholding

No. of Shareholders	From	To	Total Shares Held
62	1	100	6200
154	101	500	64200
41	501	1000	37000
47	1001	5000	113200
5	5001	10000	33400
2	10001	15000	26450
1	15001	20000	17000
2	20001	25000	43705
3	25001	30000	82725
3	30001	35000	103880
1	50001	55000	54925
1	55001	60000	55530
3	70001	75000	220805
1	75001	80000	76000
2	90001	95000	185700
1	95001	100000	99600
1	100001	105000	102200
1	105001	110000	109625
1	160001	165000	162635
3	210001	215000	633730
1	345001	350000	349765
1	460001	465000	460755
1	10960001	1965000	1960970
	-----		-----
	338		5000000

=====

=====

The Slabs representing NIL holding have been omitted.

Categories of Shareholders

	Number	Shares Held	Percentage
Individuals	326	2715105	54.30
Joint Stock Companies	2	27725	0.56
Investment Companies	3	35100	0.71
Insurance Companies	3	95200	1.90
Financial Institutions	1	1960970	39.22
OTHERS			
National Industrial Co-op Finance Corporation	1	400	-
* Foreign Investment	2	165500	3.31
	-----	-----	-----
Total	338	5000000	100.00
	=====	=====	=====
* Somers Nominee Far East Limited		73000	
Pictet Cie Geneva		92500	

Auditors' Report to the Members

We have audited the annexed balance sheet of Shezan International Limited as at June, 30, 1996 and the related profit and loss account and statement of sources and application of funds, 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 and, after due verification thereof, we report that:

(a) in our opinion, proper books of account 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 account and are further in accordance with accounting policies consistently applied;

(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 and the statement of sources and application of funds, together with the notes forming part thereof 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 June 30, 1996 and of the profit and sources and application of funds for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980, was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Lahore
December 03, 1996

Ford, Rhodes, Robson, Morrow
Chartered Accountants

Balance Sheet

As on June 30, 1996

	Notes	June 30, 1996 (Rupees in thousands)	June 30, 1995
TANGIBLE FIXED ASSETS			
Operating fixed assets	4	41,673	38,957
Capital work-in-progress	5	716	1,061
LONG TERM INVESTMENTS			
LONG TERM DEPOSITS	6	21,250	22,500
	7	1,080	551
		-----	-----
		64,719	63,069
CURRENT ASSETS			
Stores and spares	8	32,854	24,836
Stock in trade	9	172,547	151,719
Trade debts	10	27,629	20,723
Loans and advances	11	2,320	17,510
Advances, deposits and prepayments	12	3,584	2,746
Accrued interest		-	412
Cash and bank balances	13	10,695	42,099
		-----	-----
		249,629	260,035
LESS: CURRENT LIABILITIES			
Short-term loans and running finances	14	16,717	28,215
Current maturity of long term loans	19	2,875	5,750
Current liability of obligations under finance lease	20	864	653
Creditors, accrued and other liabilities	15	108,017	73,949
Provision for taxation		7,791	20,685
Dividends	16	21,950	42,546
		-----	-----
		158,214	171,798
		-----	-----
WORKING CAPITAL		91,415	88,237
		-----	-----
CAPITAL EMPLOYED		156,134	151,306

REPRESENTED BY			
Share Capital	17	50,000	50,000
Revenue reserves ad unappropriated profits	18	98,536	93,689
		-----	-----
		148,536	143,689
Long-term loans	19	--	2,875
Deferred taxation		4,000	4,550
Obligations under finance lease	20	3,598	192
CONTINGENCIES AND COMMITMENTS	21	--	--
		-----	-----
		156,134	151,306
		=====	=====

The attached notes form an integral part of these accounts.

Profit and Loss Account

For the year ended June 30, 1996

	Notes	Year Ended June 30, 1996	Six Months Ended June 30, 1995
(Rupees in thousands)			
Sales	22	682,248	397,417
Cost of sales	23	524,704	288,154
		-----	-----
Gross Profit		157,544	109,263
Less:			
Administrative and general expenses	24	24,255	11,747
Selling and distribution expenses	25	75,701	41,769
Financial charges	26	3,452	1,859
Other expenses and provisions	27	17,500	10,575
		-----	-----
		120,908	65,950
		-----	-----
Operating profit		36,636	43,313
Other income	28	3,911	1,336
		-----	-----
Profit before taxation		40,547	44,649
Provision for taxation	29	14,450	16,500
		-----	-----
Profit after taxation		26,097	281.49
Unappropriated profit brought forward		5,189	3,040
		-----	-----
		31,286	31,189
Appropriations:			
Transfer to General Reserve		6,500	8,500

Proposed dividend @ 42.50% (1995: 35% (six months))	21,250	17,500
	-----	-----
	27,750	26,000
	-----	-----
Unappropriated profit carried forward	3,536	5,189
	=====	=====

The attached notes form an integral part of these accounts.

Statement of Sources and Application of Funds
(Cash Flow) For the year ended June 30, 1996

	Year Ended June 30, 1996	Six Months Ended June 30, 1995
(Rupees in thousands)		
CASH FLOW FROM OPERATING ACTIVITIES		
Funds provided from operations		
Profit after tax	26,097	28,149
Adjustment for items not involving movement of funds:		
Depreciation	6,132	2,748
Deferred taxation	(550)	-
Provision for diminution in long term investments	1,250	-
Profit on sale of fixed assets	(2,262)	(276)
	-----	-----
	30,667	30,621
(Increase)/decrease in current assets		
Stores and spares	(8,018)	(14,481)
Stock in trade	(20,828)	(23,554)
Trade debts	(6,906)	(10,858)
Loans and advances	15,190	(15,249)
Advances, deposits and prepayments	(838)	(1,041)
Accrued interest	412	(282)
	-----	-----
	(20,988)	(65,465)
Increase/(decrease) in current liabilities		
Short-term loans and running finances	(11,498)	27,168
Creditors, accrued and other liabilities	34,068	25,502
Provision for taxation	(12,894)	8,443
	-----	-----
	9,676	61,113
	-----	-----
NET CASH FROM OPERATING ACTIVITIES	19,355	26,269

CASH FLOW FROM INVESTING ACTIVITIES

Purchase of fixed assets	(10,867)	-4,991
Capital Work-in-Progress	345	(895)
Sale proceeds from disposal of fixed assets	4,281	479
Long term deposits	(529)	(1)
Dividends paid	(41,847)	(3)
	-----	-----
NET CASH FROM INVESTING ACTIVITIES	(48,617)	(5,411)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from obligations under finance lease	5,743	--
Repayments of obligations under finance lease	(2,125)	(271)
Repayment of long term loan	(5,750)	(2,875)
	-----	-----
NET CASH FROM FINANCING ACTIVITIES	(2,132)	(3,146)
	-----	-----
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(31,394)	17,712
CASH AND BANK BALANCES AT THE BEGINNING OF THE YEAR	42,089	24,377
	-----	-----
CASH AND BANK BALANCES AT THE END OF THE YEAR	10,695	42,089
	=====	=====

Notes to the Accounts

For the year ended June 30, 1996

1. THE COMPANY AND ITS OPERATIONS

The Company is a Public Limited Company quoted on the Lahore and Karachi Stock Exchanges. It is engaged in the manufacture and sale of juices, beverages, pickles, preserves and flayoutings based upon or derived from fresh fruits and vegetables.

