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ANNUAL REPORT 2009

Co

Board of Directors:

Mr. Muneer Nawaz
Chairman

Mr. Saifi Chaudhry
Chief Executive

Mr. Mahmood Nawaz

Mr. C. M. Khalid

Mrs. Amtul Hai Khalid

Mr. M. Naeem

Mr. Muhammad Khalid

Mr. Shamshad Ahmad
(N.I.T. Nominee)

Mr. Muhammad Asif
(N.I.T. Nominee)

Director & Company Secretary:

Mr. Muhammad Khalid

Chief Financial Officer:

Mr. Faisal Ahmad Nisar, FCA

Audit Committee:

Mr. Muneer Nawaz
Chairman

Mr. Muhammad Khalid
Member

Mr. Muhammad Asif
Member

Registered Office / Head Office:

56 - Bund Road,
Lahore-54500.
Phones: (042) 7466900-04.
Faxes: (042) 7466899 & 7466895.
E-mail: shezan@brain.net.pk

Factories:

- 56 - Bund Road,
  Lahore-54500.
  Phones: (042) 7466900-04.
  Faxes: (042) 7466899 & 7466895.
  E-mail: shezan@brain.net.pk

- Plot No. L-9, Block No. 22,
  Federal "B", Industrial Area,
  Karachi-75950.
  Phones: (021) 6344722-23.
  Fax: (021) 6313790.
  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:

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

Share Registrar:

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

Legal Advisors:

Messrs. 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.

No

The 46th Annual General Meeting of the Company will be held at 11:30 a.m. on 29 October 2009 at Avari Hotel, 87 - Shahrah-e-Quaid-e-Azam, Lahore, to transact the following business:-

1. To confirm the minutes of Annual General Meeting held on 29 October 2008.
2. To receive and adopt the Audited Financial Statements together with the Directors' and Auditors' Report for the year ended 30 June 2009.
3. To approve the payment of cash dividend @ Rs.6/- per share, i.e., 60%, as recommended by the Board of Directors.
4. To appoint auditors of the Company for the year 2009-10 and to fix their remuneration.
5. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore:
26 September 2009.

MUHAMMAD KHALID
Director & Company Secretary

NOTES:

1. The share transfer books of the Company will be closed from 20 October 2009 to 03 November 2009 (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 share registrar M/s. Corplink (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 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 National Identity Card. Representative of corporate members should bring the usual documents required for such purpose.


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The Complete
Fruit
Shezan
ALL-PURE
ALL-PURE
ORANGE
Shezan

Directors' Report to the Members

The Board of Directors take pleasure in presenting the annual report and audited financial statements of the Company for the year ended 30 June 2009.

Business Review

With the commencing of FY 2008-09, there was unprecedented surge in prices of commodities primarily because of hike in the price of food commodities and oil prices in international market. The increase in aggregate demand of food items in domestic market pushed consumer price index to a record high level of 25% by August 2008. The prices of food items and oil reduced in the international market but they did not come down proportionately in domestic market. The government also did not reduce the price of petroleum products proportionately. Consumer price index remained inflexible till March 2009 and relented gradually. It was around 14% by end of the year. The high inflation rate badly affected the purchasing power of general public.

During the year, we faced substantial hike in raw and packaging material prices. Tetra Packaging material, sugar and pulps costs were on the higher side as compared to the preceding year. Especially sugar prices were extraordinary high due to sugar crisis in the country. The last year's average purchase price of sugar was Rs.23/- per kg, whereas it was Rs.33/- per kg in the current year. These are the factors which resulted production costs to rise significantly.

We made our humble contribution to National Exchequer by paying a sum of Rs.607 million in the shape of Sales Tax, Special Excise Duty and Income Tax for the year ended 30 June 2009.

Financial Results

The Company sales were Rs.2.728 billion during the year under review against Rs.2.468 billion achieved last year. The cost of goods sold was Rs.1.974 billion against Rs.1.691 billion in the last year. The gross profit was reduced to Rs.754 million compared to a gross profit of Rs.777 million last year. The gross profit was slashed during the year as a percentage of sales due to unexpected hike in the prices of raw and packaging materials.

There was substantial increase in distribution and administrative expenses. The distribution cost includes an element of advertisement and promotion expense of Rs.146 million. We had to increase our advertisement costs to boost our sales due to stiff competition in the market.

Net profit for the year was Rs.102 million as compared to Rs.161 million of the corresponding year of 2008 and earnings per share were Rs.17.08 versus Rs.26.87 in the last year.

Appropriations

The Company has earned an after tax profit of Rs.102 million for the year under review.

The Directors are pleased to recommend as follows:

	Rupees in thousand
Profit after taxation	102,471
Unappropriated profits brought forward	176,900
Dividend @ Rs.10/- per share for the year ended 30 June 2008	(60,000)
Transfer to General reserve	(85,000)
Unapproriated profits carried forward	134,371
Earnings per share in Rupees - Basic	17.08

Dividend

Keeping in view the satisfactory financial results, the Directors have immense pleasure in proposing a cash dividend of 60%, i.e., Rs.6 /- per share. We hope our shareholders would appreciate our paying generous returns on their investment.

Future Prospects

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 reach of diverse line of consumer products through advertisement and various promotional activities.

Substantial growth is expected from contract business with superstores. These partnerships will enable us to capture the benefit of scale in our business to fuel the future growth in sales and profitability.

Keeping in view the current economic scenario, commodity costs will remain high in the next year. In addition, payroll expenses will substantially increase due to sizeable 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:

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

b. Proper books of account of the company have been maintained.

c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

e. The system of internal control is sound in design and has been effectively implemented and monitored.

f. There are no significant doubts upon the company's ability to continue as a going concern.

g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

h. Key operating and financial data of last six years is annexed to this report.

i. 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.

j. The value of investments in provident fund for the year ended 30 June 2009 was Rs.112.95 million.

k. During the year, five Board of Directors meeting were held. Attendance of these meetings is as follows:

Name of Director	No. of Meetings Attended
Mr. Muneer Nawaz	4
Mr. Saifi Chaudhry	4
Mr. Mahmood Nawaz	3
Mrs. Amtul Hai Khalid	–
Mr. C.M. Khalid	2
Mr. M. Naeem	2
Mr. Muhammad Khalid	5
Mr. Muhammad Nawaz Tishna	1
Mr. Muhammad Asif	5
Mr. Shamshad Ahmad	3

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

l. Pattern of shareholdings as on 30 June 2009 and its disclosure according to the requirement of Code of Corporate Governance is annexed to this report.

m. The Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children shareholding and change therein during the year is disclosed in "Categories of Shareholders".

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Related Party Transactions

The Directors confirm the following regarding related party transactions:

1. 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.
2. That the amounts or appropriate proportions of outstanding, items pertaining to related parties and receivables/payables from the related parties as on 30 June 2009:

Name of Related Party	Payable (Rs.)	Receivable (Rs.)
Shezan Services (Private) Limited	15,720,664	Nil
Nawazabad Farms	1,773,108	Nil
Shahnawaz (Private) Limited	14,793	Nil
Shahtaj Sugar Mills Limited	31,420,000	Nil

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

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.

Auditors

The retiring auditors Messrs. Ford Rhodes Sidat Hyder & Company, being eligible, offer themselves for re-appointment. The Board of Directors, on recommendations of the Audit Committee, proposes the appointment of Messrs. Ford Rhodes Sidat Hyder & Company, Chartered Accountants, for the year ending 30 June 2010.

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.

