



28th
Annual Report
30 June 2018



Growing with
Tastefulness



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Company Information

Board of Directors

Mr. Muhammad Atif	Chief Executive
Mr. Muhammad Siraj	Director
Mr. Salman Haroon	Independent Director
Mr. Aamir Altaf	Director
Mr. Muhammad Riaz	Director
Mr. Qazi Muhammad Imran	Director
Mr. Jawed Yameen	Director

Company Secretary

Mr. Iqbal Shahid

Bankers

Allied Bank Limited
Habib Bank Limited
Meezan Bank Limited
United Bank Limited

Auditors

M/s. Aslam Malik & Co.
Chartered Accountants,

Audit Committee

Mr. Salman Haroon	Chairman
Mr. Jawed Yameen	Member
Mr. Muhammad Siraj	Member

HR & Remuneration Committee

Mr. Salman Haroon	Chairman
Mr. Muhammad Siraj	Member
Mr. Muhammad Riaz	Member

Legal Advisor

M/s. Ahmed & Qazi
Advocates & Legal Consultants

Share Registrar

M/s. F.D. Registrar Services (SMC-Pvt.) Ltd.
Office No. 1705, 17th Floor,
Saima Trade Tower-A,
I.I.Chundrigar Road, Karachi

Registered Office

WS7, Mezanine Floor, Madina Palace
Faran Co-operative Housing Society
Dhoraji Colony, Karachi

BUSINESS PROFILE

Quice has been a prominent name in the world of Food Products for the last three decades. The Company was established on 12 March 1990 as a Private Limited Company. Later on 13 December, 1993 it was converted into a Public Limited Company. The company was listed with Pakistan Stock Exchange formerly known as (Karachi STOCK EXCHANGE) on August, 1994 and with Islamabad Stock Exchange on July, 1995.

It owns two manufacturing units in Hub – Baluchistan and Mingora – Swat and continued efforts to lift up consumer delight.

VISION

We aim to offer high quality Jam, Jelly, Syrups, Custard Powder, Pickles, Essence, Juices and Aerated drinks and its Allied Products both in Pakistan and abroad by continuously improving our products quality by keeping the most technologically advanced production machinery.

MISSION

We strive to achieve market leadership through technological edge, distinguished by quality and customer satisfaction, and emphasis on employees long term welfare and ensure adequate return to shareholders.

We further wish to contribute to the development of the economy and the country through harmonized endeavor.

Directors' Report

On behalf of the Board, we are pleased to submit the annual report and audited financial information of the Company for the year ended June 30, 2018.

Business Overview

The current fiscal year turned out to be the another challenge for the company, as increase in the exchange rates and commodities prices has put the pressure on the cost of sales. However, the Company focused on its product lines and expansion of its distribution line.

Company's reported Rs. 127.472 million in revenue vs. Rs. 153.492 million reported last year parading decline of 16.95%, This is due to the decline in the purchasing power of the public.

Gross margin declined by 63% due to increase in the Dollar exchange rate due to that the cost of sales increase.

Advertising and promotion spending has been decreased by Rs. 3.848 million, therefore focusing on the push strategy and focusing on the expansion of distribution setup.

However, This year we have made advertisements through electronic media during Ramadan as well as through hoardings.

Tetra Juice pack has developed its market in a very least time. Further, there is still a vacuum in its market which will be further grasp through aggressive marketing.

Syrup has been our brand, has reached to its full market capacity, while the sale volume of Syrup declines due to strong competitors.

We, successfully making expansion in the new and developing markets of our products in order to achieve our goal.

Financial highlights

	2018 Rupees "000"	2017 Rupees "000"
Net sales	127,472	153,492
Gross profit	8,781	25,047
Depreciation	20,314	20,134
Pre-tax profit / (loss)	(41,182)	(38,173)
After-tax profit / (loss)	(42,894)	(39,693)
Retained earnings (Restated)	(406,540)	(365,981)



Director's Report (Contd.)

Our Populace

We believe on the personal development and career growth of our employees which makes our employee most satisfy and due to which they worked and strive for our goals.

Working Capital Management

Efficient working capital management shows itself in our current ratio and quick ratio which respectively stand at 2 times and 0.15 times.

Supply Chain Management (SCM)

SCM, is one of the key functions that not only ensures improvement of operational efficiencies but is also closely aligned with overall company success.

This year, the SCM team has put their best efforts to make an effective connection with the multiple suppliers and customers which results in the decline of Supply chain cost.

Information Technology

We spot that in this rapidly changing business environment, it is of utmost importance to establish and maintain an efficient, robust and effective Information Technology (IT) Infrastructure. We have develop an effective Information Technology infrastructure which helps us in reaching more potential customers, develop a business relationship with potential customers, Streamline operations, reduce cost and support the Operational activities of the business.

Corporate Governance

Best Corporate Practices

On promulgation of Code of Corporate Governance (COCG), at the instructions from the Audit Committee and the Board of Directors of the Company, a detailed exercise was carried out to determine the following:

1. Changes in requirements of the COCG.
2. Company's status of compliance with the requirements of the COCG.
3. Identification of gaps in the compliance and action plan to fill the gaps.

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the committee is as follows:

Mr. Salman Harron	Chairman
Mr. Jawed Yameen	Member
Mr. Muhammad Siraj	Member

Meetings of the Board of Directors

During the year under review, 05 meetings of the Board of Directors of the Company were held and the attendance position is as follows:

Sr. No.	Name of Director	No. of Meetings Attended
1.	Mr. Muhamamd Atif (Chief Executive Officer)	05
2.	Mr. Muhammad Siraj	05
3.	Mr. Qazi Muhammad Imran	05
4.	Mr. Jawed Yameen	03
5.	Mr. Amir Altaf	03
6.	Mr. Muhammad Riaz	05
7.	Mr. Salman Haroon	05

Compliance Statement

In compliance of the Code of Corporate Governance, statements on Corporate and Financial Reporting framework:

1. 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.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

Director's Report (Contd.)

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. The company is in loss for the year and the accumulated losses have prevented the company from declaring dividend or issuing the bonus shares.
9. Information about taxes and levies is given in the notes to the financial statements.
10. Transactions with Related Parties have been approved by the Audit Committee and the Board of Directors.
11. The company operates unfunded gratuity scheme for its eligible employees. The carrying value of liability as at June 30, 2018 was Rs. 3.761 million

Future Prospects

We believe that there is only way up from here. We are keeping a watchful eye on how the events unfold.

The thing which is constant is change. We believe in change - in growing. It is because of this strong commitment to growth, will be investing in new food categories. We will remain devoted towards converting challenges into opportunities and developing crucial internal strengths to surpass them.

We will focus on finding aggressive investments, milking such captivating opportunities and using the capital in new projects to secure additional growth for future.

Our strategy is to expand and diversify our product range by increasing the value added products and systems and enhanced production capacity.

Acknowledgement

The Board is pleased with the continued dedication and efforts of the employees of the Company.