2. COMPLIANCE WITH IAS

These accounts comply with International Accounting Standards where applicable in all material respects.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Revenue Recognition**

Sale are recorded upon delivery of goods to the customers.

Income from bank deposits, loans and advances is recognized on accrual basis.

Dividend income is recognized when right to receive is established.

3.2 Historical costs are used as the basis for valuing transactions.

3.3 Research and development costs are expensed as incurred.

3.4 Tax provision is based on profits as adjusted for tax purposes. Effect of timing differences on account

of accelerated tax depreciation is fully provided for, using the liability method.

3.5 Fixed assets are stated at historical cost less accumulated depreciation except for freehold land and capital work in progress which are stated at cost.

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

Full year's depreciation is charged in the year of addition and no depreciation is charged in the year of disposal.

Leased assets held under finance lease are stated at cost less depreciation at the rates and basis applicable to company owned assets. The outstanding obligations under the lease less finance charges allocated to future period is shown as liability. The financial charges are calculated at the interest rates implicit in the lease and are charged to the profit and loss account.

Repairs and maintenance are charged to revenue. Material betterment are, however, capitalized.

Profits or losses on disposal of fixed assets are recognised in the profit and loss account in the year of disposal.

3.6 Stocks and stores are valued at lower of cost and net realisable 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	-Moving average
Finished goods	-Actual cost of manufacture
Mango Pulp	-Cost of manufacture according to annual average method
Bottles	-Moving average
Shells, pallets and barrels	-Moving average
Stores and spares	-Moving average

Shells, pallets and barrels are subject to a deterioration of 20% per annum using the reducing balance method.

Net realisable 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.

3.7 The Company contributes to a recognised provident fund for all permanent employees. Other significant accounting policies are disclosed in the following notes wherever relevant.

4. OPERATING FIXED ASSETS

(Rupees in thousands)

C	0	S	T	Book value	D E P R E C I A T I O N		
			To	As at	Accumulated	Annual	Charge for

PARTICULARS	To June 30, 1995	Additions/ Adjustments	Disposals/ Adjustments	June 30, 1996	June 30, 1996	as at 30-Jun-96	rate %	the year
COMPANY								
OWNED ASSETS								
Freehold land	7,091	--	--	7,091	7,091	--	--	--
Buildings on freehold land	10,265	1,423	--	11,688	3,759	7,929	10	418
Plant and machinery	47,787	1,378	1,392	47,773	12,163	35,610	12.50	1,737
Furniture and fixtures	1,784	133	--	1,917	504	1,413	15	99
Motor vehicles and bicycles	26,895	1,668	5,538	23,025	8,824	14,201	20	2,206
Electric fittings	366	--	--	366	111	255	10	12
Electric equipment	2,154	428	--	2,582	1,246	1,336	15	220
Loose tools	124	--	--	124	5	119	25	2
Laboratory - equipment	179	--	--	179	44	135	10	5
Fork lifts	5,248	369	520	5,097	2,291	2,806	20	572
Arms and ammunitions	--	94	--	94	75	19	20	19
	-----	-----	-----	-----	-----	-----	-----	-----
	101,893	5,493	7,450	99,936	36,113	63,823		5,280
ASSETS SUBJECT TO FINANCE LEASE								
Motor vehicle	1,160	--	--	1,160	535	625	20	134
Fork lift	640	--	640	--	--	--	20	--
Plant and machinery	--	5,743	--	5,743	5,025	718	12.50	748
	-----	-----	-----	-----	-----	-----	-----	-----
	103,693	11,236	8,090	106,839	41,673	65,166		6,132
	=====	=====	=====	=====	=====	=====	=====	=====
1995	99,580	4,991	878	103,693	38,957	64,736		2,748
	=====	=====	=====	=====	=====	=====	=====	=====

4.1 Addition in forklifts represents transfer from leased assets at net book value of Rs. (thousands) 369 representing cost of Rs. (thousands) 640 less accumulated depreciation of Rs. (thousands) 271.

4.2 Depreciation charge for the year has been allocated as follows:

	Year Ended June 30, 1996	Six Months Ended June 30, 1995
Cost of sales (Note: 23)	3,067	1,161
Administrative and general expenses (Note: 24)	655	242
Selling and distribution expenses (Note: 25)	2,410	1,345
	-----	-----
	6,132	2,748
	=====	=====

June 30, 1996 June 30, 1996
(Rupees in thousands)

5. CAPITAL WORK-IN-PROGRESS

Factory building	716	1,061
	=====	=====

6. LONG TERM INVESTMENT

Subsidiary company - unlisted - Hattar Fruit Products Limited 2,500,000 (1995: 2,000,000) ordinary shares of Rs. 10 each at cost (Note: 6.1)	20,000	20,000
Associated undertaking - listed - Guardian Leasing Modaraba 250,000 (1995: 250,000) Certificates of Rs. 10 each at cost (Note: 6.2)	2,500	2,500
Less: Provision for diminution in value of investments	1,250	-
	-----	-----
	1,250	2,500
	-----	-----
	21,250	22,500
	=====	=====

Extent of holding directly and through nominees was 100% (1995:100%). Value of each share of Rs. 10/- based on the audited accounts for the year ended 30th June, 1996 is Rs. 50.13 (1995: Rs. 47.77). During the year company received 500,000 ordinary shares of Rs. 10/- each as bonus shares.

Chief Executive of the company is Mr. Saifi Chaudhry.

6.2 The above investment represents 2.50% (1995: 2.50%) of the issued certificate capital of the associated undertaking. Chief Executive of the company is Mr. Harold H. Khawar.