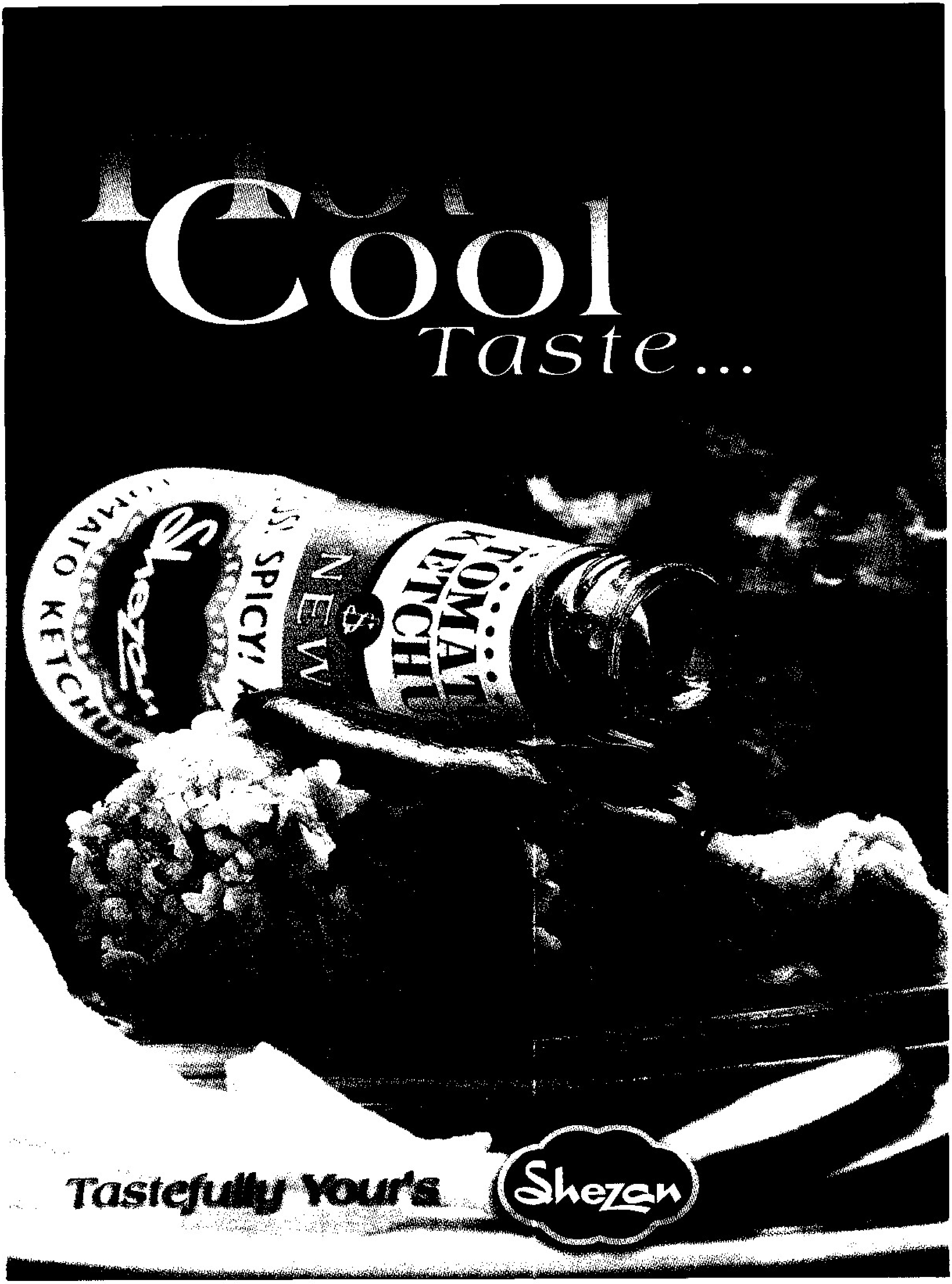
Acknowledgement

We are thankful to the valuable consumers for their continuous loyalties to our products, the shareholders for their trust and confidence in us, and place on record our appreciation for the commitment, devotion to duty and hard work of the officers and workers of all categories.

For and on Behalf of the Board

Saifi Chaudhry
Chief Executive

Karachi:
26 September 2009.


Cool
Taste...
Tastefully Your's
Shezan

Pa[illegible]
as at 30 June 2009

1 Incorporation Number: 0001883.

2 Name of Company: Shezan International Limited.

3 Pattern of holdings of the shares held by the shareholders as at 30 June 2009.

4 Number of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
45	1	100	2,042
121	101	500	26,155
78	501	1,000	51,305
63	1,001	5,000	129,582
7	5,001	10,000	59,598
2	10,001	15,000	23,550
2	15,001	20,000	32,180
2	20,001	25,000	46,890
3	25,001	30,000	77,500
1	30,001	35,000	32,760
2	35,001	40,000	77,540
1	40,001	45,000	40,440
1	50,001	55,000	51,840
1	60,001	65,000	60,126
1	65,001	70,000	66,396
1	75,001	80,000	76,000
2	80,001	85,000	162,576
1	90,001	95,000	93,840
1	95,001	100,000	98,670
3	100,001	105,000	310,473
1	105,001	110,000	105,933
1	115,001	120,000	120,000
2	120,001	125,000	245,400
1	195,001	200,000	198,973
2	250,001	255,000	505,680
1	425,001	430,000	427,340
1	560,001	565,000	560,528
1	1,140,001	1,145,000	1,141,177
1	1,175,001	1,180,000	1,175,506
349			**6,000,000**

The slabs representing NIL holding have been omitted.

Categories of shareholders	No. of Shareholders	Total Shares Held	Percentage
Financial Institutions	2	2,316,683	38.61%
Individuals	333	3,625,055	60.42%
Insurance Companies	3	54,360	0.91%
Joint Stock Companies	11	3,902	0.07%
	349	**6,000,000**	**100.00%**

5 Categories of Shareholders

5.1 Directors, Chief Executive Officer, and their spouse, and minor children

	Percentage	Shares	Change Sale	Purchase
Mr. Muneer Nawaz	7.12 %	427,340	-	-
Mrs. Abida Muneer Nawaz	1.00 %	60,126	-	-
Mr. Saifi Chaudhry	0.21 %	12,600	-	-
Mrs. Amtul Hai Khalid	1.77 %	105,933	-	-
Mr. Mahmood Nawaz	9.34 %	560,528	-	-
Mrs. Bushra Mahmood Nawaz	0.07 %	4,320	-	-
Mr. C.M. Khalid	1.11 %	66,396	-	-
Mr. M. Naeem	0.28 %	16,980	-	-
Mrs. Amtul Bari Naeem	4.58 %	274,973	-	-
Mr. Muhammad Khalid	0.17 %	10,300	-	9,100
Mrs. Surriya Khalid	0.01 %	600	-	-

5.2	**Associated Companies, undertakings and related parties**		
	M/s. Shezan (Private) Limited	24,750	0.41 %
5.3	**NIT and ICP**		
	M/s. National Bank Of Pakistan,Trustee Department	2,316,683	38.61 %
	M/s. Investment Corporation of Pakistan	-	-
5.4	**Insurance Companies**		
	M/s. Reliance Insurance Company Limited	1,200	0.02 %
	M/s. State Life Insurance Corporation Of Pakistan	51,840	0.86 %
	M/s. Habib Insurance Company Limited	1,320	0.02 %
5.5	**Share holders holding 10%**		
	M/s. National Bank Of Pakistan,Trustee Department	2,316,683	38.61 %
5.6	**General Public**		
	a. Local	2,065,249	34.42 %
	b. Foreign	-	-
5.7	**Others – Joint Stock Companies**		
	M/s. Murree Brewery Company Limited	120	0.00 %
	M/s. S.Z. Securities (Private) Limited	120	0.00 %
	M/s. A. Sattar Motiwal Securities (Private) Limited	40	0.00 %
	M/s. Ismail Abdul Shakoor Securities (Private) Limited	200	0.00 %
	M/s. Yasir Mahmood Securities (Private) Limited	2,600	0.04 %
	M/s. Dosslani's Securities (Private) Limited	100	0.00 %
	M/s. Burma Oil Mills Limited	500	0.00 %
	M/s. Darson Securities (Private) Limited	100	0.00 %
	M/s. Durvesh Securities (Private) Limited	20	0.00 %
	M/s. Hum Securities (Private) Limited	100	0.00 %
	M/s. N.H Capital Fund Limited	2	0.00 %

