QUICE®

# 2018 2019

# Annual Report

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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. Irfan Mangnejo | 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. Muhammad Siraj | Member |
| - Mr. Irfan Mangnejo | 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

Successfully established it-self as a prominent name in Food & Beverages sector.
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.

# 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.

# CORE VALUES

## VALUE

Our success is measured through the incremental value we create for our customers, which ultimately benefits our stakeholders.

## LEARDERSHIP

We are leaders in all aspects through active engagment and advocacy.

## INNOVATION

We anticipate change and create better change for our customers through strategic innovation.

## PEOPLE

### INTEGRITY

Behaving ethically, safely, honesty and lawfully.

### TEAM WORK

Working collaboratively towards common goals.

Treating people with respect and dignity and providing opportunities to reach their potential.

Code of Ethics &

# Business Practices

Quice Food Industries Limited (the Company) conducts its operations with strong ethical and moral standards consideration complying with statutory regulations and 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 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.

# Review Report by the
# Chairman

**20 19,** We initiated a transformation that is now starting to deliver results. All our operating and financial metrics are heading in the right direction. We have the processes, systems and people in place to ensure we have performance discipline and operating leverage into the future. We are seeing increased business development opportunities. Our customers tell us that the quality of our work is good and getting better.

Quice Food complies with all the statutory requirements set out in the Companies Act, 2017 and in the Code of Corporate Governance, (the "Code") with regard to the composition, procedures and meetings of the Board of Directors (the "Board") and its committees.

As required under the Code, an evaluation of the Board is carried out to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

The Board is confident that there is a strong corporate governance system in place and the Board has adopted appropriate charters, codes and policies and established a number of committees to effectively govern the Company.

Your Company is committed to good Corporate Governance. I am pleased to report that the performance of the Board has been par excellence which has helped in effective steering of the Company during the year. The Board acknowledges its responsibility in respect of Corporate & Financial Reporting Framework. The Board is also aware of its strategic role in achieving the Company's key objectives and is focused on enriching the returns of its shareholders & other stakeholders and shall continue contributing through sustained supply of premium quality products to its valued Customers.

I would like to thank the Directors, the Leadership Team, and most importantly our people for their contribution in a year where we have begun to see the rewards of a lot of hard work put in over the past years. Significant progress has been made by the Company and I would like to take this opportunity to thank our shareholders for their continued support and I look forward to realizing our future together.

RIAZ

Chairman

## چیئرمین جائزہ رپورٹ

ہم نے تبدیلی ماہیئت کا جو آغاز کیا تھا اس کے نتائج حاصل ہونا شروع ہو گئے ہیں، ہمارے تمام مالیاتی اور عمل سرگومیوں کے معاملات درست سمت کی جانب گامزن ہیں۔ہم نے تمام اعمال کار، نظام اور لوگوں کو انکے درست مقام پر جگہ دی تا کہ اس بات کو یقینی بنایا جائے کے مستقبل میں کارکردگی اور نظم وضبط کا معیار قائم رہ سکے، ہم بڑھتے ہوئے کاروباری مواقع دیکھ رہے ہیں۔خود ہمارے صارفین ہمارے معیار کے بارے میں بتاتے ہیں کہ یہ بہتر سے بہتر ہوتا جا رہا ہے۔

کوئس فوڈز کمپنیز ایکٹ، 2017ء میں بیان کئے گئے تمام قانونی تقاضوں کو پورا کرتے ہیں اور کوڈ آف کارپوریٹ گورننس (کوڈ) کے مطابق بورڈ آف ڈائریکٹرز اور اس کی کمیٹیز کی تشکیل، ماہیئت اور میٹنگز کو یقینی بناتے ہیں۔