Market value of the quoted certificates at year end is Rs. (thousand) 438 (1995: Rs. (thousands) 938). Management considers 50% of the cost as adequate provision for permanent impairment in the value of investments. Remaining provision has not been made for the diminution in value as it is considered temporary in the context of the company's intention to hold these investments on a long term basis.

7. LONG TERM DEPOSITS

Considered good-		
Leasing companies	690	180
Others	390	371
	-----	-----
	1,080	551
Considered doubtful - others	20	18
	-----	-----

	1,100	569
Less: Provision for doubtful deposits (Note: 24)	20	18
	-----	-----
	1,080	551
	=====	=====
8. STORES AND SPARES		
Stores	28,173	19,650
Spares	201	300
Shells, pallets and barrels	5,600	5,429
Less: Provision for deterioration in value	1,120	543
	-----	-----
	4,480	4,886
	-----	-----
	32,854	24,836
	=====	=====
9. STOCK IN TRADE		
Finished goods	48,781	33,288
Mango pulp	36,485	32,166
Packing materials	31,940	29,176
Bottles	53,365	50,341
Goods in transit	1,976	6,748
	-----	-----
	172,547	151,719
	=====	=====
10. TRADE DEBTS - UNSECURED		
Considered good-		
Associated undertakings (Note: 10.1)		
- Shahnawaz Limited	14	17
- Shezan (Pvt) Limited	57	36
	-----	-----
	71	53
Others	27,558	20,670
	-----	-----
	27,629	20,723
Considered doubtful - Others	1,157	200
	-----	-----
	28,786	20,923
Less: Provision for doubtful debts (Note: 24)	1,157	200
	-----	-----
	27,629	20,723
	=====	=====
10.1 Maximum balance receivable at the end of any month during the year	152	54
	=====	=====
11. LOANS AND ADVANCES		

Unsecured, considered good -		
Advances - Staff	95	146
- Others	2,225	17,364
	-----	-----
	2,320	17,510
	=====	=====

12. ADVANCES, DEPOSITS AND PREPAYMENTS

Advance excise duty	746	921
LC expenses and charges	931	195
Short term deposits - considered good	1,318	1,049
- considered doubtful	119	105
Prepayments	589	581
	-----	-----
	3,703	2,851
Less: Provision for doubtful deposits (Note: 24)	119	105
	-----	-----
	3,594	2,746
	=====	=====

13. CASH AND BANK BALANCES

In hand	200	3,498
At banks - on Current accounts	5,259	1,057
- PLS deposits accounts	5,236	37,534
	-----	-----
	10,695	42,089
	=====	=====

14. SHORT TERM LOANS AND RUNNING FINANCES

Running finance from banks - secured (Note: 14.1)	16,717	27,360
Loans from others - unsecured	-	855
	-----	-----
	16,717	28,215
	=====	=====

14.1 The aggregate running finance facility available under the mark-up arrangements is Rs. (thousands) 20,000 (1995: Rs. (thousands) 20,000). The rates of mark-up range between 45 paisa and 54 paisa per thousand rupees per day. Mark-up is payable quarterly whilst the running finance is to be repaid by November 05, 1996.

The above facility is secured against hypothecation of current assets and personal guarantees of directors.

15. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	14,460	9,918
Deposits (Note: 15.1)	2,685	2,621
Dealer's credit balances	8,963	12,045
Associated undertakings	61,987	13,826
Accrued expenses	15,892	21,796
Mark up accrued on short term running finance	108	
Sales Tax payable	--	7,197
Excise duty payable		106
Workers' Profit Participation Fund (Note: 15.2)	2,180	3,275
Workers' welfare Fund	1,298	2,300
Other Liabilities	444	865
	-----	-----
	108,017	73,949
	=====	=====

15.1 Security deposits from dealers have been obtained and are being utilised in persuance of written agreements with them.

15.2 workers' Profit Participation Fund

Balance at the beginning of the year	3,275	2,717
Allocation for the year	2,180	2,415
	-----	-----
	5,455	5,132
Interest on funds utilised in the Company's business	399	143
	-----	-----
	5,854	5,275
Amount paid to the Fund's Trust	3,674	2,000
	-----	-----
Balance at the end of the year	2,180	3,275
	=====	=====

16. DIVIDENDS

Unclaimed	700	46
Unpaid	-	25,000
Proposed	21,250	17,500
	-----	-----
	21,950	42,546
	=====	=====

17. SHARE CAPITAL

Authorised -		
10,000,000 (1995: 1,000,000) ordinary shares		
shares of Rs. 10 each	100,000	100,000
	=====	=====
Issued and subscribed -		
237,500 (1995: 237,500) ordinary shares		
of Rs. 10 each full)' paid in cash	2,375	2,375
4,762,500 (1995: 4,762,500) ordinary shares of		

Rs. 10 each issued as fully paid bonus shares	47,625	47,625
	-----	-----
	50,000	50,000
	=====	=====

18. REVENUE RESERVES AND UNAPPROPRIATED PROFITS

General reserve -		
Balance brought forward	88,500	80,000
Transfer from Profit and Loss Account	6,500	8,500
	-----	-----
	95,000	88,500
Unappropriated profits	3,536	5,189
	-----	-----
	98,536	93,689
	=====	=====

19. LONG TERM LOANS

Secured -		
ANZ Grindlays Bank (Note: 19.1)	2,875	8,625
Less: Current maturity	2,875	5,750
	-----	-----
	-	2,875
	=====	=====

19.1 Represents loan of Rs. (thousands) 23,000 obtained for major repair and maintenance of existing plant, payable in eight half yearly instalments starting June 30, 1993. The loan carries mark-up at the rate of 45.21 paisa per thousand per day, secured by financial guarantee from Citibank N.A. and equitable mortgage over company's fixed assets with second charge after Citibank N.A. Citibank's guarantee carries commission at the rate of 2% per annum.

20. OBLIGATIONS UNDER FINANCE LEASE

The average rate of interest used as the discounting factor (i.e. implicit in the lease) is between 19% to 22% per annum. The amount of future payments and the period during which they will become due are:

Year ending June 30,

1995	-	373
1996	-	592
1997	1,526	-
1998	2253	-
1999	1,902	-
	-----	-----
	5,681	965
Less: Future finance charges	1,219	120
	-----	-----
	4,462	845
Less: Current maturity	864	653

-----	-----
3,598	192
=====	=====

Some of the leases have option for purchase of the assets at the end of their respective lease periods whilst others have renewal option only. There are no financial restrictions in the lease agreement.