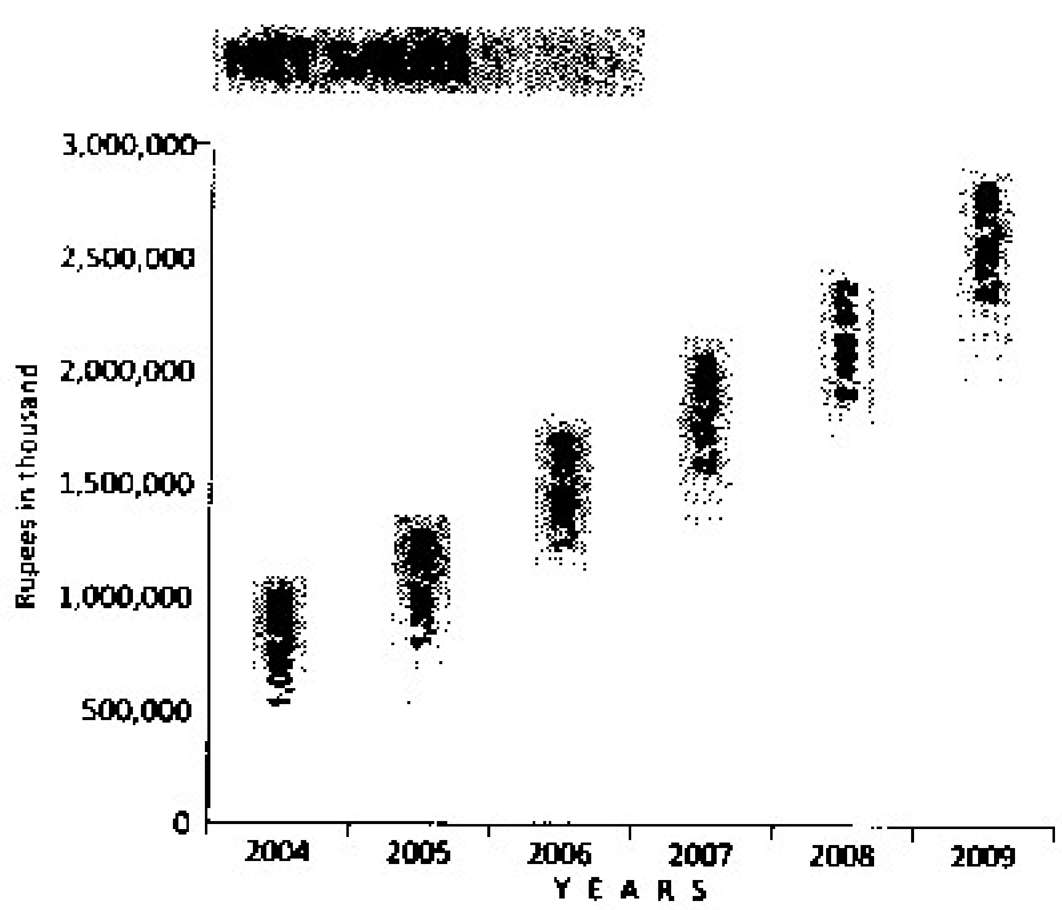
Saifi Chaudhry

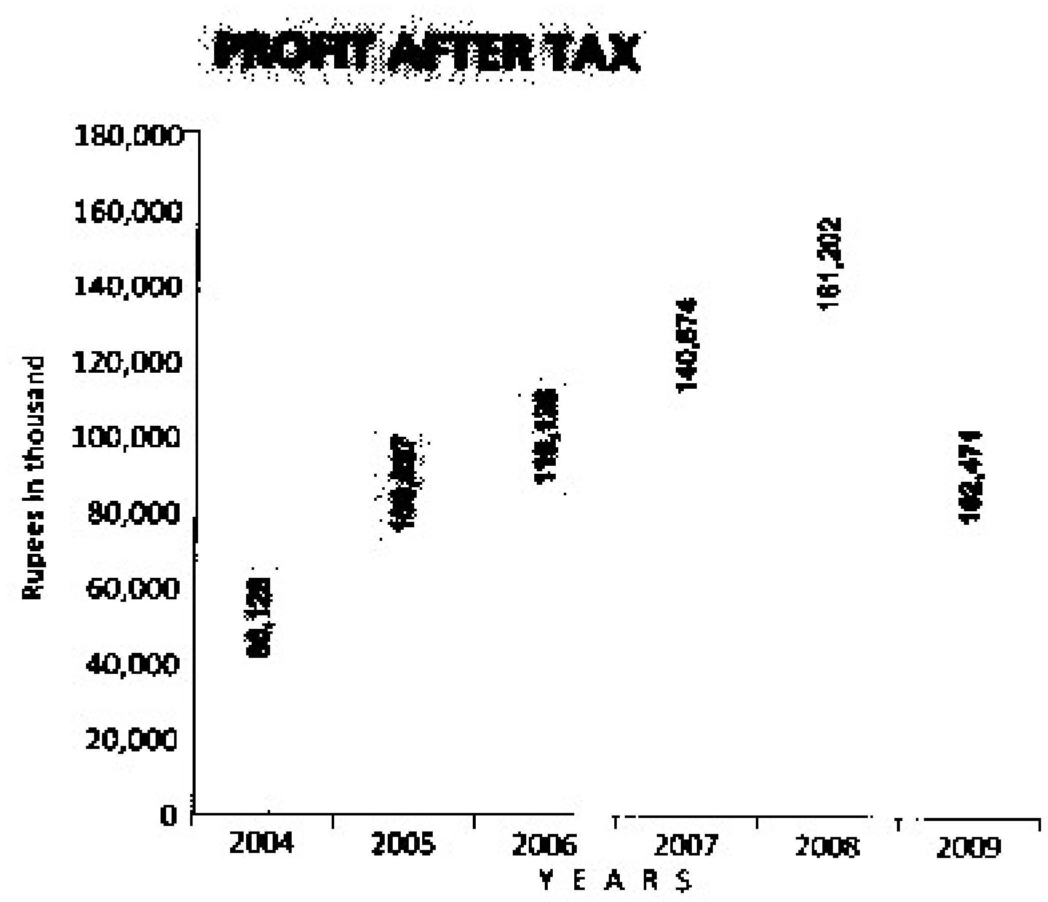
Saifi Chaudhry
Chief Executive

Six

	Year 2004	Year 2005	Year 2006	Year 2007	Year 2008	Year 2009
			(Rupees in thousand)			
Income						
Sales	1,096,586	1,367,736	1,798,005	2,174,894	2,468,572	2,728,709
Other operating income	8,740	11,737	18,608	13,240	19,880	20,155
	1,105,326	**1,379,473**	**1,816,613**	**2,188,134**	**2,488,452**	**2,748,864**
Expenditure						
Cost of sales	772,217	910,769	1,237,566	1,489,845	1,691,443	1,974,446
Distribution cost and administrative expenses	205,375	248,430	332,889	357,549	447,191	443,862
Finance cost	5,340	4,112	8,942	12,940	8,104	6,542
Other operating expenses and Share of- loss from associate	29,478	40,391	50,786	70,145	73,317	71,995
	1,012,410	**1,203,702**	**1,630,183**	**1,930,479**	**2,220,055**	**2,496,845**
Profit before taxation	92,916	175,771	186,430	257,655	268,397	160,570
Taxation	26,788	72,134	70,302	116,981	107,195	58,099
Profit after Taxation	**66,128**	**103,637**	**116,128**	**140,674**	**161,202**	**102,471**
Paid-up capital	50,000	50,000	50,000	50,000	60,000	60,000
Reserves & unappropriated profits	362,907 *	428,894	490,022	575,696	676,898	719,171
Unrealized gain / (loss) on remeasurement of investments available for sale	-	(250)	50	(284)	(200)	(1,351)
Share holders equity	**412,907 ***	**478,644**	**540,072**	**625,412**	**736,698**	**777,820**
Break up value per share in Rupees	82.58 *	95.73	108.01	104.24 *	122.92	129.63
Earnings per share in Rupees	13.23	20.73	23.23	23.45 *	26.87	17.08
Cash distribution per share in Rupees	- *	7.50 *	11.00 *	11.00 **	10.00 ***	10.00 ****
Bonus per share	-	-	-	-	2.00 ***	-

* Based on restated figures
** For the year ended 30 June 2006
*** For the year ended 30 June 2007
**** For the year ended 30 June 2008





Statement of Compliance

with best practices of code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance 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 independent non-executive Directors on its Board of Directors. At present, the Board includes two independent non-executive Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI or NBFI, or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the Directors and employees of the Company.
5. The Board has developed a vision statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the date on which they were approved or amended has been maintained.
6. All the powers of the Board have been exercised and decisions on material transactions, including appointment and determination of remuneration and terms of conditions of employment of the Chief Executive Officer (CEO) and other Executive Directors, have been taken by the Board.
7. 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.
8. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary, and Head of Internal Audit. However, their remuneration and terms & conditions of employment, in case of future appointments, will be approved by the Board.
9. The Directors' Report for the year ended 30 June 2009 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
10. The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before approval of the Board.
11. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
12. The Company has complied with all the corporate and financial reporting requirements of the Code.
13. The Board has formed an Audit Committee. It comprises of three members, of whom two are non-executive Directors including the Chairman of the Committee.
14. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of references of the Committee have been formed and advised to the Committee for compliance.
15. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel who is conversant with the policies and procedures of the Company and is involved in the internal audit function.
16. The statutory auditors of the Company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accounts of Pakistan, 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 Institute of Chartered Accountants of Pakistan.
17. 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.
18. The Board arranged an orientation for its Directors to apprise them of their duties and responsibilities.
19. We confirm that all other material principles contained in the Code have been complied with.

Saifi Chaudhry	**Muhammad Khalid**	**Faisal Ahmad Nisar**
Chief Executive	Director	Chief Financial Officer

Review Report to the Members

on statement of compliance with best practices of code of corporate governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance applicable to the Company for the year ended **30 June 2009** prepared by the Board of Directors of **Shezan International Limited** to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange and Chapter XIII of the Lahore Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 30 June 2009.

Chartered Accountants
Audit Engagement Partner
Muhammad Junaid

Lahore:
26 September 2009.