For and on behalf of the
Board of Director



Muhammad Atif
Chief Executive Officer

Karachi
November 01, 2018

ڈائریکٹر رپورٹ

بورڈ کی جانب سے 30 جون 2018ء کو اختتام شدہ مالیاتی سال کی آڈٹ شدہ مالیاتی معلومات اور سالانہ رپورٹ پیش کرنے پر ہمیں مسرت ہے۔

کاروباری جائزہ:

موجودہ مالی سال بھی کمپنی کے لئے ایک اور مسابقت ثابت ہوا۔ زرمبادلہ اور اشیاء کی شرح میں اضافے نے فروخت کی لاگت پر دباؤ میں اضافہ کیا بہر حال کمپنی نے پیداواری لائحہ عمل اور تقسیم کاری میں پھیلاؤ پر اپنی توجہ مرکوز رکھی۔

کمپنی نے گذشتہ سال کے 153.492 ملین روپے کے مقابلے میں موجودہ سال کیلئے حصول زر کی رقم 127.472 ملین روپے ظاہر کی جو %16.95 تنزیلی ہے۔ یہ عوام کی قوت خرید میں کمی کی وجہ سے ہوا۔ ڈالر کی شرح مبادلہ میں اضافہ کی وجہ سے فروخت کی لاگت میں اضافہ ہوا اور مجموعی حد میں %63 کی تنزیلی ہوئی ہے۔ تشہیر اور فروغ پر اخراجات 3.848 ملین روپے کم ہوئے اس لئے کفایت کو مد نظر رکھتے ہوئے تقسیم کاری کے نظام پر زیادہ زور دیا گیا۔

پھر بھی ہم نے اس سال رمضان مبارک میں ابلاغ برقی اور ہورڈنگز کے ذریعے تشہیر کی۔ ٹیٹرا جوس پیک بہت کم وقت میں اپنی منڈی میں اضافہ کیا۔ مزید یہ کہ اب بھی اس کی مارکیٹ میں ایک خلاء موجود ہے۔ جسے جارحانہ اور پر زور انداز میں کام کر کے پر کیا جاسکتا ہے۔

مشروب ہمارا مخصوص تجارتی نشان ہے وہ اپنی مارکیٹ میں آخری حد پر پہنچ چکا ہے لیکن اس کی فروخت کا حجم ایک مضبوط مسابقت کی وجہ سے کم ہوا ہے۔ ہم نے اپنے مقصد کو حاصل کرنے کے لئے نئی اور ترقی پذیر منڈیوں میں اپنی مصنوعات کی رسائی میں اضافہ کیا ہے۔

2017 روپے "000"	2018 روپے "000"	مالیاتی جائزہ
153,492	127,472	خالص فروخت
25,047	8,781	مجموعی منافع
20,134	20,314	فرسودگی
(38,173)	(41,182)	قبل از ٹیکس نفع / (نقصان)
(39,693)	(42,894)	بعد از ٹیکس نفع / (نقصان)
365,981	(406,540)	جاری آمدنی

ہمارا عملہ

ہم اپنے اجیروں کی ذاتی ترقی اور ان کے فنی روش کی نشوونما پر یقین رکھتے ہیں۔ جس سے وہ بہت مطمئن ہیں اور اسی وجہ سے وہ اہداف حاصل کرنے کے لئے کام اور جدوجہد کرتے ہیں۔

زیر کار سرمائے کی حکمت عملی

زیر کار سرمائے کی حکمت عملی کی ایک موثر حکمت عملی ہمارے حالیہ اور تیز ترین نسبت سے خود ظاہر ہوتی ہے جو بالترتیب 2 گنا اور 0.15 گنا ہے۔

تقسیم کاری کا مربوط نظام (SCM) Supply Chain Management

SCM مخصوص افعال میں سے ایک ہے جو نہ صرف کاروباری سرگرمیوں میں بہتری لاتا ہے بلکہ مجموعی طور پر کمپنی کی کامیابی سے منسلک ہے۔ اس سال ہماری SCM ٹیم اپنی بہترین کوششوں سے ایک کارگر رابطہ مختلف ہم رساں اور صارفین کے درمیان قائم کیا ہے جس کے نتیجے میں رسد کے اخراجات میں کمی آئی۔

انفارمیشن ٹیکنالوجی

ہمیں اندازہ ہے کہ موجودہ تیزی سے بدلتے ہوئے کاروباری ماحول میں اس بات کی بہت اہمیت ہے کہ ایک کارگر، موثر اور جدید IT کا نظام قائم ہو۔ ہم نے ایک کارگر IT کا نظام بنایا ہے۔ جس سے ہمیں اپنے خاص صارفین تک پہنچنے، صارفین سے کاروباری رشتہ قائم کرنے، کاروباری سرگرمیاں انجام دینے، لاگت کو کم کرنے اور کاروبار کے مختلف شعبوں میں مدد ملتی ہے۔

کارپوریٹ گورننس

بہترین کارپوریٹ عمل درآمد کوڈ آف کارپوریٹ گورننس پر عمل درآمد، آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز کی ہدایات کی روشنی میں مندرجہ ذیل کو ممکن بنانے کے لئے کیا گیا ہے۔

- 1- COCG کے تقاضوں کے تحت تبدیلیاں۔
- 2- COCG کے تقاضوں کے لحاظ سے کمپنی کے عمل درآمد کی حیثیت میں تبدیلی
- 3- عمل درآمد اور اس کے ایکشن پلان کے درمیان خلاء کا تعین اور اس کو پر کرنا۔

بورڈ کمیٹی

آڈٹ کمیٹی:- آڈٹ کمیٹی، بورڈ آف ڈائریکٹرز کے طے کردہ ”شرائط حوالگی“ کی روشنی میں اپنے فرائض ادا کر رہی ہے۔ کمیٹی کی ساخت مندرجہ ذیل ہے۔

- 1- مسٹر سلمان ہارون چیئر مین
- 2- مسٹر جاوید یامین ممبر
- 3- مسٹر محمد سراج ممبر

ایچ آر اور مشاہرہ کمیٹی:

- 1- مسٹر سلمان ہارون چیئر مین
- 2- مسٹر محمد سراج ممبر
- 3- مسٹر محمد ریاض ممبر

بورڈ آف ڈائریکٹرز کی میٹنگز

زیر نظر سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز کی 5 مذاکرات ہوئیں جن میں حاضری مندرجہ ذیل ہے۔

میٹنگز میں حاضری

ڈائریکٹر کا نام

۵	1- محمد عاطف
۵	2- محمد سراج
۵	3- سلمان ہارون
۳	4- عامر الطاف
۵	5- محمد ریاض
۵	6- قاضی محمد عمران
۳	7- جاوید یامین

بیانیہ تکمیل حکم

ضابطہ انجمن حکمت عملی کی تعمیل میں انجمن اور مالیاتی بناوٹ

- 1- کمپنی کی انتظامیہ نے مالیاتی گوشوارے تیار کئے، اس کے معاملات کو مناسب طریقے سے پیش کیا۔ جس میں لائحہ عمل کے نتائج، روانی نقد اور مساواتی تبدیلی شامل ہے۔
- 2- کمپنی کی باقاعدہ مالیاتی گوشوارے بنائے گئے ہیں۔
- 3- مخصوص مالیاتی حکمت عملی مستقل بنیادوں پر لاگو کی گئیں تاکہ مالیاتی گوشوارے اور کھاتے کے تخمینے مناسب انداز میں پیش کئے جاسکیں۔
- 4- مالیاتی گوشوارے بناتے وقت عالمی معیاری کھاتہ داری کو ملحوظ رکھا گیا اور اس سے کچھ متضادم پایا، اسے ظاہر کیا گیا۔
- 5- داخلی انضباط کا نظام صائب ہے، موثر انداز میں عمل پذیر ہے۔
- 6- کمپنی کے مناسب انداز میں کام جاری رکھنے کے بارے میں کوئی شائبہ نہیں ہے۔
- 7- قانونی فہرست میں بیان کئے گئے ضابطہ انجمن حکمت عملی کے اصولوں سے مادی انحراف نہیں کیا گیا۔
- 8- کمپنی اس سال خسارے میں ہے اور مجموعی خسارے کی وجہ سے ڈیوڈنڈ یا بونس کا اعلان کرنے سے قاصر ہے۔
- 9- مالیاتی گوشوارے کے نوٹس میں ٹیکسز اور دیگر محصولات کے بارے میں آگاہ کیا گیا ہے۔
- 10- متعلقہ محاصل کی انجام دہی آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز سے منظور شدہ ہے۔
- 11- کمپنی اپنے اہل اجیروں کے لئے واجب الادا رقم کی ویلیو 30 جون 2018ء 3.762 ملین روپے ہے۔