21. CONTINGENCIES AND COMMITMENTS

- i) Claim of EOBI for Rs. (thousands) 133 (1995: Rs.(thousands) 133) not acknowledged as debt by the company.
- ii) Claim of PESSI Rs. (thousands) 2,379 (1995: (thousands) Nil) not acknowledged as debt by the company.
- iii) Notices for additional payment of sales tax amounting to Rs. (thousands) 15,000 (1995: Rs. (thousands) 2,000) contested with the Department.
- iv) Commitments in respect of bank guarantees were Rs. (thousands) 122 (1995: Rs. (Thousands) 122).
- v) Bank guarantees amounting to Rs. (thousands) 854 (1995: Rs. (thousands) 854) have been given by Citibank to M/s Sui Northern Gas Pipeline Limited on behalf of the company.
- vi) Long term loan of Rs. (thousands) 23,000 (1995: Rs. (thousands) 23,000) obtained from ANZ Grindlays Bank is secured by financial guarantee of Citibank N.A.
- vii) Counter guarantee to Citibank N.A.in consideration of bank issuing guarantee to ANZ Grindlays Bank, for long term loan.
- viii) Commitments in respect of letters of credit established for the import of raw and packing materials Rs.(thousands) 3,989 (1995: 'thousands) 11,833).

22. SALES

Domestic	684,135	422,530
Export	53,288	21,732
Export rebate	1,137	416
	-----	-----
	738,560	444,678
Less: Commission and discount	22,127	10,835
Sales tax	34,185	36,426
	-----	-----
	56,312	47,261
	-----	-----
	682,248	397,417
	=====	=====

23. COST OF SALES

Raw materials consumed	129,687	78,295
Packing materials consumed	113,800	54,455
Factory expenses -		
Salaries, wages and amenities	18,223	11,043
Stores consumed	8,677	4,745
General expenses	2,796	1,216
Company's contribution to provident fund	251	118
Travelling and conveyance	0.13	26

Repairs and maintenance	5,435	3,059
Insurance	590	219
Fuel and power	12,931	6,750
Bottle breakage	5,694	4,873
Excise duty	36,355	11,529
Depreciation (Note: 4)	3,067	1,161
	-----	-----
	94,149	44,739
	-----	-----
Cost of production	337,636	177,489
Add: Finished goods stocks July 1, 1995	65,454	68,602
Finished goods purchased	234,296	119,988
	-----	-----
	637,386	366,079
Less: Cost of samples and wastage	27,416	12,471
Finished goods stocks June 30, 1996	85,266	65,454
	-----	-----
	112,682	77,925
	-----	-----
	524,704	288,154
	=====	=====

24. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and amenities	13,794	8,458
Company's contribution to provident fund	240	113
Postage and telephone	1,509	750
Stationer), and printing	1,292	369
Rent, rates and taxes	830	280
Travelling and conveyance	492	217
Auditors' remuneration (Note: 24.1)	86	82
General expenses	400	162
Repairs and maintenance	1,224	562
Insurance	790	231
Legal and professional	477	98
Donations (Note: 24.2)	243	183
Provision for diminution in value of investments	1,250	--
Provision for doubtful - Long term deposits (Note: 7)	2	--
- Trade debts (Note: 10)	957	--
- Short term deposits (Note:12)	14	--
Depreciation (Note: 4)	655	242
	-----	-----
	24,255	11,747
	=====	=====

24.1 Auditors' Remuneration

Audit fee	70	60
Misc. certification charges	16	--

Expenses reimbursed	--	22
	-----	-----
	86	82
	=====	=====

24.2 Donations

None of the directors or their spouses had any interest in any of the donees.

25. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and amenities	16,313	10,087
Company's contribution to provident fund	281	133
Postage and telephone	358	134
Stationery and printing	432	252
Fuel and power	293	113
Rent, rates and taxes	686	1,136
Travelling and conveyance	1,837	682
General expenses	131	125
Repairs and maintenance	6,281	3,969
Advertising and publicity	31,690	15,381
Cartage and freight	9,084	4,837
Staff sales incentive	1,429	990
Petrol, oil and lubricants	3,880	2,296
Loading/unloading	-	10
Depreciation (Note: 4)	2,410	1,345
Deterioration on shells and pallets	596	279
	-----	-----
	75,701	41,769
	=====	=====

26. FINANCIAL CHARGES

Interest, mark-up and charges on:

Secured long term loans and running finances	1,829	1,283
Unsecured loans	60	140
Workers' Profit Participation Fund (Note: 15.2)	399	143
Finance lease charges	954	102
	-----	-----
	3,242	1,668
Bank charges	210	191
	-----	-----
	3,452	1,859
	=====	=====

27. OTHER EXPENSES AND PROVISIONS

Product spoilage and barrel deterioration	8,110	3,227
Royalty	6,340	3,706
Workers' Profit Participation Fund (Note: 15.2)	2,180	2,415
Workers' Welfare Fund	870	1,227

-----	-----
17,500	10,575
=====	=====

28. OTHER INCOME

Sale of scrap	1,129	490
Profit on disposal of fixed assets (Note: 28.1)	2,262	276
Profit on bank deposits	520	570
	-----	-----
	3,911	1,336
	=====	=====

28.1 Profit on disposal of fixed assets

Description	Cost	Sale Book value (Rupees 'in thousands)	Profit/ Proceeds	(Loss)	Purchaser
Tetra pack straw applicators	1,392	448	1,032		584Tetra Pak Pakistan Ltd. 316, Upper Mall, Lahore.
Forklifts	520	48	490		442NKR Engg. (Pvt) Ltd., 304, Anum Classic, 48 Darulaman Society, Karachi
Vehicle	241	46	90		44Sharif & Co. Okara.
Vehicle	241	46	70		24Saif ur Rehman, Vehari.
Vehicle	97	18	35		17Capital Distributors, Rawalpindi
Vehicle	241	46	92		46Abdul Rehman Butt, Faisalabad.
Vehicle	199	24	80		56Muneer Ahmed Ch (Employee)
Vehicle	135	40	135		95M. Tahir Mian, (Ex-Employee)
Vehicle	89	13	30		17M. Sharif, (Employee).
Vehicle	147	22	60		38Mujib ur Rehrnan Dard, (Ex-employee).
Vehicle	241	45	210		165Abdul Wasay Rana (Employee)
Vehicle	97	18	36		18Jaura Bros. Gujrat.
Vehicle	96	18	35		17Kashmir Allied Agency, Muzafargarh.
Vehicle	260	39	25		(14)Zaheer Mirza, Sargodha.
Vehicle	96	18	37		19M. Siddique Ghazi, Shorkot.
Vehicle	97	18	36		18Khan Bottle Stores, Ghaziabad.
Vehicle	96	18	35		17Rahim Commercial Services, Abbotabad.
Vehicle	98	29	44		15Awami Traders, Mirupur
Vehicle	97	18	35		17Ali Distributors, Sialkot
Vehicle	96	18	35		17Maqbool Ahmed, Mian Channu.
Vehicle	97	18	35		17Aftab Brothers, Pakpattan.
Vehicle	96	18	35		17Taj Mohammad, Mianwali.
Vehicle	97	18	36		18Shaukat Brothers, Depalpur
Vehicle	98	29	45		16Zia Ullah Niazi, Bhakkar.