Auditors' Report to the Members

We have audited the annexed balance sheet of **Shezan International Limited** (the Company) as at 30 June 2009 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 conducted 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 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 accounts 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, 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 2009 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 Ordunance, 1980 (XVIII of 1980), was deducted by the company and deposited in the central Zakat fund established under section 7 of the Ordinance.

Chartered Accountants
Audit Engagement Partner
Muhammad Junaid

Lahore:
26 September 2009.

Bal

as at 30 June 2009

	Note	2009	2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	299,770	292,922
Investment in associate	7	7,724	7,740
Investment available for sale	8	824	2,175
Long term deposits and prepayments	9	2,661	2,603
		310,979	305,440
CURRENT ASSETS			
Stores and spares	10	18,796	1,091
Stock in trade	11	755,711	689,438
Trade debts	12	86,291	74,892
Advances, deposits, prepayments and other receivables	13	37,113	38,897
Income tax recoverable		74,651	114,255
Cash and bank balances	14	70,844	84,042
		1,043,406	1,002,615
TOTAL ASSETS		1,354,385	1,308,055
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	60,000	60,000
Reserves	16	583,449	499,800
Unappropriated profits		134,371	176,900
TOTAL EQUITY		777,820	736,700
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease	17	543	4,429
Deferred taxation	18	45,419	47,429
		45,962	51,858
CURRENT LIABILITIES			
Trade and other payables	19	392,371	338,208
Mark up accrued on short term borrowings		393	16
Short term borrowings- Secured	20	30,228	–
Current portion of liabilities against assets subject to finance lease	17	3,869	23,388
Provision for taxation		103,742	157,885
		530,603	519,497
TOTAL LIABILITIES		576,565	571,355
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		1,354,385	1,308,055

The annexed notes from 1 to 37 form an integral part of these financial statements.

Saifi Chaudhry
Chief Executive

Muhammad Khalid
Director

Faisal Ahmad Nisar
Chief Financial Officer

Profit and Loss Account

for the year ended 30 June 2009

	Note	2009	2008
		(Rupees in thousand)	
Sales - net	22	2,728,709	2,468,572
Cost of sales	23	1,974,446	1,691,443
Gross profit		754,263	777,129
Distribution cost	24	443,862	368,240
Administrative expenses	25	91,449	78,951
Other operating expenses	26	71,979	72,555
Other operating income	27	(20,155)	(19,880)
		587,135	499,866
Operating profit		167,128	277,263
Finance costs	28	6,542	8,104
Share of loss - associate	7	16	760
Profit before taxation		160,570	268,399
Taxation	29	58,099	107,195
Net profit for the year		102,471	161,204
Earnings per share - basic and diluted Rupee	30	17.08	26.87

The annexed notes from 1 to 37 form an integral part of these financial statements.

Saifi Chaudhry	**Muhammad Khalid**	**Faisal Ahmad Nisar**
Chief Executive	Director	Chief Financial Officer

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for the year ended 30 June 2009

	Note	2009	2008
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations			
Profit before taxation		160,570	268,399
Adjustments for:			
Depreciation		39,271	36,219
Interest/mark-up		4,660	6,853
Profit on bank deposits		(3,661)	(4,624)
Dividend income		(274)	(1,711)
Deterioration in value of shells, pallets and barrels		9,992	11,403
Loss on derecognition of investments		–	526
Share of loss from associate		16	760
Gain on disposal of property, plant and equipment		(2,565)	(1,923)
		47,439	47,503
Operating profit before working capital changes		208,009	315,902
(Increase)/decrease in current assets			
Stores and spares		(17,705)	257
Stock in trade		(76,265)	(89,938)
Trade debts		(11,399)	(15,143)
Advances, deposits, prepayments and other receivables		1,462	(24,767)
		(103,907)	(129,591)
Increase/(decrease) in current liabilities			
Trade and other payables		54,075	49,628
Short term borrowings- Secured		30,228	–
		84,303	49,628
Cash generated from operations		188,405	235,939
Interest/mark-up paid		(4,283)	(6,870)
Profit on bank deposits-Received		3,983	4,223
Income tax paid		(74,651)	(114,253)
Net cash generated from operating activities		113,454	119,039
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(47,760)	(77,821)
Sale proceeds from disposal of property, plant and equipment		4,206	8,198
Dividends received		274	1,711
Long term deposits		(58)	(665)
Investments - NIT units-Net		–	14,473
Net cash used in investing activities		(43,338)	(54,104)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of liabilities against assets subject to finance lease		(23,404)	(39,104)
Dividends paid		(59,910)	(49,975)
Net cash used in financing activities		(83,314)	(89,079)
Net decrease in cash and cash equivalents		(13,198)	(24,144)
Cash and cash equivalents at the beginning of the year		84,042	108,186
Cash and cash equivalents at the end of the year	14	70,844	84,042

The annexed notes from 1 to 37 form an integral part of these financial statements.

Saifi Chaudhry	**Muhammad Khalid**	**Faisal Ahmad Nisar**
Chief Executive	Director	Chief Financial Officer

Statement of Changes in Equity
for the year ended 30 June 2009

	Share Capital	Capital Reserve: Merger Reserve	Capital Reserve: Issue of Bonus Shares	Revenue Reserve: General Reserve	Revenue Reserve: Unappropriated Profits	Unrealized (Loss)/ Gain on Remeasurement of Investments - available for sale	Total
	(Rupees	in	thousand)				
Balance as at 01 July 2007	50,000	5,000	-	420,000	150,696	(284)	625,412
Transfer to general reserve	-	-	-	75,000	(75,000)	-	-
Dividend @ Rs.10/- per share for the year ended 30 June 2007	-	-	-	-	(50,000)	-	(50,000)
Transfer to profit or loss account on derecognition of investments- available for sale	-	-	-	-	-	562	562
Transfer to reserve for issue of bonus shares	-	-	10,000	-	(10,000)	-	-
Issue of bonus shares @ 20%	10,000	-	(10,000)	-	-	-	-
Net profit for the year ended 30 June 2008	-	-	-	-	161,204	-	161,204
Unrealized loss on remeasurement of investments- available for sale	-	-	-	-	-	(478)	(478)
Balance as at 30 June 2008	60,000	5,000	-	495,000	176,900	(200)	736,700
Transfer to general reserve	-	-	-	85,000	(85,000)	-	-
Dividend @ Rs.10/- per share for the year ended 30 June 2008	-	-	-	-	(60,000)	-	(60,000)
Net profit for the year ended 30 June 2008	-	-	-	-	102,471	-	102,471
Unrealized loss on remeasurement of investments- available for sale	-	-	-	-	-	(1,351)	(1,351)
Balance as at 30 June 2009	**60,000**	**5,000**	-	**580,000**	**134,371**	**(1,551)**	**777,820**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Saifi Chaudhry
Chief Executive

Muhammad Khalid
Director

Faisal Ahmad Nisar
Chief Financial Officer

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.

Shezan International Limited owns 44.88% ordinary shares in a private limited company namely Hattar Food Products (Private) Limited, which has not commenced its commercial operations so far. The principal business activities of the associated undertaking will be to process food products.

2. STATEMENT OF COMPLIANCE

2.1 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 (IFRS) 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.

2.2 Adoption of new accounting standards

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 01 July 2008:

IFRS 7- **Financial Instruments Disclosures**

IFRIC 12- **Service Concessions arrangements**

IFRIC 13- **Customer loyalty Programs; and**

IFRIC 14- **IAS 19- the limit on defined benefit asset, minimum funding requirement and their interactions**

Adoption of these standards and their interpretations did not have any material effect on the financial statements of the company except for the certain additional disclosures in respect of IFRS 7 included in the relevant notes to financial statements.

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

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

Standard or Interpretation	Effective Date (Periods Beginning on or After)
IAS 1 - Presentation of Financial Statements (Revised)	01 January 2009
IAS 23 - Borrowings Costs (Revised)	01 January 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	01 July 2009
IAS 32 - Financial Instruments (Amended)	01 January 2009
IAS 39 - Financial Instruments Recognition and Measurement (Amended)	01 January 2009
IFRS 2 - Share-based Payment (Amended)	01 January 2009
IFRS 3 - Business Combinations (Revised)	01 July 2009
IFRS 8 - Operating segments	01 January 2009
IFRIC 15 - Agreements for the Construction of Real Estate	01 January 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	01 October 2008
IFRIC 17 - Distributions of Non-cash Assets to owners	01 July 2009
IFRIC 18 - Transfers of Assets from Customers	01 July 2009
IFAS 2 - Ijarah	01 January 2009

The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes and/or enhancements in the presentation and disclosures in the financial statements resulting form the application of IAS 1.The revised IAS 1 was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognized income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for accounting periods beginning on or after 1 January 2009. The Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application.