مستقبل کے جائزے

ہم صرف ترقی کی سمت پر چلنے پر یقین رکھتے ہیں اور پیش آنے والے حالات پر گہری نظر رکھتے ہیں۔ وہ چیز جو تبدیلی میں مستقل ہے اس پر چارہ یقین ہے اور وہ ہے ترقی کی جانب تبدیلی۔ اس مضبوط خواہش سے نئی نوڈ اقسام میں اضافہ ہوگا۔ ہم ہمیشہ آنے والے مسابقت کو مواقع میں تبدیل کرنے کے عزم پر قائم رہیں گے۔ اس سے ہمیں ان سے نبرد آزما ہونے کے لئے طاقت ملے گی۔

ہم جارحانہ انداز میں ان مواقع سے فائدہ اٹھاتے ہوئے سرمائے کو نئے نئے منصوبوں میں لگا کر مستقبل کی محفوظ ترقی حاصل کریں گے۔ ہمارا لائحہ عمل اپنی مصنوعات کی رینج کو بڑھانا ہوگا اور یہ کام ان میں افادیت کا اضافہ کر کے ہوگا جس سے پیداواری گنجائش بھی بڑھے گی۔

اعتراف خدمات

بورڈ اپنے اجیروں کی مستقل محنت اور کمپنی سے ان کے لگاؤ پر مسرت محسوس کرتا ہے۔



Statement of Ethics and Business Practices

Quice Food Industries Limited (the Company) conducts its operations in accordance with highest business ethical consideration complying with all statutory regulations and best accepted standards of good corporate citizen. This policy applies to all directors and employees of the Company. The Company's core values are leadership, innovation, value. Integrity, People and Teamwork. It is towards the end of fostering these core values in the corporate culture of Quice Food Industries Limited that the Company has adopted this Code of Ethics and Business Practices (the Code).

The Code implies as follows:

1. The directors and employees of the Company seek to protect the Company's assets. The Company's assets and services are used solely for legitimate business purposes of the Company. The use of Company's funds for political contributions to any organization or to any candidate for public office is prohibited.
2. The directors and employees adhere in letter and spirit to all laws and conform to the accepted standards of good corporate governance and avoid conflict of interest. The conflict of interest, if any must be notified to the Company in writing immediately.
3. The Company respects the interests of all the stakeholders and enters into transparent and fairly negotiated contracts.
4. The Company is an equal opportunity employer.
5. The directors and employees reject corruption in all forms direct, indirect, public or private and do not directly or indirectly engage in bribery, kick-backs, payoffs, or any other corrupt business practices.
6. The Company respects the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise. Employees maintain confidentiality of the Company's and its customers' confidential information which is disclosed to them.
7. The directors and employees shall not place themselves in a position where their loyalty to the Company becomes divided for any reason including their direct or indirect financial interest in a competitor, supplier, and consultant of customer.
8. The directors and employees may not take advantage of the Company information or property, or their position with the Company, to develop inappropriate personal gains or opportunities. They may, however, receive gifts of token value or accept invitations only if such gifts or invitations have no influence on their decision making and are as per Company policy.
9. Employees may offer tips, gratuity or hospitality of a customary amount or value for routine services or courtesies received as per Company policy.

All directors and employees of the Company are responsible for the continuing enforcement of and compliance with this policy, including necessary distribution to ensure employee knowledge and compliance. Non-compliance with this policy will result in disciplinary action.



Statement of Compliance

With Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company: Quice Food Industries Limited

Year ending : June 30, 2018

The company has complied with the requirements of the Regulations in the following Manner:

1. The total number of directors are as per the following:

Gender	Number
Male	7
Female	0

In accordance with the contents of Regulation 7 of the Code of Corporate Governance Regulations, 2017 (the 2017 Code), grace period is available to the Company in appointing Female director.

2. The Composition of board is as follows:

Category	Names
Independent Director	Salman Haroon
Other Non-Executive Directors	Mr. Jawed Yameen Mr. Muhammad Siraj Mr. AamirAltaf Mr. Muhammad Riaz
Executive Director	Mr. MuhammadAtif (Chief Executive) Qazi Muhammad Imran

Further, as per the proviso to Regulation 6 of the 2017 Code, grace period has been prescribed in respect of transition phase for composition of the Board with respect to Minimum number of independent directors as specified in the 2017 Code. The elections For the Company's Board of Director were held in October, 2017. Therefore the said Regulation, No.6 of 2017 Code Shall be complied with within the stipulated time limit.

3. The directors have confirmed that none of them is serving as director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant Policies along with the dates on which they were approved or amended has been maintained.
6. All the power of the board have been duly exercised and decisions on relevant matters Have been taken by board/shareholders as empowered by the relevant provision of the Companies Act, 2017 (the Act) and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a Director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. In term of Regulation 20 of the 2017 Code, the Companies are required to ensure that All the directors on their board have acquired the prescribed certification under Director Training Program by June 30, 2021. In compliance with the above mentioned Regulation, at least half of the directors on Board shall have acquired the prescribed Certification by June 30, 2019.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and Complied with relevant requirements of the Regulations
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below.

Committees	Composition/Names
Audit Committee	Chairman: Mr. Salman Haroon Members: Mr. Muhammad Siraj Mr. Jawed Yameen
HR & Remuneration Committee	Chairman : Mr. Salman Haroon Members: Mr. Muhammad Siraj Mr. Muhammad Riaz

The Company was in compliance with the Code of Corporate Governance, 2012 for the Year ended June 30, 2018. Further, during the year, the committees of the Board of Directors have been reconstituted to comply with the requirements of the 2017 Code.

13. The terms of reference of the afore said committee have been formed, documented and Advised to the committee for compliance.

The Company was in compliance with the Code of Corporate Governance, 2012 for the Year ended June 30, 2018. Further, during the year, the committees of the Board of Directors have been reconstituted to comply with the requirements of the 2017 Code.

14. The frequency of meetings of the committee were as per following:

Committees	Frequency
Audit Committee	Four quarterly meetings were held during the Financial year ended June 30, 2018
HR & Remuneration Committee	One meeting was held during the financial year ended June 30, 2018.

15. The Board has setup an effective internal audit function involved in Internal Audit relating to the Business and other affairs of the Company. They Considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a Satisfactory rating under the quality control review program of the ICAP and registered With Audit Oversight Board 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 Accounts (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The Statutory auditors or the persons associated with them have not been appointed To provide other services except in accordance with the Act, these regulations or any Other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

**For and on behalf of the
BOARD OF DIRECTOR**



Muhammad Atif
CEO / Director

Karachi.
Date: November 01, 2018



Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Quice Food Industries Limited

Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Quice Food Industries Limited for the year ended 30 June 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensued compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried procedures to access and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

- i. As per Regulation 19 of the Regulations, the Company has not made appropriate arrangements to carry out orientation courses for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.

Based on our review, except for the instance of above non-compliance, 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2018.

Karachi.
Dated: November 01, 2018

(Aslam Malik & Co.)
Chartered Accountants
Mohammad Aslam Malik



Auditors' Report to the Members

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF QUICE FOOD INDUSTRIES LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Quice Food Industries Limited** (the Company), which comprise the statement of financial position as at **June 30, 2018**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>New Requirement under Companies Act, 2017: (Refer note 2 to the financial statements)</p> <p>The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements.</p> <p>The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company.</p> <p>As part of this transition to the requirements, the management performed a gap analysis to identify differences, between the previous and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements.</p> <p>In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.</p>	<p>We reviewed and understood the requirements of the Fourth schedule to the Act. Our audit procedures included the following:</p> <ol style="list-style-type: none">Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements.Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.