کوڈ کے تقاضوں کے مطابق بورڈ کی تقویم کی گئی تا کہ یقینی بنایا جاسکے کہ بورڈ کی جملہ کارکردگی موثر انداز میں کمیٹی کے طے کردہ مقاصد اور اندازوں کے مطابق جانچی جاسکے، وہ شعبے جہاں بہتری کی گنجائش ہے وہ زیرِغور ہیں اور ان کے لئے منصوبہ بندی کر لی گئی ہے۔ بورڈ اس بارے میں پراعتماد ہے کہ ایک مضبوط کارپوریٹ گورنینس کا نظام کام کر رہا ہے اور اس نے متعلقہ اصولوں، کوڈز اور لائحہ عمل وضع کئے ہیں تا کہ کمیٹی کو موثر انداز میں چلایا جا سکے۔

آپ کی کمپنی ایک اچھی کارپوریٹ گورنینس پر یقین رکھتی ہے۔ مجھے یہ بیان کرتے ہوئے خوشی محسوس ہوتی ہے کہ بورڈ کی کارکردگی بہت شاندار رہی ہے، جس کے طفیل کمپنی کے معاملات انجام دینے میں پورے سال بہت مدد ملی۔ بورڈ کارپوریٹ اور مالی رپورٹنگ کے نظام کے بارے میں اپنی زمہ داریوں سے آگاہ ہے، کمپنی کے مقرر کردہ مقاصد کو حاصل کرنے کے لئے بورڈ کا جو کردار ہوتا ہے وہ بھی اس کے لئے عیاں ہے، اس کی توجہ اس بات پر مرکوز ہے کہ کمپنی کے حصص یافتگان اور دیگر شرکاء کے مفادات کا تحفظ کیا جائے، اور اپنے صارفین تک اعلیٰ معیار کی مصنوعات کی ترسیل جاری رکھی جائے۔

میں ڈائریکٹرز، لیڈرشپ ٹیم اور خصوصاً اپنے عملے کا شکریہ ادا کرنا چاہوں گا، شکریہ اس بات پر کہ گذشتہ سالوں میں سخت محنت کا جو سلسلہ شروع کیا گیا تھا، اس سال اس کے ثمرات نظر آنا شروع ہو چکے ہیں، کمپنی نے نمایاں ترقی کی ہے اور میں اپنے حصص یافتگان کا بھی شکریہ ادا کرنے کا بھی موقع حاصل کرنا چاہتا ہوں کیونکہ آپ کا تعاون اور مدد مسلسل شامل حال رہی جس کی بدولت ہم ایک ساتھ اپنا روشن مستقبل دیکھ سکتے ہیں۔شکریہ

RIAZ

چیئرمین

Review Report by the

# Directors

Fellow shareholders,

On behalf of the Board, we have pleasure in presenting the annual report and audited financial information of the Company for the year ended June 30, 2019.

## Business Overview

### Revenue

During the period, the Company reported a revenue of PKR 116.775 million vs PKR 127.472 million in the same period last year due to an overall economic slowdown and pressure. Further, the decline resulted mainly due to the higher input costs resulting from increase in commodity prices and devaluation of currency, higher energy prices and imposition of water charge.

### Cost

Cost of sales decreased by 3% as compared to last year. This was mainly on account of Production volume performance.

### Gross Profit

During the fiscal year 2018-19, the Company achieved an overall gross profit of 10% at Rs. 11.454 million as compare to Rs. 8.781 million last year.

## Products

### Syrup

Syrup endured its trend of growth over the past year due to rising competitors with a destructive strategy. In the current year sale volume performance decline by 28%.

### Juice

To one side from Syrup, a Juice segment achieved an increasing sale volume by 29% as compared to last year.

### Carbonated Soft Drink

During the year, Company has launched its another refreshing product in a wide flavor range to its consumer.

With one of the hottest summers this year, Quice Fruit Drink had a very happening season whereby multiple brand building initiatives were undertaken to generate trial and awareness. And a focused converter activity took place which aimed at boosting Quice products.

We, successfully expanded our penetration in key markets by reducing distribution gaps and tapping potential market segments bringing us closer to achieving our goals.

## Financial highlights

| | 2019<br>Rupees "000" | 2018<br>Rupees "000" |
|---|---|---|
| Net sales | 116,775 | 127,472 |
| Gross profit | 11,454 | 8,781 |
| Depreciation | 20,865 | 20,313 |
| Pre-tax loss | 42,994 | 41,182 |
| After-tax loss | 51,056 | 40,107 |
| Retained earnings | (464,666) | (415,669) |

## Our Populace

We deem that the way to rise as a business is to grow our people, enabling personal development and ambitious business results.
This speculation in our people is what sets us apart in the industry and drives us towards our goals with the right people on board.