3. 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.

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 on going 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.

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 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.

Leased assets

Leases where the Company has the substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance cost, are included in liabilities against assets subject to finance lease as referred to in note 17. The liabilities are classified as current and non-current depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit over the lease term. The financial charges are calculated at the interest rates implicit in the lease and are charged to the profit and loss account.

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any, at the rates and basis applicable to Company owned assets.

5.2 Investments

Investments in associates

The Company's investment in its associate is accounted for under the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's net investment in the associate. The profit and loss account reflects the share of the results of the operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The reporting dates of the associate and the Company are identical and the associate's accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

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.

5.3 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	-	Yearly average
Pulps, concentrates etc.	-	Manufacturing cost according to annual average method
Bottles	-	Yearly average
Shells, pallets and barrels	-	Yearly average
Stores and spares	-	Monthly average
Stock in transit	-	Cost

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.

5.4 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.

5.5 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise of cheques in hand, cash and bank balances.

5.6 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.

5.7 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.

5.8 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.

5.9 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.

5.10 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.

Dividend income

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

5.11 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.

5.12 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.

5.13 Financial charges

All mark-up, interest and other charges are charged to profit and loss account on an accrual basis.

5.14 Foreign currency transaction

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.

5.15 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% is given by them on service charges and 7.5% on spare parts in connection with the repairs of motor vehicles, due to group policy duly approved by the Board of Directors.

5.16 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.

5.17 Trade and other payables

Creditors relating to trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

		Note	2009	2008
6.	**PROPERTY, PLANT AND EQUIPMENT**		**(Rupees in thousand)**	
	Operating property, plant and equipment	6.1	295,665	292,922
	Capital work in progress	6.2	4,105	–
			229,770	292,922

6.1 OPERATING PROPERTY, PLANT AND EQUIPMENT

2009

	Note	COST: As at 01 July 2008	COST: Additions/ Adjustments	COST: (Disposals) / Adjustments	COST: As at 30 June 2009	DEPRECIATION: Accumulated as at 01 July 2008	DEPRECIATION: (Disposals)/ Adjustments	DEPRECIATION: Charge for the year	DEPRECIATION: Accumulated as at 30 June 2009	BOOK VALUE As at 30 June 2009	Rate
		(Rupees in thousand)									%
COMPANY OWNED ASSETS											
Freehold land		37,098	-	-	37,098	-	-	-	-	37,098	-
Leasehold land		1,802	-	-	1,802	-	-	-	-	1,802	-
Buildings on freehold land		26,685	-	-	26,685	17,565	-	912	18,477	8,208	10
Buildings on leasehold land		21,527	-	-	21,527	11,586	-	994	12,580	8,947	10
Plant and machinery	6.1.1	211,904	6,730	(175)	275,682	98,017	(84)	15,166	133,186	142,496	12.5
			57,223				20,087				
Furniture and fixtures		3,353	30	-	3,383	2,821	-	80	2,901	482	15
Motor vehicles and bicycles		80,976	19,305	(7,323)	92,958	45,796	(5,773)	8,689	48,712	44,246	20
Electric fittings and tools		4,608	-	-	4,608	2,435	-	221	2,656	1,952	10-25
Electric equipment	6.1.2	17,222	10,854	-	28,076	7,418	-	2,831	10,249	17,827	15
Laboratory equipment		486	600	-	1,086	310	-	31	341	745	10
Fork lifts		14,487	5,374	-	19,861	9,249	-	1,507	10,756	9,105	20
Computers and accessories		9,299	762	-	10,061	6,366	-	1,087	7,453	2,608	33.33
Arms and ammunitions		94	-	-	94	89	-	1	90	4	20
		429,541	100,878	(7,498)	522,921	201,652	14,230	31,519	247,401	275,520	
ASSETS SUBJECT TO FINANCE LEASE											
Plant and machinery		85,023	-	(57,223)	27,800	20,783	(20,087)	7,593	8,289	19,511	12.5
Motor vehicles		808	-	-	808	15	-	159	174	634	20
		515,372	**100,878**	**(64,721)**	**551,529**	**222,450**	**(5,857)**	**39,271**	**255,864**	**295,665**	

2008

	Note	COST: As at 01 July 2007	COST: Additions/ Adjustments	COST: (Disposals) / Adjustments	COST: As at 30 June 2008	DEPRECIATION: Accumulated as at 01 July 2007	DEPRECIATION: (Disposals)/ Adjustments	DEPRECIATION: Charge for the year	DEPRECIATION: Accumulated as at 30 June 2008	BOOK VALUE As at 30 June 2008	Rate
		(Rupees in thousand)									%
COMPANY OWNED ASSETS											
Freehold land		7,091	30,007	-	37,098	-	-	-	-	37,098	-
Leasehold land		1,802	-	-	1,802	-	-	-	-	1,802	-
Buildings on freehold land		26,685	-	-	26,685	16,552	-	1,013	17,565	9,120	10
Buildings on leasehold land		21,527	-	-	21,527	10,481	-	1,105	11,586	9,941	10
Plant and machinery	6.1.1	159,742	32,192	(9,223)	211,904	77,233	(3,500)	12,407	98,017	113,887	12.5
			29,193				11,877				
Furniture and fixtures		3,353	-	-	3,353	2,727	-	94	2,821	532	15
Motor vehicles and bicycles		67,803	15,802	(5,145)	80,976	42,343	(4,659)	6,820	45,796	35,180	20
			2,516				1,292				
Electric fittings and tools		4,608	-	-	4,608	2,188	-	247	2,435	2,173	10-25
Electric equipment	6.1.2	11,596	5,741	(115)	17,222	6,626	(49)	841	7,418	9,804	15
Laboratory equipment		486	-	-	486	291	-	19	310	176	10
Fork lifts		13,300	1,187	-	14,487	7,361	609	1,279	9,249	5,238	20
Computers and accessories		7,514	1,785	-	9,299	5,538	-	828	6,366	2,933	33.33
Arms and ammunitions		94	-	-	94	88	-	1	89	5	20
		325,601	118,423	(14,483)	429,541	171,428	5,570	24,654	201,652	227,889	
ASSETS SUBJECT TO FINANCE LEASE											
Plant and machinery		114,216	-	(29,193)	85,023	21,242	(11,877)	11,418	20,783	64,240	12.5
Motor vehicles		2,516	808	(2,516)	808	1,190	(1,292)	117	15	793	20
Fork lifts		1,187	-	(1,187)	-	579	(609)	30	-	-	20
		443,520	**119,231**	**(47,379)**	**515,372**	**194,439**	**(8,208)**	**36,219**	**222,450**	**292,922**	

6.1.1 Additions to plant and machinery includes transfer from leased assets having net book value of Rs. (thousand) 37,136 (2008: Rs. (thousand) 17,316) representing cost of Rs. (thousand) 57,223 less accumulated depreciation of Rs. (thousand) 20,087. Further plant and machinery includes a machine amounting to Rs. (thousand)19,763 of which title will be transferred to the Company on the final payment and during this period Company shall not transfer, lease, rent, charge, pledge or create any lien over the equipment.

6.1.2 Visi coolers costing Rs. (thousand) 2,705 (2008: Rs. (thousand) 2,705) are in the possession of shopkeepers for the sale of Company's products.

6.2 CAPITAL WORK IN PROGRESS

	COST			
	Vehicles	**Building**	**2009**	**2008**
	(Rupees in thousand)			
Balance as at 01 July 2008	–	–	–	7,706
Additions during the year	15,486	4,105	19,591	45,276
Transferred to operating property, plant and equipment	(15,486)	–	(15,486)	(52,982)
Balance as at 30 June 2009	–	**4,105**	**4,105**	–

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

	Note	**2009**	**2008**
		(Rupees in thousand)	
Cost of sales	23.1	26,183	26,435
Distribution cost	24	9,496	7,439
Administrative expenses	25	3,592	2,345
		39,271	36,219

7. INVESTMENT IN ASSOCIATE

The investment represents 44.88% (2008:44.88%) of the issued share capital of the Hattar Food Products (Private) Limited and principal business activities is to process food products. The following table illustrates summarized financial information of the Company's investment in Hattar Food Products (Private) Limited.