Information Other Than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2018.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, on other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Mohammad Aslam Malik.

Karachi.

Dated: November 01, 2018



(Aslam Malik & Co.)
Chartered Accountants
Mohammad Aslam Malik



BALANCE SHEET AS AT JUNE 30, 2018

	Note	June 30, 2018	June 30, 2017 (Restated)
ASSETS			
----- Rupees -----			
NON-CURRENT ASSETS			
Property Plant and Equipment	3	402,314,103	402,261,606
Long term deposits		1,819,200	1,819,200
		404,133,303	404,080,806
CURRENT ASSETS			
Stores and spares		7,419,631	2,847,213
Stock-in-trade	4	288,152,301	268,859,814
Trade debts	5	9,310,190	15,664,678
Short term investments	6	13,166,533	24,578,631
Advances, deposits, prepayments & other receivables	7	27,413,047	26,298,451
Taxation - net	8	10,397,422	6,138,695
Cash and bank balances	9	1,855,717	601,070
		357,714,841	344,988,552
		761,848,144	749,069,358
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (2017: 105,100,000) ordinary shares of Rupees 10 each		1,051,000,000	1,051,000,000
Issued, subscribed and paid up share capital and reserves			
98,461,828 (2017 : 98,461,828) ordinary shares of Rs.10 each	10	984,618,280	984,618,280
Reserves	11	(406,539,644)	(365,980,621)
Total equity		578,078,636	618,637,659
Surplus on revaluation of property, plant and equipment	3.1.1	24,626,998	21,719,005
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity	12	3,761,695	3,166,850
CURRENT LIABILITIES			
Trade and other payables	13	155,380,815	105,545,844
CONTINGENCIES AND COMMITMENTS			
	14	-	-
		761,848,144	749,069,358

The annexed notes 1 to 33 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

Muhammad Imran
Chief Financial Officer



**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018**

	Note	Year Ended June 30, 2018	Year Ended June 30, 2017
----- Rupees -----			
SALES	15	127,471,967	153,491,966
Cost of Sales	16	<u>(118,690,556)</u>	<u>(128,444,911)</u>
GROSS PROFIT		8,781,411	25,047,055
Distribution Cost	17	<u>(25,922,997)</u>	<u>(45,944,892)</u>
Administrative Expenses	18	<u>(21,180,045)</u>	<u>(22,953,380)</u>
Other Operating Expenses		<u>(3,625,663)</u>	-
		<u>(50,728,705)</u>	<u>(68,898,272)</u>
Operating Loss		(41,947,294)	(43,851,217)
Other Operating Income	19	938,731	5,781,333
		<u>(41,008,563)</u>	<u>(38,069,884)</u>
Finance Cost	20	(173,452)	(103,096)
LOSS BEFORE TAXATION		<u>(41,182,015)</u>	<u>(38,172,980)</u>
Taxation	21	(1,711,966)	(1,520,049)
LOSS AFTER TAXATION		<u>(42,893,981)</u>	<u>(39,693,029)</u>
(LOSS)/EARNINGS PER SHARE	22	<u>(0.4356)</u>	<u>(0.4031)</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

Muhammad Imran
Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Year Ended June 30, 2018	Year Ended June 30, 2017
	---- Rupees ----	
PROFIT/(LOSS) AFTER TAXATION	(42,893,981)	(39,693,029)
<i>Other comprehensive income that cannot be classified through profit and loss</i>	-	
Remeasurement of plan obligation - gratuity scheme	243,155	942,997
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u><u>(42,650,826)</u></u>	<u><u>(38,750,032)</u></u>

The annexed notes 1 to 33 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

Muhammad Imran
Chief Financial Officer



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018**

PARTICULARS	SHARE CAPITAL	RESERVES				Shareholder's Equity
		Restated			TOTAL	
		CAPITAL		REVENUE		
		Premium on issue of share capital	Discount on issue of share capital	Accumulated loss		
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at June 30, 2016	984,618,280	6,875,000	(282,788,556)	(53,631,775)	(329,545,331)	655,072,949
Incremental depreciation transferred to retained earnings - Restated	-	-	-	2,314,742	2,314,742	1,757,844
Comprehensive (Loss) for the period ended	-	-	-	(38,750,032)	(38,750,032)	(38,750,032)
Balance as at June 30, 2017 - Restated	984,618,280	6,875,000	(282,788,556)	(90,067,065)	(365,980,621)	618,080,761
Incremental depreciation transferred to retained earnings	-	-	-	2,091,803	2,091,803	2,091,803
Comprehensive (Loss) for the period ended	-	-	-	(42,650,826)	(42,650,826)	(42,650,826)
Balance as at June 30, 2018	984,618,280	6,875,000	(282,788,556)	(130,626,088)	(406,539,644)	577,521,738

The annexed notes 1 to 33 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

Muhammad Imran
Chief Financial Officer



CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

Note	Year Ended June 30, 2018	Year Ended June 30, 2017
	---- Rupees ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(41,182,015)	(38,172,980)
Adjustment for non cash items:		
Depreciation	20,313,805	20,133,889
Provision for gratuity	838,000	904,277
Gain on sale of fixed assets	-	(165,227)
Gain / Loss on sale of equity shares	3,072,160	(570,669)
	<u>24,223,965</u>	<u>20,302,270</u>
Net cash inflows from operations before working capital changes	(16,958,050)	(17,870,710)
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(4,572,418)	(760,847)
Stock-in-trade	(19,292,487)	(109,252,654)
Trade debts	6,354,488	90,035,222
Advances, deposits, prepayments & other receivables	(1,114,596)	43,511,263
Advance income tax	(5,970,693)	(4,404,520)
	<u>(24,595,706)</u>	<u>19,128,464</u>
Increase / (decrease) in current liabilities		
Trade and other payables	49,834,971	60,222,036
Net working capital changes	25,239,265	79,350,500
Income tax paid	-	-
Net cash used in from operating activities	8,281,215	61,479,790
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(15,366,506)	(59,867,600)
Security deposit	-	175,000
Short term investments	(7,000,000)	(63,597,944)
Sale proceed against sale of fixed assets	-	522,000
Sale proceed against sale of equity shares	15,339,938	57,683,249
Net cash inflow / (used in) from investing activities	(7,026,568)	(65,085,295)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue - right	-	-
Net cash inflows from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	1,254,647	(3,605,505)
Cash and cash equivalents at the beginning of the year	601,070	4,206,575
Cash and cash equivalents at the end of the year	1,855,717	601,070

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The annexed notes 1 to 33 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

Muhammad Imran
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan on 12 March 1990 as a Private Limited Company and was converted into Public Limited Company on 13 December 1993. The Company was listed on Karachi and Islamabad Stock Exchange(s) on 02 August 1994 and on 18 July 1995 respectively. Its registered office has been transferred from Hattar to Karachi with effect from 15 November 2011. Principal activities of the Company are manufacturing and sale of Jam, Jelly, Syrups, Custard powder, Pickles, Essence, Juices and Aerated drinks and its Allied Products. Currently, the Company operates its units in SWAT and HUB. Under section 247 of the constitution of Pakistan Swat area is exempted from all taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of Preparation

2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.2 Adoption of New And Revised Standards And Interpretations

The fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include change in nomenclature of primary financial statements. Further, the disclosure requirements contained in the Fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

Specific additional disclosures and changes to the existing disclosures as a result of this change are stated in notes 2, 3.1.4, 5, 7.1, 7.2, 21.1, 21.2, 24, 25, 28, 29, 30 and 31.

The following are the standards, amendments & interpretations which have been issued but are not yet effective for the current financial year and have not been early adopted by the Company.