Vehicle	96	18	35	17Abdul Rehman Butt, Faisalabad.
Vehicle	730	526	640	114Claim from EFU Insurance Co.
Vehicle	122	45	95	503H Enterprises, Karachi.
Vehicle	122	45	95	503H Enterprises, Karachi.
Vehicle	89	17	50	33M. Yaqoob, Karachi
Vehicle	131	13	105	92Abdul Hameed Khan, Karachi
Vehicle	98	29	35	6Nazir Ahmed, Sargodha
Vehicle	98	29	35	6Abdul Rehman Butt, Faisalabad.
Vehicle	98	29	36	7Abdul Rehman Butt, Faisalabad.
Vehicle	98	29	34	5Nadeem Bros. Kharian.
Vehicle	98	29	38	9Capital Distributors, Rawalpindi
Vehicle	98	29	37	8Public General Store, Jhelum
Vehicle	122	45	57	12Masood Ahmed, Karachi
Vehicle	107	8	57	49Mohammad Akbar, Karachi
Vehicle	131	13	48	35Mubashar Ahmed, Karachi
Vehicle	89	17	30	13Ather Hussain, Karachi
Vehicle	74	9	30	21Saif Ullah, Karachi
Vehicle	85	16	31	15Mohamad Shafique, Karachi
	-----	-----	-----	-----
	7,450	2,019	4,281	2,262

28.1.1 Mode of sale of the above assets was by negotiation.

28.1.2 No assets were sold to Chief Executive, Directors or Shareholders holding more than 10% of total paid-up capital.

Year Ended Six Months Ended
June 30, 1995 June 30, 1996
(Rupees in thousands)

29. PROVISION FOR TAXATION

Current	15,000	16,500
Deferred	(550)	-
	-----	-----
	14,450	16,500
	=====	=====

30. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchases	281,235	135,841
Sales	14,352	20,224
Royalty charged	6,340	3,706

31. REMUNERATION OF CHIEF EXECUTIVE, PAID DIRECTORS AND EXECUTIVES

CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES	
Year	Six Months	Year	Six Months	Year	Six months
Ended	Ended	Ended	Ended	Ended	Ended
June 30, 1996	30-Jun-95	June 30, 1996	30-Jun-95	June 30, 1996	30-Jun-95

Total number	1	1	2	2	2	2
--------------	---	---	---	---	---	---

(Rupees in thousands)

Managerial remuneration	381	228	493	322	932	452
Provident fund	21	9	27	13	40	16
Housing	102	45	177	73	204	90
Utilities	76	38	149	74	151	76
Medical	10	5	20	10	20	10
	-----	-----	-----	-----	-----	-----
	590	325	866	492	1,347	644
	=====	=====	=====	=====	=====	=====

31.1 Fees paid to four non-executive directors during the year for attending Board meetings Rs. (thousands)
2 (1995: (thousands) Nil).

31.2 The company also provides the Chief Executive, certain directors and executives with company maintained vehicles.

32. CAPACITY AND PRODUCTION

	Capacity per 8 hour shift	Production	
		Year	Six Months
		Ended June 30, 1996	Ended June 30, 1995
Juices:			
Bottling plant	9,000Crates	2,288,815	1,971,099
Tetrapak plant	3,000Dozens	2,044,485	916,369
Squashes and syrups plant	3,000Dozens	98,230	64,930
Jams and ketchup plant	600Dozens	188,442	102,646
Achar plant	300Dozens	68,526	36,087
Canning plant	600Dozens	54,788	17,994

33. GENERAL

-- Figures in the accounts are rounded off to the nearest thousand of rupees.

-- Figures of the previous year have been re-arranged wherever necessary for the purpose of comparison.

-- The Chief Executive is out of Pakistan and in his absence these accounts have been signed by two Directors as required by Section 241 (2) of the Companies Ordinance, 1984.

Statement Pursuant to Section 237 of The Companies Ordinance, 1984

Accounts of the Subsidiary Company Messrs. Hattar Fruit Products Limited for the year ended 30th June, 1996 are annexed to these Accounts. The total profits of the Subsidiary Company are not dealt with in the Accounts of the

Holding Company.

The Holding Company's interest in Subsidiary Company Messrs. Hattar Fruit Products Limited was not changed during the period from 1st July, 1995 to 30th June, 1996.

Muneer Nawaz
Chairman

Muhammed Khalid
Director

SHEZAN'S
Wholly Owned Subsidiary

HATTAR FRUIT PRODUCTS LIMITED

Directors' Report to the Shareholders

Directors of the Company feel pleasure in presenting their 6th Report and Audited Accounts of the Company for the year ended 30th June, 1996. Our sales were Rs. 273.891 million as compared with Rs. 151.629 million for the previous half year. The increase in sales was primarily in the Northern area of the country and the Rawalpindi and Islamabad Region. Profit before tax was Rs. 31.992 million as compared with Rs. 29.604 million for the previous half year. The increase in profit was very slight because being a seasonal industry most of the profit is made in the first six months of the year and as has already been pointed out after the Budget of June 1996 there has been a decline in sales of all consumer products because of the prevalent economic slowdown in the country. We have been feeling the inflatory pressures and have not been able to pass on the full impact to the consumers and have been forced to absorb some of the price increase.

Our Litre Pak has been established in the market on a commercial basis and we expect this side of our business to grow during the coming year. We have also started manufacturing Tomato Ketchup in Hattar factory which means that the complete range of Shezan Products are being manufactured at Hattar except for Pickles and canned products.