	2009	**2008**
	(Rupees in thousand)	
Hattar Food Products (Private) Limited-unqouted		
Carrying amount	7,740	8,500
85,000 (2008: 85,000 ordinary shares of Rs.100/- each)		
Less: share of loss from associate	(16)	(760)
	7,724	7,740
Share of associate's balance sheet:		
Current assets	693	709
Non-current assets	10,036	10,036
Current liabilities	46	46
Non-current liabilities	2,959	2,959
Net Assets	7,724	7,740
Share of associate's revenue and profit :		
Revenue	-	-
Loss	16	760
Carrying amount of the investment	7,724	7,740

	Note	2009	2008
		(Rupees in thousand)	
8 INVESTMENT AVAILABLE FOR SALE			
Quoted			
Modaraba			
BRR Guardian Modaraba - Credit rating A+			
305,000 (2008: 305,000) certificates of Rs.10/- each	8.1	2,175	2,653
Loss on remeasurement		(1,351)	(478)
		824	2,175
		8,548	9,915

8.1 The above investment represents 0.39% (2008: 0.39%) of the issued certificate capital of the Modaraba.

	Note	2009	2008
		(Rupees in thousand)	
9 LONG TERM DEPOSITS AND PREPAYMENTS			
Leasing companies		–	278
Others		2,661	2,325
		2,661	2,603
10 STORES AND SPARES			
Stores		8,841	–
Spares		9,955	1,091
		18,796	1,091
11 STOCK IN TRADE			
Raw materials		73,822	39,740
Packing materials		243,124	241,099
Bottles	11.1	73,942	84,056
Finished goods		85,512	47,370
Pulps, concentrates etc.	11.2	236,555	209,096
Shells, pallets and barrels	11.1	49,979	57,083
Less: Deterioration in value		9,992	11,403
		39,987	45,680
Goods in transit		2,769	22,397
		755,711	689,438

11.1 These include bottles and shells amounting to Rs. (thousand) 74,102 (2008: Rs. (thousand) 92,301) held by distributors of the Company in the normal course of business.

11.2 These include pulps amounting to Rs. (thousand) 21,055 (2008: Rs. (thousand) 16,963) held with third party in the normal course of business.

		Note	2009	2008
			(Rupees in thousand)	
12	**TRADE DEBTS**			
	Unsecured, considered good –			
	Due from related parties		–	–
	Others		86,291	74,892
			86,291	74,892
	Considered doubtful - others		1,350	1,350
	Less: Provision for doubtful debts		1,350	1,350
			–	–
			86,291	74,892
13	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advances to distributors- Secured, considered good	13.1	5,298	7,629
	Advances - Unsecured, considered good			
	- Staff	13.2	2,339	2,622
	- Suppliers		6,996	12,247
	Advances - Unsecured, considered doubtful			
	- Suppliers		100	100
	Less: Provision for doubtful advances		100	100
	Short term deposits		7,194	6,219
	Prepayments		12,730	7,302
	Accrued profit on bank deposits		81	403
	Advance excise duty		372	372
	Wealth tax recoverable		140	140
	Sales tax refundable		1,963	1,963
			37,113	38,897

13.1 This represents the advances given to the distributors for the purchase of vehicles for the distribution of products of the Company.

13.2 No advances were given to the Chief Executive, Directors and Executives of the Company (2008: Nil)

		Note	2009	2008
			(Rupees in thousand)	
14	**CASH AND BANK BALANCES**			
	Cash in hand		12,353	11,000
	Cheques in hand		7,810	31,294
	Cash at banks			
	- Current accounts		18,266	4,086
	- Deposit accounts	14.1	10,000	894
	- PLS savings accounts	14.2	22,415	36,768
			70,844	84,042

14.1 This represents the deposit placed with the bank bears mark-up at the rate of 9.50% (2008: Nil) per annum having maturity of one month.

14.2 The balances in PLS savings accounts bear mark-up, which ranges between 0.85% to 10.00% (2008: 1.50% to 8.00%) per annum.

15 SHARE CAPITAL

Authorised:

Number of Shares 30 June 2009	Number of Shares 30 June 2008		2009 (Rupees in thousand)	2008 (Rupees in thousand)
10,000,000	10,000,000	Ordinary shares of Rs. 10/- each	100,000	100,000

Issued, subscribed and paid-up:

2009 Number	2008 Number	Ordinary shares of Rs. 10/- each		
		Balance as at 01 July		
237,500	237,500	Fully paid in cash	2,375	2,375
5,762,500	4,762,500	Issued as bonus shares	57,625	47,625
6,000,000	5,000,000		60,000	50,000
		Issued during the year		
–	1,000,000	Bonus shares	–	10,000
–	1,000,000	Balance as at 30 June	–	10,000
237,500	237,500	Fully paid in cash	2,375	2,375
5,762,500	5,762,500	Issued as bonus shares	57,625	57,625
6,000,000	6,000,000		60,000	60,000

16 RESERVES

	2009 (Rupees in thousand)	2008 (Rupees in thousand)
Capital		
Merger Reserve	5,000	5,000
Revenue		
General Reserve		
- At the beginning of the year	495,000	420,000
- Transferred from unappropriated profit - 2008	85,000	75,000
	580,000	495,000
Unrealized loss on remeasurement of investments- available for sale		
- At the beginning of the year	(200)	(284)
- Transfer to profit & loss account on derecognition of investment	-	562
- Additions during the year.	(1,351)	(478)
	(1,551)	(200)
	583,449	499,800

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

17 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The interest rates used as the discounting factor (i.e. implicit in the lease) ranges from 12.12% to 18.15% (2008: 12.12% to 13.25%) per annum. The amount of future payments and the period during which they will become due are:

		Note	2009	2008
			(Rupees in thousand)	
Year ended 30 June				
	2009		-	25,312
Year ending 30 June				
	2010		4,411	4,318
	2011		284	275
Minimum lease payments		17.1	4,695	29,905
Less: Future finance charges			283	2,088
			4,412	27,817
Less: Current portion			3,869	23,388
			543	4,429

The lease agreements have the option for purchase of the assets at the end of the lease period. There are no financial restrictions in the lease agreements. The residual value of the leased assets is Rs. (thousand) 284 (2008: Rs. (thousand) 858).

17.1 Minimum lease payments (MLP) and their present value (PV) are regrouped as below:

	2009		2008	
	MLP	PV OF MLP	MLP	PV OF MLP
	(Rupees in thousand)		(Rupees in thousand)	
Due not later than 1 year	4,411	3,869	25,312	23,388
Due later than 1 year but not later than 5 years	284	543	4,593	4,429
	4,695	4,412	29,905	27,817

18 DEFERRED TAXATION

This comprises:

	2009	2008
	(Rupees in thousand)	
Deferred tax liabilities on taxable temporary differences		
Accelerated tax depreciation	44,667	36,333
Liabilities against assets subject to finance lease	5,191	12,049
Deferred tax assets on deductible temporary differences		
Long term investments	-	(164)
Provision for employee's compensated absences	(392)	(312)
Provision for bonuses to staff and agents	(4,047)	(10)
Others	-	(467)
	45,419	47,429

	Note	2009	2008
		(Rupees in thousand)	
19 TRADE AND OTHER PAYABLES			
Due to related parties	19.1	48,929	7,097
Creditors		205,498	194,482
Deposits	19.2	19,630	17,995
Distributors' credit balances		20,323	17,258
Accrued expenses		41,161	43,951
Sales tax payable		17,996	17,706
Payable to provident fund		57	145
Workers' Profit Participation Fund	19.3	8,609	14,416
Workers' Welfare Fund		26,335	23,335
Unclaimed dividend		685	595
Taxes and other payables		1,467	987
Other liabilities		1,681	241
		392,371	338,208

19.1 The amount due to related parties, comprises of:

	2009	2008
Nawazabad Farms	1,773	3,204
Shezan Services (Private) Limited	15,721	3,893
Shahtaj Sugar Mills Limited	31,420	–
Shahnawaz (Private) Limited	15	–
	48,929	7,097

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

19.3 Workers' Profit Participation Fund

	2009	2008
	(Rupees in thousand)	
Balance at the beginning of the year	14,416	13,903
Allocation for the year	8,609	14,416
	23,025	28,319
Interest on funds utilized in the Company's business	100	478
	23,125	28,797
Amount paid to the Fund's Trust	14,516	14,381
Balance at the end of the year	8,609	14,416

20 SHORT TERM BORROWINGS - SECURED

The aggregate running finance facilities available from commercial banks under the mark-up arrangement is Rs. (thousand) 160,000 (2008: Rs. (thousand) 110,000).

The rate of mark-up ranges between 13.39% to 16.62% (2008: 10.07% to 11.17%) per annum, payable quarterly.

The facilities are secured against first registered joint pari passu hypothecation charge and ranking charge on current assets of the Company up to Rs. (thousand) 314,000 (2008: Rs. (thousand) 247,000).

The un-utilized facility for opening letters of credit and for guarantees as at 30 June 2009 amounts to Rs. (thousand) 65,056 (2008: Rs. (thousand) 64,206) and Rs. (thousand) 31,165 (2008: Rs. (thousand) 34,673), respectively.