Description	Effective Date (annual reporting periods beginning on or after)
IAS 19 Employee benefits (Amendments)	January 01, 2019
IAS 28 Investment in Associates and Joint Ventures (Amendments)	January 01, 2019
IAS 40 Investment Property (Amendments)	January 01, 2018
IFRS 2 Share-based Payment (Amendments)	January 01, 2018
IFRS 4 Insurance Contracts (Amendments)	January 01, 2018
IFRS 9 Financial Instruments	July 01, 2018
IFRS 15 Revenue from contracts with customers	July 01, 2018
IFRS 16 Leases	January 01, 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty Over Income Tax	January 01, 2018

The management anticipates that, except as stated below, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 on its financial statements.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 14	Regulatory Deferral Accounts
IFRS 17	Insurance Contracts

The following interpretations issued by the IASB have been waived off by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

2.1.3 Accounting convention

These financial statements have been prepared under the historical cost convention except for staff retirement benefits which have been determined under actuarial valuation calculations.

2.1.4 Critical accounting estimates and judgments

The preparation of financial statements is in conformity with the approved accounting standards and requires the use of certain critical accounting estimates. It also requires the 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 and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

2.1.5 Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.



2.1.6 Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

2.1.7 Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

2.1.8 Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

2.1.9 Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

2.2 Taxation

2.2.1 Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years.

Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1.25% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an assets.

2.2.2 Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which these can be utilized.

However, provision for taxation has been made in these financial statement for Hub Unit only, since the Swat Unit is exempt from all taxes (Note 21).

2.3 Property, plant and equipment

Building, Plant and machinery are stated at revalued amount less accumulated depreciation. Freehold land is carried at revalued amounts. All other operating assets are stated at cost less accumulated depreciation except capital work-in-progress which is stated at cost.

Borrowing costs during the erection period are capitalized as part of historical cost of the related assets.

Gains / (Losses) on disposal of operating assets are included in income currently. Normal maintenance and repairs are charged to income as and when incurred. Major renewals and replacements are capitalized.



Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / appreciated value of the assets over their estimated useful lives at the rates given in Note 3.1. The Company charges the depreciation on additions from the month in which the asset is available for use and on deletions up to the month in which the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

2.3.1 Capital Work In Progress

All costs / expenditure connected with specific assets are collected under this head until completion of assets. These are transferred to specific assets as and when assets are available for use.

2.4 Impairment

2.4.1 Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2.4.2 Non-financial assets

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

2.5 Inventories

Inventories, except for stock in transit are stated at lower of cost and net realizable value. Cost is determined as follows:

2.5.1 Stock in trade

Cost signifies in relation to raw material and components at average cost. In case of work-in-process and finished goods at average cost comprising prime cost and appropriate manufacturing overheads. Raw material and components in transit are stated at invoice value plus other charges paid thereon.

2.5.2 Stores and spares

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon till the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.



2.6 Revenue recognition

Revenue from sales is recognized when significant risks and rewards of ownership are transferred to the buyer.

2.7 Foreign currency transactions

Transactions in foreign currency are initially recorded in Pak rupees at exchange rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into rupees at the rate of exchange approximating those prevailing at the balance sheet date except for liabilities covered under forward exchange which are translated at the contracted rates.

2.8 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for "financial instrument at fair value through profit or loss" which is measured initially at fair value .

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit or loss currently.

a) Trade Debts

Trade debts are recognized at invoice value less provision for uncollectible amount. Provision for doubtful debts is based on management assessment of customers outstanding and credit worthiness. Bad debts are written off when there is no realistic prospects of recovery.

b) Trade and other payables

Creditors, accrued and other liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in the future for goods and services.

c) Borrowings

Mark-up bearing borrowings are recognized initially at cost, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

2.9 Related party transaction

All transaction with related parties are entered into arm's length basis determined in accordance with "Comparable Uncontrolled Price Method'.

2.10 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.11 Borrowing Costs

Borrowing costs incurred on long term finances directly attributable for the construction / acquisition of qualifying assets are capitalized up to the date, the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the profit and loss account currently.



2.12 Offsetting of financial instruments

Financial assets and financial liabilities are set off and only the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognized amount and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.13 Share Capital

Ordinary shares are classified as equity.

2.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cheques in hand and deposit with banks net off short term finances/borrowings maturing within one year from the date of acquisition, if any.

2.14 Restatement of Error in Prior Period

In Year 2017 incremental depreciation was unintentionally less recorded by PKR 556,898. In accordance with requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors would now be corrected by restating the incremental depreciation in prior year.

The last year error has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting policies, changes in accounting estimates and errors' and comparative figures have been restated.

The effect of error of incremental depreciation of Rs. 556,898 is recognized and presented surplus on revaluation of property, plant and equipment and retained earnings.

Particulars	As at June 30, 2017		
	As Previously Stated	Effect of Restatement	As Restated
<u>Effect on Statement of Financial Position</u>			
Retained Earnings	(366,537,519)	556,898	(365,980,621)
Surplus on revaluation of property, plant and equipment	22,275,903	(556,898)	21,719,005
<u>Effect on Changes in Equity</u>			
Incremental depreciation transferred to retained earnings	1,757,844	556,898	2,314,742



June 30, 2018 June 30, 2017
Rupees

3 PROPERTY PLANT AND EQUIPMENT

Operating Assets - note 3.1	227,946,342	239,880,816
Capital Work-in-Progress - note 3.2	174,367,761	162,380,790
	402,314,103	402,261,606

3.1 PROPERTY PLANT AND EQUIPMENT - OPERATING ASSETS

	Owned						Total
	Lease hold land	Building	Plant and machinery	Vehicles	Computers & office equipment's	Furniture and fixtures	
	----- Rupees -----						
NBV as on June 30, 2016	36,400,000	91,433,679	112,293,547	5,992,806	867,666	1,413,529	248,401,227
Additions / adjustments	-	356,337	8,951,814	1,965,250	525,500	171,350	11,970,251
Disposal (at NBV)	-	-	-	(356,773)	-	-	(356,773)
Depreciation charge	-	(7,376,264)	(11,197,125)	(1,110,938)	(304,653)	(144,909)	(20,133,889)
NBV as on June 30, 2017	36,400,000	84,413,752	110,048,236	6,490,345	1,088,513	1,439,970	239,880,816
Gross Carrying Value Basis							
Cost	36,400,000	109,798,467	210,221,481	10,431,940	1,918,257	3,725,054	372,495,199
Accumulated depreciation	-	(25,384,715)	(100,173,245)	(3,941,595)	(829,744)	(2,285,084)	(132,614,383)
NBV as on June 30, 2017	36,400,000	84,413,752	110,048,236	6,490,345	1,088,513	1,439,970	239,880,816
NBV as on June 30, 2017	36,400,000	84,413,752	110,048,236	6,490,345	1,088,513	1,439,970	239,880,816
Surplus on revaluation	-	-	4,999,796	-	-	-	4,999,796
Additions	-	-	3,000,000	-	15,300	364,235	3,379,535
Disposals (at NBV)							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge	-	(8,130,067)	(10,626,135)	(1,092,420)	(291,200)	(173,983)	(20,313,805)
NBV as on June 30, 2018	36,400,000	76,283,685	107,421,897	5,397,925	812,613	1,630,222	227,946,342
Gross Carrying Value Basis							
Cost	36,400,000	109,798,467	218,221,277	10,431,940	1,933,557	4,089,289	380,874,530
Accumulated depreciation	-	(33,514,782)	(110,799,380)	(5,034,015)	(1,120,944)	(2,459,067)	(152,928,188)
NBV as on June 30, 2018	36,400,000	76,283,685	107,421,897	5,397,925	812,613	1,630,222	227,946,342
	-	10%	10%	20%	30%	10%	

** NBV stands for Net Book Value.

3.1.1 Depreciation for the year has been allocated as follow:

	June 30, 2018	June 30, 2017
	Rupees	
Cost of sales	19,088,535	18,942,762
Administrative expenses	1,225,270	1,191,127
	20,313,805	20,133,889

3.1.2 No asset was sold to Chief Executive, Directors, Executives and Shareholders during the year.

3.1.3 Revaluation was conducted in the current year at 30 June 2018 by Messrs. Sipra & Coompany (Private) Limited an independent valuer. Previously the revluation was conducted out on June 30 2014 and 31 December 2011.