## Working Capital Management

Efficient working capital management shows itself in our current ratio and quick ratio which respectively stand at 3.25 time and 2.05 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 continued to provide unconditional support to all its partners for successfully achieving the targets and also focused on minimizing costs along with strengthening its relationships with all its suppliers.

## 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. IT infrastructure is a combined set of hardware, software, network facilities and the people who are staffed to maintain this. We have all the ingredients in place to claim that our IT infrastructure is second to none.

# 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.

## Board Committees

## 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 Haroon | Chairman |
| Mr. Muhammad Siraj | Member |
| Mr. Irfan Mangnejo | Member |

## HR & Remuneration Committee

| | |
|---|---|
| Mr. Salman Haroon | Chairman |
| Mr. Muhammad Siraj | Member |
| Mr. Muhammad Riaz | 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. Salman Haroon | 05 |
| 5. | Mr. Jawed Yameen | 04 |
| 6. | Mr. Amir Altaf | 04 |
| 7. | Mr. Muhammad Riaz | 04 |
| 8. | Mr. Irfan Mangnajo | - |

## 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.

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 sustained losses 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. There were no related parties' transaction during the year.

11. The Company operates unfunded gratuity scheme for its eligible employees. The carrying value of liability as at June 30, 2019 was Rs. 5.070 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; we 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 Directors**

**Chief Executive Officer**

Karachi
October 01, 2019

## ڈائریکٹر رپورٹ

بورڈ کی جانب سے 30 جون 2019ء کو اختتام شدہ مالیاتی سال کی آڈٹ شدہ مالیاتی معلومات اور سالانہ رپورٹ پیش کرنے پر ہم مسرت محسوس کر رہے ہیں۔

### کاروباری جائزہ

اس عرصے حصول زر کے دوران کمپنی کے حصول زر کی رقم پچھلے سال کے 127.472 ملین روپے کے مقابلے میں 116.775 ملین روپے ظاہر کی گئی، جس کی وجہ سے معاشی سست روی اور دباؤ رہے۔ علاوہ ازیں اس تنزلی کا نتیجہ پیداواری لاگت میں اشیاء کے مہنگا ہونے کی وجہ سے اضافہ، روپے کی قدر میں کمی م توانائی کی قیمتوں میں اضافہ اور پانی کی قیمت کے لاگو ہونے کی شکل میں نکلا۔

### لاگت

فروخت کی لاگت گذشتہ سال کے مقابلے میں 3% کم ہوئی۔ اس کی خاص وجہ پیداواری حجم کی کارکردگی رہی۔

### مجموعی منافع

مالی سال 19-2018ء میں کمپنی نے گذشتہ سال 8.781 ملین روپے کے مقابلے میں 10% کی شرح سے 11.454 ملین روپے کا مجموعی منافع حاصل کیا۔

### مصنوعات

### شربت

شربت کی پیداوار کو بڑھتی ہوئی مسابقت کے باعث منفی لائحہ عمل پر کاربند ہوتے ہوئے کمی برداشت کرنا پڑی۔ رواں سال میں فروخت کے حجم میں 28% کمی کا سامنا رہا۔

### جوس

کمپنی شربت کے برعکس، جوس کے شعبے میں گذشتہ سال کے مقابلے میں فروخت کا حجم 29% زیادہ کرنے میں کامیاب رہی۔

### کاربونیٹ سافٹ ڈرنکس

رواں سال کے دوران کمپنی نے اپنی مصنوعات میں ایک اور فرحت بخش اضافہ کیا جو اپنے صارفین کے لئے کئی ذائقوں میں پیش کیا گیا۔ اس برس کی شدید گرمی میں کوئس فروٹ ڈرنک کا بہت سرگرم دور رہا جبکہ انواع و اقسام کے ذائقوں کے صارفین کی آگاہی کے لئے تجربات کئے گئے اور ایک ایسی سرگرمی شروع کی گئی جس سے کوئس کی مصنوعات ابھر کر سامنے آئیں۔