21 CONTINGENCIES AND COMMITMENTS

Contingencies

i) Claim of Punjab Employees Social Security Institution (P.E.S.S.I.) for Rs. (thousand) 2,379 (2008: Rs. (thousand) 2,379) is not acknowledged as debt by the Company as 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 same.

ii) Notices for additional payments of sales tax and excise duty amounting to Rs. (thousand) 13,094 (2008: Rs. (thousand) 13,094) contested with the Collectorate of Customs, Sales Tax and Central Excise. 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.

iii) Notices for additional payment of leasehold land amounting to Rs. (thousand) 844 (2008: 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.

iv) The Commissioner of Income Tax has filed an appeal before the Income Tax Appellate Tribunal (ITAT) against the decision of Commissioner of Income Tax (Appeal) for an additional amount of Rs. (thousand) 1,200 in respect of the payment of Workers Welfare Fund for the tax year 2007, which is pending adjudication. However, no provision has been made in the financial statements as the management of the Company is confident of a favorable outcome of the decision.

v) The Company has filed an appeal before the Income Tax Appellate Tribunal (ITAT) against the decision of Commissioner of Income Tax (Appeal) for an additional amount of Rs. (thousand) 3,465 in respect of the tax year 2003, which is pending adjudication. However, no provision has been made in the financial statements as the management of the Company is confident of a favorable outcome of the decision.

Commitments

i) Commitments in respect of letters of credit opened for the import of raw and packing materials amounted to Rs. (thousand) 19,944 (2008: Rs. (thousand) 20,794).

ii) Counter guarantees in favour of banks in the ordinary course of business amounted to Rs. (thousand) 19,500 (2008: Rs. (thousand) 15,327).

iii) Commitments for equity investment in an associated undertaking, Hattar Food Products (Private) Limited, amounted to Rs. (thousand) 1,500 (2008: Rs. (thousand) 1,500).

	Note	2009	2008
		(Rupees in thousand)	
22 SALES - NET			
Domestic		3,226,111	2,961,214
Export		124,633	59,166
Export rebate		158	63
		3,350,902	3,020,443
Less: Discounts and incentives		89,667	89,922
Sales tax		501,522	433,404
Special excise duty		31,004	28,545
		622,193	551,871
	22.1	2,728,709	2,468,572

22.1 This includes sales relating to trading activities amounting to Rs. (thousand) 17,206 (2008: Rs. (thousand) 14,606).

	Note	2009	2008
		(Rupees in thousand)	
23 COST OF SALES			
Manufacturing	23.1	1,963,154	1,682,657
Trading	23.2	11,292	8,786
		1,974,446	1,691,443
23.1 Cost of sales - Manufacturing			
Pulps, concentrates etc. - Opening stock		209,096	164,959
Add: Production/processing during the year		235,401	225,668
Purchases during the year		86,315	86,329
		530,812	476,956
Less: Pulps, concentrates etc. - Closing stock		236,555	209,096
Pulps, concentrates etc. consumed		294,257	267,860
Raw materials - Opening stock		39,740	34,679
Purchases during the year		799,617	616,881
		839,357	651,560
Less: Production of pulps, concentrates		235,401	225,668
Raw materials - Closing stock		73,822	39,740
Raw materials consumed		530,134	386,152
Packing materials - Opening stock		241,099	212,047
Add: Purchases during the year		998,845	876,086
		1,239,944	1,088,133
Less:Cost transferred to expenses		2,877	2,057
Packing materials - Closing stock		243,124	241,099
Packing materials consumed		993,943	844,977
Factory expenses			
Salaries, wages and amenities		85,257	75,222
Company's contribution to provident fund		496	648
Stores and spares consumed		45,779	39,082
Traveling and conveyance		662	911
Repairs and maintenance		26,041	40,481
Insurance		2,701	2,387
Fuel and power		62,553	53,031
Inward freight and loading/unloading		1,487	1,761
Utilities		5,689	4,438
Bottle breakage		11,595	12,785
General expenses		4,711	2,233
Depreciation	6.3	26,183	26,435
		273,154	259,414
Cost of production		2,091,488	1,758,403
Add: Finished goods - Opening stock		46,539	40,009
		2,138,027	1,798,412
Less: Cost of samples		61,898	47,785
Cost of wastage and spoilage		28,508	21,431
Finished goods - Closing stock		84,467	46,539
		174,873	115,755
		1,963,154	1,682,657

	Note	2009	2008
		(Rupees in thousand)	

23.2 Cost of sales - Trading

		2009	2008
Finished goods - Opening stock		831	818
Add: Purchases during the year		12,400	9,678
		13,231	10,496
Less: Cost of samples		640	476
Cost of wastage and spoilage		254	403
Finished goods - Closing stock		1,045	831
		1,939	1,710
		11,292	8,786

24 DISTRIBUTION COST

	Note	2009	2008
Salaries, wages and amenities		84,466	69,529
Company's contribution to provident fund		1,050	808
Postage and telephone		2,322	1,578
Traveling and conveyance		14,288	10,471
Repairs and maintenance		20,732	19,575
Insurance		3,599	2,715
Utilities		2,140	1,988
Stationery and printing		1,754	1,163
Rent, rates and taxes		4,687	4,229
Advertising and promotions	24.1	146,237	140,637
Outward freight and distribution		84,514	55,969
Staff sales incentive		6,111	5,891
Petrol, oil and lubricants		53,401	35,564
General expenses		1,568	1,025
Depreciation	6.3	9,496	7,439
Deterioration on shells and pallets		7,497	9,659
		443,862	368,240

24.1 This includes cost of samples amounting to Rs. (thousand) 62,538 (2008: Rs. (thousand) 47,785).

25 ADMINISTRATIVE EXPENSES

	Note	2009	2008
Salaries, wages and amenities		65,093	57,353
Company's contribution to provident fund		1,071	1,027
Postage and telephone		2,427	1,977
Traveling and conveyance		1,296	1,183
Repairs and maintenance		4,367	4,293
Insurance		2,362	2,108
Utilities		1,783	1,854
Stationery and printing		2,998	2,663
Rent, rates and taxes		2,473	1,239
Auditors' remuneration	25.1	1,319	986
Legal and professional		596	271
Donations	25.2	538	492
General expenses		1,534	1,160
Depreciation	6.3	3,592	2,345
		91,449	78,951

25.1 Auditors' remuneration

		2009	2008
Audit fee		550	500
Tax consultancy services		122	130
Miscellaneous certification and limited review charges etc.		552	198
Out of pocket expenses		95	158
		1,319	986

25.2 Donations

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

	Note	2009	2008
		(Rupees in thousand)	
26 OTHER OPERATING EXPENSES			
Product spoilage		30,590	25,684
Barrel deterioration		2,495	1,744
Royalty to related party - Shezan Services (Private) Limited		27,285	24,685
Workers' Profit Participation Fund	19.3	8,609	14,416
Workers' Welfare Fund		3,000	5,500
Loss on derecognition of investments		-	526
		71,979	72,555

	Note	2009	2008
		(Rupees in thousand)	
27 OTHER OPERATING INCOME			
Income from financial assets			
Profit on bank deposits		3,661	4,624
Dividend income		274	1,711
Foreign exchange gain		3,419	940
Income from non financial assets			
Gain on disposal of property, plant and equipment	27.1	2,565	1,923
Sale of scrap		10,236	10,682
		20,155	19,880

27.1 Gain on disposal of property, plant and equipment

Description	Cost	Book Value	Sale Proceeds	Gain	Purchaser	Mode
	(Rupees	in	thousand)			
Sachet packing machine	175	91	100	9	M/s. Toshiba Engineering, Lahore	Negotiation
Honda Civic	1,160	140	140	-	Ms. Humaira Sarwar, Lahore	Company policy
Suzuki Mehran	375	107	235	128	Mr. Mirza Naseem, Lahore	Negotiation
Hyundai Shehzore	445	65	125	60	Mr. Mukhtar Ahmad, Lahore	Negotiation
Hyundai Shehzore	445	65	240	175	M/s. Ehsan Traders, Rawalpindi	Negotiation
Hyundai Shehzore	445	65	240	175	Mr. Muhammad Asif, Lahore	Negotiation
Hyundai Shehzore	445	65	240	175	Mr. Muhammad Iftikhar, Multan	Negotiation
Suzuki Cultus	591	174	435	261	Mr. M. Mansha, Islamabad	Negotiation
Suzuki Mehran	377	109	275	166	Mr. Gulzar Ahmad, Lahore	Negotiation
Honda Civic	1,037	480	875	395	Mr. Ghulam Mustafa, Lahore	Negotiation
Toyota Corolla	1,189	265	720	455	Mr. Hafsan Sheikh, Karachi	Negotiation
WDV below Rs. (thousand) 50 each	814	15	581	566	Various	Negotiation
	7,498	1,641	4,206	2,565		