3.1.4 Particular of Immovable property (i-e land and buildings) in the name of Company are asfollows:

Location	Usage of Immoveable Property Plant	Total Area	Covered Area
Near Nazar chowrangi Hub, Baochistan F-10/12		93066.97	93066.97
		Sq. meters	Sq. meters



3.2 CAPITAL WORK-IN-PROGRESS

	June 30, 2018	June 30, 2017
	Rupees	
CWIP - Plant & Machinery	104,570,780	92,657,009
Tetra	69,796,981	69,723,781
	<u>174,367,761</u>	<u>162,380,790</u>

3.2.1 Reconciliation of the carrying amount of Capital-work-in-progress.

	CWIP - Plant & Machinery	Tetra	Total
Balance as on July 1, 2016	46,025,332	68,458,109	114,483,441
Capital Expenditure Incurred	46,631,677	1,265,672	47,897,349
Adjustments / Transfers	-	-	-
Balance as on June 30, 2017	<u>92,657,009</u>	<u>69,723,781</u>	<u>162,380,790</u>
Balance as on July 1, 2017	92,657,009	69,723,781	162,380,790
Capital Expenditure Incurred	11,913,771	73,200	11,986,971
Adjustments / Transfers	-	-	-
Balance as on June 30, 2018	<u>104,570,780</u>	<u>69,796,981</u>	<u>174,367,761</u>

4 STOCK IN TRADE

	June 30, 2018	June 30, 2017
	Rupees	
Raw and Packing materials	221,212,768	181,907,303
Finished goods	66,939,533	86,952,511
	<u>288,152,301</u>	<u>268,859,814</u>

5 TRADE DEBTS - UNSECURED

	June 30, 2018	June 30, 2017
	---- Rupees ----	
Considered good	9,310,190	15,664,678
	<u>9,310,190</u>	<u>15,664,678</u>

5.1 No aggregate outstanding balance of trade debtors due from related parties at the end of any month during the year.

5.2 As at June 30, 2018, no amount was due from related parties for which impairment needs to be tested (2017: Nil)



	June 30, 2018	June 30, 2017
	Rupees	
6 SHORT TERM INVESTMENTS		
Equity investments	6,582,207	24,578,631
Islamic Fund	6,584,326	-
6.1 Equity Investments:	13,166,533	24,578,631
<i>Marketable securities - Listed</i>		
Cost of listed Shares	24,578,631	18,093,267
Purchased during the year	-	63,597,944
Disposal during the year	(15,339,938)	(57,683,249)
	9,238,693	24,007,962
Fair value reserve	(2,656,486)	570,669
Fair Value of listed shares	6,582,207	24,578,631
6.1.1 This includes investments in different listed securities.		
6.2 Islamic Fund		
Investment in Islamic Certificates	6,584,326	-
7 ADVANCES DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES		
Advances and Deposits	5,190,995	3,872,045
Advances to Suppliers	14,234,804	17,244,392
Other Receivables	4,080,797	175,373
Sales Tax	3,906,451	5,006,641
	27,413,047	26,298,451
7.1 No aggregate outstanding balance of trade debtors due from related parties at the end of any month during the year.		
7.2 As at June 30, 2018, no amount was due from related parties for which impairment needs to be tested (2017: Nil)		
8 TAXATION - Net		
Advance income tax	11,912,298	7,499,321
Less : Provision for tax	1,514,876	1,360,626
	10,397,422	6,138,695
9 CASH AND BANK BALANCES		
Cash in hand	131,159	23,095
Cash at bank-current accounts	850,289	320,915
-Saving Accounts	874,269	257,060
	1,855,717	601,070



			June 30, 2018	June 30, 2017	
			---- Rupees ----		
10	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL (NUMBER OF SHARES)				
	2018	2017			
	4,954,366	4,954,366	Ordinary shares of Rs.10 each fully paid in cash	49,543,660	49,543,660
	433,888	433,888	Ordinary shares of Rs.10 each fully paid in cash to NIT and ICP	4,338,880	4,338,880
	3,576,424	3,576,424	Ordinary shares of Rs.10 each fully paid in cash to general public	35,764,240	35,764,240
	1,722,822	1,722,822	Ordinary shares of Rs.10 each issued as bonus shares	17,228,220	17,228,220
	31,711,000	31,711,000	Ordinary shares of Rs.10 each issued at a discount of Rs. 4 per Share issued to Convert Part of the Directors Loan into Fully Paid Shares	317,110,000	317,110,000
	9,802,050	9,802,050	Ordinary shares of Rs.10 each fully paid in cash to general public	98,020,500	98,020,500
	20,000,000	20,000,000	Ordinary shares of Rs.10 each issued at a discount of Rs. 2 per share fully paid in cash issued to general public	200,000,000	200,000,000
	26,261,278	26,261,278	Ordinary shares of Rs.10 each issued at a discount of Rs. 2 per share issued against property (15,011,280 shares) to Sponsor Director and against machinery (11,250,000 shares) to Mr.	262,612,780	262,612,780
	98,461,828	98,461,828		984,618,280	984,618,280

10.1 Capital risk management policies and procedures

The company's objective when managing the capital are:

- to safeguard its ability to continue as a going concern so that it can continue to provide return to shareholders and benefits other stakeholders ; and
- to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure by monitoring return on net assets and to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends to shareholders, issue new shares and adopt other means commensuration to the circumstances.



June 30, 2018 June 30, 2017
 ---- Rupees ----

11 RESERVES

Composition of reserves is as follows:

Capital

Premium on issue of share capital (Note 11.1)	6,875,000	6,875,000
Discount on issue of share capital	(282,788,556)	(282,788,556)

Revenue

Accumulated loss	(130,626,088)	(90,623,963)
	(406,539,644)	(366,537,519)

11.1 This reserve can be utilized by the Company only for the purposes specified in section 86 of the Companies Act, 2017.

June 30, 2018 June 30, 2017
 ---- Rupees ----

12 STAFF RETIREMENT BENEFITS

Staff gratuity scheme -unfunded

Present value of defined benefit obligation	3,761,695	3,166,850
Add: Unrecognized actuarial gain / (loss)	-	-
	3,761,695	3,166,850

12.1 General Description

The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on 30 June 2018.

12.2 Movement in present value of defined benefit obligation

Balance at beginning of the year	3,166,850	3,205,570
Current service cost	658,610	671,013
Interest cost	179,390	233,264
Actuarial (gain) / loss	-	-
Experience adjustments	(243,155)	(942,997)
Balance as at end of the year	3,761,695	3,166,850

12.3 Movement in balances

Balance at beginning of the year	3,166,850	3,205,570
Expense during the year	838,000	904,277
Remeasurements chargeable in other comprehensive income	(243,155)	(942,997)
	3,761,695	3,166,850

12.4 Charge for the year

Current service cost	658,610	671,013
Interest cost	179,390	233,264
	838,000	904,277

12.5 Experience Adjustments

Experience adjustment arising on plan liabilities (gains) / losses	(243,155)	(942,997)
Present value of defined benefits obligation	3,761,695	3,166,850



12.6 Principal actuarial assumption

Following principal actuarial assumptions were used for the valuation:	2018	2017
Estimated rate of increase in salary of the employees	N/A	N/A
Discount rate used for year end obligation	9.25% p.a	9.25% p.a
Discount rate used for interest cost in P&L charge	9.00% p.a	9.00% p.a

13 TRADE AND OTHER PAYABLES

	June 30, 2018	June 30, 2017
	---- Rupees ----	
Trade creditors	31,642,961	6,808,582
Accrued liabilities	13,081,248	8,269,172
Advance from Customer	96,109,227	78,731,592
Other liabilities	14,547,379	11,736,498
	<u>155,380,815</u>	<u>105,545,844</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

- 14.1.1** Securities and Exchange Commission of Pakistan (SECP) has fined the Company and all the directors for Rupees 0.785 million under sections 155, 233, & 245 and 74 and 476 respectively of the Companies Ordinance, 1984. No provision has made in these financial statements for such penalty. Directors and Company have filed appeal before SECP and expect a favorable outcome.