At Hattar the Sales Tax exemption has expired as on 30th June, 1996 therefore now all our products attract 18% Sales Tax and at the same time we are now liable to pay normal import duty on the import of plant and machinery which means that for all practical purposes most of the additional incentives of Hattar Industrial area have been withdrawn; because of this the profit ability of your Company in the coming years is bound to suffer and the present high level of profitability cannot be maintained.

AUDITORS

The present Auditors Messrs. Ford, Rhodes, Robson, Morrow, Chartered Accountants have conveyed their willingness to be appointed in the ensuing year.

LABOUR MANAGEMENT RELATIONS

During the year under review the Labour Management relations remained cordial. Your Directors place on record their appreciation for the loyalty and devotion to duty of the Officers and Workers of all categories.

On behalf of the Directors

Lahore
December 03, 1996

Muneer Nawaz
Chairman

Auditors' Report to the Members

We have audited the annexed balance sheet of Hattar Fruit Products Limited as at June 30, 1996 and the related profit and loss account and statement of sources and application of funds, 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 and, after due verification thereof, we report that:

(a) in our opinion, proper books of account 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 account and are further in accordance with accounting policies consistently applied;

(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 and the statement of sources and application of funds, together with the notes forming part thereof, 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 June 30, 1996 and of the profit and the sources and application of funds for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Lahore
December 03, 1996

Ford, Rhodes, Robson, Morow
Chartered Accountants

Balance Sheet

As at June 30, 1996

	Notes	30-Jun-96	June 30, 1995
		(Rupees in thousand)	
TANGIBLE FIXED ASSETS			
Operating fixed assets	4	58,076	66,579
LONG TERM DEPOSITS			
	5	46	110
CURRENT ASSETS			
Stores	6	5,382	6,871
Stock in trade	7	49,191	55,827
Trade debts	8	60,835	11,838
Loans and advances	9	814	1,161
Advances, deposits, prepayments and other receivables	10	1,143	1,180
Cash and bank balances	11	1,503	6,776
		-----	-----
		118,868	83,653
LESS: CURRENT LIABILITIES			
Current maturity of obligations under finance lease	17	-	252
Current maturity of long term loan	18	3,750	3,750
Short term running finance	12	9,934	-
Creditors, accrued and other liabilities	13	29,024	37,867
Income Tax payable		1,466	1,691
		-----	-----
		44,174	43,560
WORKING CAPITAL			
		74,694	40,093
CAPITAL EMPLOYED			
		132,816	106,782
		=====	=====
REPRESENTED BY			
Share Capital	14	25,00(5	20,000
Reserve for issue of bonus shares	15	--	--
Revenue reserves and unappropriated profits	16	100,316	75,532
		-----	-----
		125,316	95,532
Obligations under finance lease	17	--	--
Long term loan	18	7,500	11,250
CONTINGENCIES AND COMMITMENTS			
	19	--	--
		-----	-----
		132,816	106,782
		=====	=====

The attached notes form an integral part of these accounts.

Profit and Loss Account
For the year ended June 30, 1996

	Notes	Year Ended 30-Jun-96	Six Months Ended June 30, 1995
		(Rupees in thousands)	
Sales	20	273,891	151,629
Cost of sales	21	232,437	115,092
		-----	-----
Gross Profit		41,454	36,537
Less:			
Administrative and general expenses	22	2,719	1,681
Selling and distribution expenses	23	1,954	1,886
Financial charges	24	3,655	1,952
Other expenses	25	2,085	1,911
		-----	-----
		10,413	7,430
		-----	-----
Operating profit		31,041	29,107
Other income	26	951	497
		-----	-----
Profit before taxation		31,992	29,604
Provision for taxation	27	2,208	760
		-----	-----
Profit after taxation		29,784	28,844
Unappropriated profit brought forward		75,532	46,688
		-----	-----
		105,316	75,532
		-----	-----
Appropriations:			
Transfer to General Reserves		50,000	-
Transfer to reserve for issue of bonus shares @ 25% (1995: Nil)		5,000	-
		-----	-----
		55,000	-
		-----	-----
Unappropriated profit carried forward		50,316	75,532
		=====	=====

The attached notes form an integral part of these accounts.

Statement of Sources and Application of Funds
(Cash Flow) For the year ended June 30, 1996

Year Ended Six Months Ended

30-Jun-96 June 30, 1995

(Rupees in thousands)

CASH FLOW FROM OPERATING ACTIVITIES

Net profit after taxation	29,784	28,844
Adjustment for:		
Depreciation	7,983	4,295
(Profit)/loss on sale of fixed assets	32	(82)
	-----	-----
OPERATING PROFIT BEFORE WORKING CAPITAL	37,799	33,057
 (Increase)/decrease in current assets		
Stores	1,489	(2,770)
Stock in trade	6,636	-29,112
Trade debts	(48,997)	-4,574
Loans and advances	347	-1,111
Advances, deposits, prepayments and other receivables	37	-404
	-----	-----
	(40,488)	(37,971)
 Increase/(decrease) in current liabilities		
Short-term running finances	9,934	(19,369)
Creditors, accrued and other liabilities	-(8,843)	29,704
Provision for taxation	(225)	758
	-----	-----
	866	11,093
	-----	-----
NET CASH FROM OPERATING ACTIVITIES	(1,823)	6,179
 CASH FLOW FROM INVESTING ACTIVITIES		
	(552)	(17,940)
	1,040	151
	64	-
	-----	-----
NET CASH FROM INVESTING ACTIVITIES	552	(17,789)
 CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term loan	-	15,000
Repayment of long term loan	(3,750)	-
Repayment of obligations under finance lease	(252)	(100)
	-----	-----
NET CASH FLOW' FROM FINANCING ACTIVITIES	(4,002)	14,900
	-----	-----
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(5,273)	3,290
CASH AND BANK BALANCES AT THE BEGINNING OF YEAR	6,776	3,486
	-----	-----
CASH AND BANK BALANCES AT THE END OF YEAR	1,503	6,776
	=====	=====

Notes to the Accounts

For the year ended June 30, 1996

1. THE COMPANY AND ITS OPERATIONS

The company is an unlisted Public Limited Company and is a wholly owned subsidiary of Shezan International Limited, a listed company. It is engaged in the manufacture and sale of juices, beverages, pickles, preserves and flavourings based upon or derived from fresh fruits and vegetables.

2. COMPLIANCE WITH IAS

These accounts comply with International Accounting Standards where applicable in all material respects.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Sales are recorded upon deliver)' of goods to the customers.