ہم نے کامیابی کے ساتھ تقسیم کاری کے خلاء کو کم کرتے ہوئے اہم منڈیوں میں اپنے ارتکاز کو بڑھایا، جس سے ہم اپنے اہداف کے زیادہ قریب ہو گئے۔

| مالیاتی جائزہ | 2019 روپے "000" | 2018 روپے "000" |
|---|---|---|
| خالص فروخت | 116,775 | 127,472 |
| مجموعی منافع | 11,454 | 8,781 |
| فرسودگی | 20,865 | 20,314 |
| قبل از ٹیکس نقصان | 42,994 | 41,182 |
| بعد از ٹیکس نقصان | 51,056 | 40,107 |
| جاری نقصان | 464,666 | 415,669 |

# ڈائریکٹرز رپورٹ جاری۔۔

## ہمارا عملہ

ہم اس بات پر یقین رکھتے ہیں کہ کاروبار میں ترقی سے ہمارے لوگوں کو ترقی کا راستہ ملتا ہے اور جس سے شخص ترقی اور کامیاب کاروبار جیسے نتائج حاصل ہوتے ہیں۔ اپنے لوگوں میں اس سوچ کی بدولت ہم صنعت سے ماوراء صحیح لوگوں کے ہم قدم اپنے اہداف کی جانب رواں دواں ہوتے ہیں۔

## زیرِ کار سرمائے کی حکمت عملی

زیرکار سرمائے کی حکمت عملی کا موثر نفاذ ہماری حالیہ اور تیز ترین نسبتوں سے ظاہر ہوتی ہے جو بالترتیب 3.25 گنا اور 2.05 گنا ہیں۔

## تقسیم کاری کا مربوط نظام SCM Supply Chain Management

SCM مخصوص افعال میں سے ایک ہے جو نا صرف کاروباری سرگرمیوں میں بہتری لاتا ہے بلکہ مجموعی طور پر کمپنی کی کامیابی سے منسلک ہے۔ اس سال ہماری SCM ٹیم نے اپنی غیر مشروط مدد تمام شرکاء کے لئے جاری رکھ کر کامیابی سے اہداف کا حصول جاری رکھا اور تمام رسد کنندگان سے اپنے تعلق کو مضبوط کرتے ہوئے لاگت کو کم از کم رکھا۔

## 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، جس کا ڈھانچہ ہارڈ ویئر، سوفٹ ویئر اور نیٹ ورک کی سہولیات کا مجموعہ ہے اور ان کو کارگر رکھنے کے لئے قابل عملہ موجود ہے۔ ہمارے پاس اس نظام کے اجزاء اتنے متحرک ہیں کہ ہم یہ دعویٰ کر سکیں کہ ہمارا IT کا ڈھانچہ بے مثال ہے۔

# کارپوریٹ گورنینس

## بہترین کارپوریٹ عمل درآمد

کوڈ آف کارپوریٹ گورنینس 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 کمیٹیز

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

| | |
|---|---|
| 1۔ مسٹر سلمان ہارون | چیئرمین |
| 2۔ مسٹر محمد سراج | ممبر |
| 3۔ مسٹر عرفان منگینجو | ممبر |

**ایچ۔آر اور مشاہرہ کمیٹی**

| | |
|---|---|
| 1۔ مسٹر سلمان ہارون | چیئرمین |
| 2۔ مسٹر محمد سراج | ممبر |
| 3۔ مسٹر محمد ریاض | ممبر |

**بورڈ آف ڈائریکٹرز کی میٹنگز**

زیرنظر سال کے دوران بورڈ آف ڈائریکٹرز کی 5 میٹنگز ہوئیں جن میں حاضری مندرجہ ذیل ہے۔

| ڈائریکٹر کا نام | میٹنگ میں حاضری |
|---|---|
| 1۔ محمد عاطف (سی ای او) | ۵ |
| 2۔ محمد سراج | ۵ |
| 3۔ سلمان ہارون | ۵ |
| 4۔ عامر الطاف | ۴ |
| 5۔ محمد ریاض | ۴ |
| 6۔ قاضی محمد عمران | ۵ |
| 7۔ جاوید یامین | ۴ |
| 8۔ عرفان منگنیجو | — |