14.2 Commitments

There were no capital or other commitments at the balance sheet date. (2017: Nil)

15 SALES

	June 30, 2018	June 30, 2017
	---- Rupees ----	
Sales - Swat (net sales)	7,246,250	19,099,650
Sales - Karachi (net sales)	120,251,335	134,392,316
	<u>127,471,967</u>	<u>153,491,966</u>

16 COST OF SALES

Finished goods - opening	86,952,511	63,116,979
Add: Cost of goods manufactured	<u>98,677,578</u>	<u>152,280,443</u>
	185,630,089	215,397,422
Less: Finished goods - closing	<u>66,939,533</u>	<u>86,952,511</u>
	<u>118,690,556</u>	<u>128,444,911</u>

Cost of goods manufactured

Raw and packing material consumed (Note 16.1)	48,379,978	95,174,511
Store & spares consumed	738,129	1,356,386
Salaries, wages and other benefits	8,818,189	15,544,298
Conveyance expenses	821,860	1,002,556
Communication expenses	31,730	25,736
Entertainment expenses	1,805,843	2,691,377
Freight and octroy	796,680	1,283,969
Factory rent	359,996	631,996
Fuel and power	273,121	194,908
Stationary expenses	14,110	43,710
Repair and maintenance	807,451	1,953,648
Utilities	11,727,501	8,219,397
Depreciation (Note 3.1)	19,088,535	18,942,764
Security expenses	1,598,044	1,212,733
Travelling expenses	204,991	187,813
Water charges	1,277,606	765,974
Loading / unloading expenses	160,606	380,295
Miscellaneous expenses	1,773,208	2,668,372
	<u>98,677,578</u>	<u>152,280,443</u>



	June 30, 2018	June 30, 2017
	---- Rupees ----	
16.1 Raw and Packing material consumed		
Opening stock	181,907,303	96,490,181
Add: Purchased during the year	87,685,443	180,591,633
	<u>269,592,746</u>	<u>277,081,814</u>
Less: Closing stock	221,212,768	181,907,303
	<u>48,379,978</u>	<u>95,174,511</u>
17 DISTRIBUTION COST		
Marketing expenses	7,232,924	13,983,298
Salaries and other benefits	15,441,617	23,285,146
Outward freight and handling	129,600	1,709,992
Advertisement and publicity	3,118,856	6,966,456
	<u>25,922,997</u>	<u>45,944,892</u>
18 ADMINISTRATIVE EXPENSES		
Directors remuneration (Note 28)	2,929,000	2,929,000
Salaries and other benefits	5,205,523	6,089,763
Conveyance expense	188,267	495,216
Communication expense	383,148	223,363
Entertainment	430,352	395,718
Fee, subscription & professional charges	4,774,000	4,575,926
Fuel & power	71,840	18,630
Rent expense	2,220,000	2,277,500
Printing and stationery	147,102	278,576
Repair and maintenance	283,395	472,626
Utilities	1,188,903	979,112
Auditors' remuneration (Note 18.1)	575,000	450,000
Depreciation (Note 3.1)	1,225,270	1,191,127
Miscellaneous expenses	608,174	1,127,219
Advertisement and publicity	-	21,600
Traveling expenses	950,071	1,428,004
	<u>21,180,045</u>	<u>22,953,380</u>
	June 30, 2018	June 30, 2017
	---- Rupees ----	
18.1 Auditors' remuneration		
Audit fee	450,000	375,000
Half yearly review	125,000	75,000
	<u>575,000</u>	<u>450,000</u>
19 OTHER OPERATING INCOME		
Other Income	358,553	1,351,569
Dividend Income	530,598	788,399
Bank Profit	49,580	262,961
Scrape Sales	-	365,500
Exchange Gain	-	567,779
Gain / (Loss) on disposal of assets	-	2,354,980
Investment Income	-	90,145
	<u>938,731</u>	<u>5,781,333</u>
20 FINANCE COST		
Bank charges	<u>173,452</u>	<u>103,096</u>
21 TAXATION		
<u>Current</u>		
for the year	1,514,876	1,360,626
for prior years	197,090	159,423
	1,711,966	1,520,049
<u>Deferred Tax</u>	-	-
	<u>1,711,966</u>	<u>1,520,049</u>



Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1.25% of turnover.

The operations of the Company are in Swat & Hub Unit. However, Under section 247 of the Constitution of Pakistan, Swat area is exempted from all taxes. Accordingly, no provision for current and deferred tax has been made for Swat.

21.1 Management assessment of sufficiency of current tax provision

21.1.1 It is management's assessment that the provision for taxation made in the financial statements is sufficient .

21.2 Comparison of Tax Provision with Tax Assessment	2017	2016	2015
		Rupees	
Tax Provision as per Accounts	1,360,626	1,266,062	798,570
Tax Assessment	1,557,716	1,425,485	849,896

22 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

Profit attributable to ordinary shares	(Rupees)	<u>(42,893,981)</u>	<u>(39,693,029)</u>
Weighted average number of ordinary shares	(Numbers)	<u>98,461,828</u>	<u>98,461,828</u>
Earnings per share	(Rupees)	<u>(0.4356)</u>	<u>(0.4199)</u>

23 CASH AND CASH EQUIVALENTS

Cash and bank balance		<u>1,855,717</u>	<u>601,070</u>
		<u>1,855,717</u>	<u>601,070</u>

24 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, sales distributor and major suppliers..

Sales	-	19,099,650
Purchases	-	9,891,685
Loans and advances	-	3,872,045

24.1 There were no related parties during the period 30 June 2018. The related party appearing last year did not comply the definition of related party this year.

25 CAPACITY AND PRODUCTION

In view of varying manufacturing process and multiple products, the annual capacity of the plant is 176,000 dozens bottles based on double shift of sixteen hours a day. Working days for syrup and HHP are in 300 days. The fact for under utilization is due to lack of sufficient funds and normal maintenance.

Capacity	2018	2017
Rated capacity		
Syrup		
Dozen bottles of 800 ml each-150 days per annum single shift	<u>120,000</u>	<u>120,000</u>
Juice		
Dozen Packets of 250 ml each-180 day per annum single shift	<u>235,560</u>	<u>235,560</u>
HHP		
Dozen bottles of 440 gm each-300 day per annum double shift	<u>56,000</u>	<u>56,000</u>
Actual Production		
Syrup		
Dozen bottles - 800 ml	<u>40,707</u>	<u>96,576</u>
Juice		
Three Dozen Packets - 250 ml	<u>72,377</u>	<u>149,918</u>

25.1 Actual production was less than Rated capacity because the production is made on demand and supply basis. Due to less demand the production fall short.

26 FINANCIAL RISK MANAGEMENT

26.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and manages financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk arises due to fluctuation in foreign exchange rates. The Company has transactional currency exposure. Such exposure arises from sales by the Company in currencies other than Rupee.