3.2 Historical costs are used as the basis for valuing transactions.

3.3 Fixed assets are stated at historical cost less accumulated depreciation except for leasehold land which is held on a 99 years renewable lease and capital work in progress which is stated at cost.

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

Full year's depreciation is charged in the year of addition and no depreciation is charged in the year of disposal.

Leased assets held under finance lease are stated at cost less depreciation at the rates and basis applicable to company owned assets. The outstanding obligations under the lease less finance charges allocated to future period is shown as liability. The financial charges arc calculated at the interest rates implicit in the lease and are charged to the profit & loss account.

Repairs and maintenance are charged to revenue. Material betterment are, however, capitalised.

Profits or losses on disposal of fixed assets are recognised in the profit and loss account in the year of disposal.

3.4 Stocks and stores are valued at lower of cost and net realisable value except those in transit which are valued at invoice value including other charges, if an)', incurred thereon. Basis of determining cost is as follows:

Raw materials	Moving average
Finished goods	Actual cost of manufacture
Bottles	Moving average
Shells, pallets and barrels	Moving average
Stores and spares	Moving average

Shells, pallets and barrels are subject to a deterioration of 20% per annum using the reducing balance method.

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.

3.5 The company claims tax exemption for eight years commencing from the year 1991, under Clause (118C) of the Second Schedule to the Income Tax Ordinance, 1979. Therefore, no provision for tax has been made. Minimum tax U/S 80D has, however, been provided.

3.6 The company contributes t\$ a recognized provident fund for all permanent employees.

3.7 Other significant accounting policies are disclosed in the following notes wherever relevant.

4. OPERATING FIXED ASSETS

(Rupees in thousands)

PARTICULARS	To June 30, 1995	Additions/ Adjustments	Disposals/ Adjustments	Accumulated Depreciation		Book value as at June 30, 1996	Annual rate of Depreciation %	Depreciation Charge for the year
				To June 30, 1996	As at June 30, 1996			
COMPANY								
OWNED ASSETS								
Leasehold land	1,802	--	--	1,802	--	1,802	--	--
Buildings on leasehold land	10,294	--	--	10,294	4,126	6,168	10	685
Plant and machinery	75,697	529	1,707	74,519	26,089	48,430	12.5	6,919
Laboratory equipment	63	--	--	63	18	45	10	5
Furniture & fixtures	152	4	--	156	75	81	15	14
Motor vehicles	1,085	--	--	1,085	485	600	20	150
Electric fittings	95	--	--	95	31	64	10	7
Electric equipment	458	19	--	477	214	263	13	46
Loose tools	70	--	--	70	55	15	25	5
Fork Lifts	1,060	369	--	1,429	821	608	20	152
	-----	-----	-----	-----	-----	-----	-----	-----
	90,776	921	1,707	89,990	31,914	58,076		7,983
ASSETS SUBJECT TO FINANCE LEASE								
Fork lift	640	--	640	--	--	--	20	--
	-----	-----	-----	-----	-----	-----	-----	-----
	91,416	921	2,347	89,990	31,914	58,076		7,983
	=====	=====	=====	=====	=====	=====	=====	=====
1995	73,611	17,940	135	91,416	24,837	66,579		4,295
	=====	=====	=====	=====	=====	=====	=====	=====

Addition in fork lifts represents transfer from leased assets at net book value of Rs. (thousands) 369 representing cost of Rs.(thousands) 640, less accumulated depreciation of Rs. (thousands) 271.

4.2 Depreciation charge for the year has been allocated as follows:

	Year Ended June 30, 1995	Six Months Ended June 30, 1996
Cost of sales (Note: 21)	7,546	4,058
Administrative and General expenses (Note: 22)	299	176
Selling and distribution expenses (Note: 23)	138	61
	-----	-----
	7,983	4,295
	=====	=====

5. LONG TERM DEPOSITS

Utility companies	46	46
Leasing companies	-	64
	-----	-----
	46	110
	=====	=====

6. STORES

Stores	4,320	5,427
Shells and pallets	1,328	1,604
Less: Provision for deterioration in value (Note: 23)	266	160
	-----	-----
	1,062	1,444
	-----	-----
	5,382	6,871
	=====	=====

7. STOCK IN TRADE

Packing materials		
Bottles	18,019	30,001
Raw material	16,032	18,187
Finished goods	13,193	3,331
	1,947	4,308
	-----	-----
	49,191	55,827
	=====	=====

8. TRADE DEBTS - UNSECURED

Considered good:

Holding company (Note: 8.1)		
Shezan International Limited	60,128	11,510
Others	707	328
	-----	-----
	60,835	11,838

	=====	=====
8.1 Maximum receivable at the end of any month during the year	60,128	25,592

9. LOANS AND ADVANCES

Unsecured, considered good:

Advances		
- Staff	6	26
- Suppliers	808	1,135
	-----	-----
	814	1,161
	=====	=====

**10. ADVANCES, DEPOSITS, PREPAYMENTS
AND OTHER RECEIVABLES**

Advance excise duty	432	531
Short term deposits	481	436
Prepayments	230	197
Other receivables	--	16
	-----	-----
	1,143	1,180
	=====	=====

11. CASH AND BANK BALANCES

In hand	59	762
At banks - Current accounts	1,444	2,014
'- PLS deposit accounts	--	4,000
	-----	-----
	1,503	6,776
	=====	=====

12. SHORT TERM RUNNING FINANCES

From a bank - secured (Note: 12.1)	9,934	--
	=====	=====

The aggregate running finance facility available under the mark-up arrangement is Rs. (thousands) 25,000 (1995:(thousands) 25,000) and carries mark-up @ 50 paisas per thousand per day. Mark-up is payable quarterly whilst the running finance is to be repaid by November 30, 1996.

The above facility is secured against first charge on all existing assets of the company, hypothecation of stocks and guarantee of holding company.

13. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	23,791	29,676
Accrued expenses	1,299	2,067
Workers' Profit Participation Fund (Note: 13.1)	1,684	3,477
Mark-up accrued on long term secured loan	1,515	626

Other liabilities	745	2,021
	-----	-----
	29,024	37,867
	=====	=====
Workers' Profit Participation Fund		
Balance at the beginning of the year	3,477	1,781
Allocation for the year	1,684	1,558
	-----	-----
	5,161	3,339
Interest on funds utilized in the company's business	258	138
	-----	-----
	5,419	3,477
Amount paid to the Fund's Trust	3,735	-
	-----	-----
Balance at the end of the year	1,684	3,477
	=====	=====

14. SHARE CAPITAL

Authorised		
5,000,000 (1995: 5,000,000) ordinary shares of Rs. 10 each	50,000	50,000
	=====	=====
Issued, subscribed and paid-up		
2,000,000 (1995: 2,000,000) ordinary shares of Rs. 10 each full), paid in cash	20,000	20,000
500,000 (1995: Nil) ordinary shares of Rs.10 each issued as fully paid bonus shares	5,000	-
	-----	-----
	25,000	20,000
	=====	=====

Out of 2,500,000 (1995: 2,000,000) shares, 2,496,000 (1995: 1,996,000) shares are held by Shezan International Limited, the holding company, whilst the balance 4,000 (1995: 4,000) shares are held by its nominees.

15. RESERVE FOR ISSUE OF BONUS SHARES

Transferred from Profit and Loss Account	5,000	--
Less: Shares issued	5,000	--
	-----	-----
	--	--
	=====	=====

16. REVENUE RESERVES AND UNAPPROPRIATED PROFITS

General reserve		
Balance brought forward	--	--
Transfer from Profit and Loss Account	50,000	--
	-----	-----
	50,000	--
Unappropriated profits	50,316	75,532

-----	-----
100,316	75,532
=====	=====

17. OBLIGATIONS UNDER FINANCE LEASE

The average rate of interest used as the discounting factor (i.e. implicit in the lease) is between 17% to 18% per annum. The amount of future payments and the period during which they will become due are:

Year ending June 30

1995	--	127
1996	--	149
	-----	-----
	--	276
Less: Future finance charges	--	24
	-----	-----
	--	252
Less: Current portion	--	252
	-----	-----
	--	--
	=====	=====

There is an option to obtain ownership of the asset. Also, the lease carries renewal option at the end of the lease period. There are no financial restriction in the lease agreement.

18. LONG TERM LOANS - SECURED

Bank of Khyber (Note: 18.1)	11,250	15,000
Less: Current maturity	3,750	3,750
	-----	-----
	7,500	11,250
	=====	=====

18.1 The aggregate finance facility available under the mark-up arrangements is Rs. (thousands) 15,000 (1995 (thousands) 15,000) and carries mark-up @ 50 paisas per thousand per day. The loan is repayable in 8 half yearly installments starting October 04, 1995. The above facility is secured against first charge on Tetra Pak plant and guarantee of holding company Shezan International Limited.

19. CONTINGENCIES AND COMMITMENTS

Counter guarantees in favor of banks in the ordinary course of business were Rs. (thousands) 894 (1995: Rs. (thousands) 1,330).

20. SALES

Sales	276,586	152,720
Less: Commission	1,176	833
Discount	1,519	258

	-----	-----
	2,695	1,091
	-----	-----
	273,891	151,629
	=====	=====
21. COST OF SALES		
Raw materials consumed	74,895	45,265
Packing material consumed	110,122	52,593
	-----	-----
	185,017	97,858
Factory expenses:		
Salaries, wages and amenities	2,687	1,528
Travelling and conveyance	38	12
Repairs and maintenance	2,066	2,584
Stores consumed	397	500
Fuel and Power	3,846	1,894
Insurance	313	142
Excise duty	27,129	8,635
Rent, rates and taxes	88	26
Bottle breakage	693	1,126
General expenses	109	45
Depreciation (Note: 4)	7,546	4,058
	-----	-----
	45,302	20,550
Cost of production	230,319	118,408
Add: Finished goods stock, July 01, 1995	4,308	1,496
	-----	-----
	234,627	119,904
Less: Cost of samples and wastage	243	504
Finished goods stock, June 30, 1996	1,947	4,308
	-----	-----
	2,190	4,812
	-----	-----
	232,437	115,092
	=====	=====

22. ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, wages and amenities	1,638	1,133
Postage and telephone	200	115
Stationery and printing	91	38
Travelling and conveyance	72	30
Rent, rates and taxes	37	3
Auditors' Remuneration	40	25

Repairs and maintenance	70	64
Insurance	61	40
Legal and professional	27	9
General expenses	77	48
Donations (Note: 22.1)	107	-
Depreciation (Note: 4)	299	176
	-----	-----
	2,719	1,681
	=====	=====

22.1 Donations

None of the directors or their spouses had any interest in any of the donees.

23. SELLING AND DISTRIBUTION EXPENSES

Salaries, wages and amenities	191	115
Utilities	192	80
Repairs and maintenance	452	253
Cartage and freight	52	75
Advertising and publicity	295	796
Rent, rates and taxes	14	60
Insurance	75	46
Loading/Unloading	235	154
General expenses	54	86
Deterioration on shells and pallets (Note: 6)	266	160
Depreciation (Note: 4)	138	61
	-----	-----
	1,954	1,886
	=====	=====

24. FINANCIAL CHARGES

Interest, mark-up and charges on:

Long term loan and running finance - secured	3,127	1,619
Workers' profit participation fund (Note: 13.1)	258	138
Finance lease charges	24	27
Bank charges	246	168
	-----	-----
	3,655	1,952
	=====	=====

25. OTHER EXPENSES

Workers' profit participation fund (Note: 13.1)	1,684	1,558
Royalty	154	244
Products spoilage	247	109
	-----	-----
	2,085	1,911
	=====	=====

26. OTHER INCOME

Sale of scrap	790	399
Profit/(loss) on sale of fixed assets	(32)	82
Profit on PLS deposit accounts	193	16
	-----	-----
	951	497
	=====	=====

27. PROVISION FOR TAXATION

Current	1,379	760
Prior Years	79	--
Issue of bonus shares	750	--
	-----	-----
	2,208	760
	=====	=====

28. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchases	53,687	42,648
Sales	231,344	118,550
Royalty charged	154	244

29. GENERAL

Figures in these accounts have been rounded off to the nearest thousand of rupees.

Figures of the previous year have been re-arranged wherever necessary for the purpose of comparison.

The Chief Executive is out of Pakistan and in his absence these accounts have been signed by two Directors as required by Section 241 (2) of the Companies Ordinance, 1984.

Pattern of Shareholders

As at June 30, 1996

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
8	1	500	4,000
1	2491000	2496000	2496000

			2500000
			=====

Categories of Shareholders	Number	Shares Held	Percentage
Individuals	8	4000	0.16
Joint Stock Companies	1	2496000	99.84
	-----	-----	-----
Total	9	2500000	100.00

=====

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