		Note	2009	2008
			(Rupees in thousand)	
28	**FINANCE COST**			
	Interest, mark-up and charges on -			
	Secured short term borrowings		2,541	113
	Workers' Profit Participation Fund	19.3	100	478
	Finance lease charges		2,019	6,262
			4,660	6,853
	Bank charges		1,882	1,251
			6,542	8,104
29	**TAXATION**			
	Current-for the year		60,109	90,000
	Deferred-for the year		(2,010)	17,195
			58,099	107,195

29.1 Relationship between income tax expense and accounting profit

	2009	2008
Profit before taxation	160,570	268,399
Current Taxation:		
Tax at the applicable rate of 35% (2008: 35%)	56,200	93,940
Tax effect of expenses that are not deductible in determining taxable income charged to profit and loss account	31,962	37,090
Tax effect of expenses that are deductible in determining taxable income not charged to profit and loss account	(21,030)	(19,030)
Tax effect of applicability of lower tax rate on export sales and dividend income	(9,033)	(4,805)
	58,099	107,195
Tax charge for the current year	58,099	107,195

		2009	2008
30	**EARNINGS PER SHARE - BASIC AND DILUTED**		
	Profit after taxation attributable to ordinary shareholders	102,471	161,204
	Weighted average number of ordinary shares at the end of the year (in thousand)	6,000	6,000
	Earnings per share - Basic (Rupees)	17.08	26.87

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

31 CAPACITY AND PRODUCTION

	Normal Annual Capacity		Actual Production 2009	Actual Production 2008
Juices -				
Bottling plant	5,925,000	Crates	4,429,570	4,738,806
Tetra Pak plant	19,275,000	Dozens	16,140,035	15,989,794
Squashes and syrups plant	590,000	Dozens	219,660	190,916
Jams and ketchup plant	620,000	Dozens	514,236	610,107
Pickles plant	87,500	Dozens	139,951	158,548
Canning plant	180,000	Dozens	98,715	106,447

The normal annual capacity, as shown above, has been worked out on the basis of 300 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.

32 REMUNERATION OF CHIEF EXECUTIVE, PAID DIRECTORS AND EXECUTIVES

	Chief Executive 2009	Chief Executive 2008	Directors 2009	Directors 2008	Executives 2009	Executives 2008
Total numbers	1	1	2	2	8	8
	(Rupees in thousand)					
Basic salary	1,620	1,500	3,204	2,964	6,072	5,733
Provident fund contribution	135	125	267	247	506	478
Allowances and benefits:						
Conveyance	-	-	-	-	4	-
House rent	396	396	792	792	1,786	1,794
Dearness	123	123	246	246	804	837
Special	120	120	480	480	540	408
Utilities	168	168	336	336	669	647
Medical	26	21	38	30	237	221
Bonus	270	250	534	494	994	936
Ex-gratia	135	125	267	247	681	468
	2,993	2,828	6,164	5,836	12,293	11,522

32.1 Fees paid to six non-executive directors during the year for attending Board meetings Rs. (thousand) 170 (2008: Rs. (thousand) 65).

32.2 Fees paid to two non-executive directors during the year for attending Audit Committee meetings Rs. (thousand) 70 (2008: Rs. (thousand) 55).

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

33 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise related group companies, local 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 of employement are as follows:

	2009									
	Shahtaj Sugar Mills Limited	Shahtaj Textile Mills Limited	Shahnawaz (Private) Limited	Shahnawaz Engineering (Private) Limite	Shezan Services (Private) Limited	Nawazabad Farms	Shezan Jasmine	Shezan Ampess Restaurant	Staff Provident Fund	Total
	(Rupees in thousand)									
Purchases of raw materials	307,091	-	-	-	-	4,541	-	-	-	311,632
Sales of finished goods	184	94	13	20	-	-	8	52	-	371
Royalty charged	-	-	-	-	27,285	-	-	-	-	27,285
Purchases/repairs of electric equipment/vehicles	-	-	322	-	-	-	-	-	-	322
Services rendered	180	-	-	-	-	-	-	-	-	180
Contributions to staff provident fund	-	-	-	-	-	-	-	-	2,617	2,617

	2008									
	Shahtaj Sugar Mills Limited	Shahtaj Textile Mills Limited	Shahnawaz (Private) Limited	Shahnawaz Engineering (Private) Limited	Shezan Services (Private) Limited	Nawazabad Farms	Shezan Jasmine	Shezan Ampess Restaurant	Staff Provident Fund	Total
	(Rupees in thousand)									
Purchases of raw materials	213,347	-	-	-	-	7,354	-	-	-	220,701
Sales of finished goods	189	115	20	12	-	7	-	-	-	343
Royalty charged	-	-	-	-	24,685	-	-	-	-	24,685
Purchases/repairs of electric equipment/vehicles	-	-	774	-	-	-	-	-	-	774
Services rendered	195	-	-	-	-	-	-	-	-	195
Contributions to staff provident fund	-	-	-	-	-	-	-	-	2,483	2,483

All transactions with related parties and associated undertaking are entered into arm's length determined in accordance with comparable uncontrolled price method except for transaction with M/s. Shahnawaz (Private) Limited, where an additional discount of 40% is given by them on service charges and 7.5% on spare parts in connection with the repairs of motor vehicles, due to group policy. The effect of this policy on the balance sheet and profit and loss account is considered to be immaterial.

34 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.

34.1 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:

	Carrying Values	
	2009	**2008**
	(Rupees in thousand)	
Long-term deposits	2,939	2,603
Trade debts – unsecured	86,291	74,892
Advances, deposits and other receivables	21,630	31,595
Bank balances	50,680	41,748

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:

34.1.1 Trade Debts

Neither past due nor impaired	31,368	47,854
Past due but not impaired		
1- 60 days	27,347	19,759
60-180 days	27,195	6,820
181 -365 & Above	381	459
	86,291	74,892
Geographically:-		
Pakistan	71,012	67,067
North America	6,852	2,413
Europe	4,106	1,071
Far East	499	499
Central Asia	1,148	–
Middle East	2,674	3,842
	86,291	74,892

As at 30 June 2009, trade debts of Rs. (thousand) 1,350 (2008: Rs. (thousand) 1,350) were impaired and provided for.

	2009	2008
	(Rupees in thousand)	
34.1.2 Cash at Bank		
A-1+	7,092	4982
A2	141	948
A1+	11,438	22,735
A-1+	16,965	2,329
A1+	10,000	746
A-1+	5,044	9,114
A-1	-	894
	50,680	**41,748**

34.2 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 analysied below, with regard to their remaining contractual maturities.

	Maturity		
	Upto One Year	After One Year	Total
	(Rupees in thousand)		
Liabilities against assets subject to finance lease	3,869	543	4,412
Short term borrowings	30,228	-	30,228
Trade and other payables	393,319	-	393,319
Total Financial liabilities	**427,416**	**543**	**427,011**

34.3 Market Risk

34.3.1 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.

Sensitivity analysis

With all other variables remain constant, a 1 % change in the rupee dollar parity existed at 30 June 2009 would have affect the profit and loss account and liabilities and equity by Rs. (thousands) 121 (2008: Rs. (thousand) 49).

34.3.2 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 and 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 intereset rates at the year end, flucutate by 1% higher/ lower, profit for the year would have been Rs. (thousand) 302 (2008: Rs. (thousand) 42) higher/ lower. This analysis is prepared assuming that all other other variables held constant and the amounts of liabilities outstanding at the balance sheet dates were outstanding for the whole year.

34.4 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.

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors on 26 September 2009.

36 EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have proposed a final dividend of Rs.6/- per share, amounting to Rs. (thousand) 36,000 for the year ended 30 June 2009 (2008: Rs. (thousand) 60,000) along with transfer to general reserve amounting to Rs. (thousand) 70,000 (2008: Rs. (thousand) 85,000) at their meeting held on 26 September 2009 for approval of the members at the Annual General Meeting to be held on 29 October 2009.

37 GENERAL

- Figures in these financial statements have been rounded off to the nearest thousand of rupees.

Saifi Chaudhry	**Muhammad Khalid**	**Faisal Ahmad Nisar**
Chief Executive	Director	Chief Financial Officer

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 46th Annual General Meeting of the Company to be held on 29 October 2009 and at any adjournment thereof.

As witness my/our hand/seal this ______________ day of ______________ 2009.

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:

1. 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.
2. 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.

Shezan

KARACHI
Plot No. L-9, Block No. 22, Federal 'B'
Industrial Area, Karachi 75950, Pakistan.

LAHORE
56 Bund Road, Lahore 54500, Pakistan.

HATTAR
Plot No. 33/34, Phase III, Hattar Industrial Estate,
Hattar, N.W.F.P. Pakistan.

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