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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. If Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD, with all other variables held constant, the effect on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) at June 30, 2017 and 2016 would have been as follows:

	Increase / (Decrease) US Dollar to Pak Rupee	Effect on profit before tax Rupees
2018		
Pak Rupee	+5%	49,166
Pak Rupee	-5%	(49,166)
2017		
Pak Rupee	+5%	47,166
Pak Rupee	-5%	(47,166)

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk. As at reporting date, there were no interest bearing borrowings. Therefore, there was no interest rate risk.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:



	June 30, 2018	June 30, 2017
	---- Rupees ----	
Trade debts	9,310,190	15,664,678
Loans and advances	27,413,047	26,298,451
Bank balances	1,724,558	577,975
	38,447,795	42,541,104

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2018	2017
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Allied Bank Limited	A1+	AA+	PACRA	838,383	309,009
Habib Bank Limited	A-1+	AAA	JCR-VIS	18,628	25,410
Meezan Bank Limited	A-1+	AA	JCR-VIS	834,563	203,615
National Bank of Pakistan	A-1+	AAA	JCR-VIS	5,000	5,000
United Bank Limited	A-1+	AAA	JCR-VIS	27,984	34,941
				1,724,558	577,975

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2018 the Company had Rupees 1.856 million (2017: Rupees 0.6 million) cash and bank balances. The Company is in a very good working capital position at the year end, management believes the liquidity risk to be low considering the nature of individual items in the working capital position. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2018

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	155,380,815	155,380,815	103,587,210	51,793,605	-	-
	155,380,815	155,380,815	103,587,210	51,793,605	-	-

Contractual maturities of financial liabilities as at 30 June 2018

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Trade and other payables	105,545,844	105,545,844	70,363,896	35,181,948	-	-
	105,545,844	105,545,844	70,363,896	35,181,948	-	-

26.2 Fair values of financial assets and liabilities

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and fair value estimates.

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

26.3 Financial instruments by categories

As at 30 June 2018

Assets as per balance sheet

Trade debts

Short Term Investments

Loans and advances

Cash and bank balances

Loans and receivables	Total
Rupees	Rupees
9,310,190	9,310,190
13,166,533	13,166,533
27,413,047	27,413,047
1,855,717	1,855,717
51,745,487	51,745,487

Liabilities as per balance sheet

Trade and other payables

Financial liabilities at amortized cost	Rupees
	155,380,815
	155,380,815

As at 30 June 2017

Assets as per balance sheet

Trade debts

Short Term Investments

Loans and advances

Cash and bank balances

Loans and receivables	Total
Rupees	Rupees
15,664,678	15,664,678
24,578,631	24,578,631
26,298,451	26,298,451
601,070	601,070
67,142,830	67,142,830

Liabilities as per balance sheet

Trade and other payables

Financial liabilities at amortized cost	Rupees
	155,380,815
	155,380,815

27 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on November 01, 2018 by the Board of Directors of the Company.

28 CHIEF EXECUTIVE OFFICER'S, DIRECTORS' AND EXECUTIVES' REMUNERATION

	2018			2017		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives *
Managerial remuneration and other benefits	570,000	1,736,000	13,060,320	570,000	1,736,000	6,900,450
House rent and utilities	95,000	528,000	-	95,000	528,000	-
	665,000	2,264,000	13,060,320	665,000	2,264,000	6,900,450
No. of Persons	1	2	7	1	2	5

* Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.

28.1 Chief Executive is also provided with free use of company maintained car and reimbursement of residential utility bills.

29 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS

- (a) During the year, the Company incurred major capital expenditure as part of its plan to improve the quality of the products. Capital expenditure details are reflected in note 3.
- (b) The exchange rate of US Dollar to Pakistan Rupee has increased from PKR 103.87 as at June 30, 2017 to PKR 120.35 as at June 30, 2018. This movement in exchange rate has impact on the profits earned by the Company.
- (c) Other significant transactions and events have been adequately described in these financial statements. For detail performance review of the Company, refer Directors' Report.

30 NUMBER OF PERSONS EMPLOYED

Total number of Persons employed at the end of year was 90 (2017: 80). Average number of employees during the year was 88 (2017: 78). Total number of employees includes 58 (2017: 48) employees at production unit at the end of the year. Average number of employees during the year at production unit was 57 (2017: 40).

31 GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

Business Units	Location
Production Unit 1	Near Nazar chorangi Hub, Baochistan F-10/12
Production Unit 2	Sher Zam plaza Near Rahimabad Post Office. GT ROAD Rahimabad, SWAT Khyber pakhtunkhwa

32 CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures has been made during the year.

33 GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.



Muhammad Atif
Chief Executive Officer



Muhammad Siraj
Director



Muhammad Imran
Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 28th Annual General Meeting of the Shareholders of Quice Food Industries Limited will be held at the Registered Office of the Company: WS-7, Madina Palace, Faran CHS, Dhoraji Colony, Karachi on Thursday, November 29, 2018 at 11:00 am to transact the following business:

ORDINARY BUSINESS:

- 1 To confirm the minutes of 27th Annual General Meeting Held on October 27, 2017.
- 2 To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2018 together with Director's and Auditor's Reports thereon.
- 3 To appoint Auditors for the year ending June 30, 2019 and fix their remuneration M/S. Aslam Malik & Co. Chartered Accountants will retire and are eligible to offer Themselves for re-appointment.

OTHER BUSINESS:

1. To transact any other business with permission of the Chair

By order of the Board

Karachi:
November 01, 2018

IQBAL SHAHID
Company Secretary

BOOK CLOSURE:

The Share Transfer Books of the Company will remain closed from November 23, 2018 to November 29, 2018 (both days included)

Notes:

- 1 A member entitled to attend and vote at meeting may appoint a proxy. Proxies in order to be Effective, must be received at the Registered Office of the Company duly signed, stamped and witnessed not later than 48 hours before the Meeting. A proxy not to be a member of the Company.

Members are requested to communicate to the Company any change in their addresses.



Pattern of Shareholding
As At June 30, 2018

No. of Share Holders	Shareholding		Total Shares Held
	From	To	
630	1	100	15,236
1088	101	500	314,559
1159	501	1,000	925,861
1574	1,001	5,000	3,908,668
517	5,001	10,000	3,895,825
810	10,001	100,000	24,318,892
90	100,001	1,000,000	19,120,709
3	1,000,001	5,000,000	14,575,500
1	5,000,001	7,000,000	5,114,000
2	7,000,001	15,015,000	26,272,578
5,874	Total		98,461,828

S.No.	Categories Of Shareholders	No. of Shareholders	Total Shares Held	%
1	CEO	1	627	0.00
2	Directors	6	9,804	0.01
3	General Public	5,807	42,882,808	43.55
4	Joint Stock Companies	47	16,588,072	16.85
5	Financial Institution	2	53,750	0.05
6	Insurance Companies	1	77,188	0.08
7	Modarabas and Mutual Funds	2	6,925,100	7.03
8	NIT and ICP	1	35,400	0.04
9	Sponsors And Family Members	2	31,386,578	31.88
10	Others	5	502,501	0.51
Total		6,046	98,461,828	100.00

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Proxy Form

I/We _____ of _____ being a member of QUICE FOOD INDUSTRIES LIMITED and holder of _____ Ordinary shares as per share Register Folio No. _____ and/or CDC Participant I.D. No. _____ and Sub Account No. _____, hereby appoint _____ of _____ or failing him _____ of _____ as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held on the 31th day of October, 2015 and at any adjournment thereof.

Signed this _____ day of _____ 2018.

WITNESSES:

1) Signature : _____
 Name : _____
 Address : _____

 CNIC or : _____
 Passport No. : _____

 Signature
 Signature should agree with the specimen registered with the Company

2) Signature : _____
 Name : _____
 Address : _____

 CNIC or : _____
 Passport No. : _____

Note:

Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting. A Proxy need not be a member of the Company.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.