## بیانیہ تکمیل حکم

**ضابطہ انجمن حکمت عملی کی تعمیل میں انجمن اور مالیاتی بناوٹ**

1۔ کمپنی کی انتظامیہ نے مالیاتی گوشوارے تیار کیے، 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 متصادم 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 کیئے گئے ضابطہ انجمن حکمت عملی کے اصولوں سے مادی انحراف نہیں کیا گیا۔

8۔ کمپنی کا خسارہ جاری 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۔ سال کے دوران متعلقہ محاصل کچھ نہیں تھے۔

11۔ کمپنی اپنے اہل اجیروں کے لئے واجب الادا رقم کی ویلیو 30 جون 2019ء 5.070 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 ہمارا یقین ہے اور وہ ہے ترقی کی جانب تبدیلی۔ اس مضبوط خواہش سے نئی فوڈ 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 نبردآزما 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 کرکے 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۔

**For and on behalf of the Board of Directors**

**Chief Executive Officer**

Karachi October 01, 2019

# Financial Hightlights

| Financial postion (Rs in million) | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Assets Employed** | | | | | | |
| Property, plant and equipment | | | | | | |
| Operating assets | 297.736 | 227.946 | 239.881 | 248.401 | 195.746 | 83.824 |
| Capital work in progress | 55.876 | 174.368 | 162.381 | 114.484 | 165.819 | 55.545 |
| | 353.612 | 402.314 | 402.262 | 362.885 | 361.565 | 139.369 |
| Long term deposits | 1.819 | 1.819 | 1.819 | 1.994 | 1.099 | 1.099 |
| Current assets | 387.361 | 357.715 | 344.988 | 362.757 | 349.621 | 191.219 |
| **Total Assets** | **742.792** | **761.848** | **749.069** | **727.636** | **712.285** | **331.687** |
| **Financed by** | | | | | | |
| Shareholders' Equity | 547.398 | 593.576 | 628.440 | 679.107 | 682.463 | 309.201 |
| Long term deposits and deferred liabilities | 76.124 | 12.891 | 15.083 | 3.205 | 2.704 | 2.804 |
| Current liabilities | 119.27 | 155.381 | 105.546 | 45.324 | 27.118 | 19.682 |
| **Total Funds Invested** | **742.792** | **761.848** | **749.069** | **727.636** | **712.285** | **331.687** |
| **Turnover & Profit** | | | | | | |
| Turnover - net | 116.775 | 127.472 | 153.492 | 231.402 | 209.616 | 190.187 |
| Gross profit | 11.454 | 8.781 | 25.047 | 79.530 | 68.224 | 71.111 |
| Operating (loss)/profit | (43.981) | (41.947) | (43.851) | (8.048) | (4.454) | 21.360 |
| (Loss)/profit before taxation | (42.994) | (41.182) | (38.173) | 2.532 | 2.752 | 23.775 |
| (Loss)/profit after taxation | (51.056) | (40.107) | (39.693) | (3.850) | 1.934 | 23.371 |
| (Loss)/earning per share (Rupees) | (0.519) | (0.439) | (0.403) | (0.039) | 0.023 | 0.448 |
| **Cash Flow Summary** | | | | | | |
| Net Cash from Operating Activities | (81.888) | 8.281 | 61.480 | (78.419) | (17.743) | (12.447) |
| Net Cash used in Investing Activities | 34.118 | (7.026) | (65.086) | 76.099 | (137.704) | (15.138) |
| Net Cash Outflow from Financing Activities | 56.600 | - | - | - | 160.000 | - |
| (Decrease) /Increase in Cash and Bank Balance | 8.830 | 1.255 | (3.606) | (2.320) | 4.553 | (27.586) |
| Cash and Bank Balance at beginning of the Year | 1.856 | 0.601 | 4.207 | 6.527 | 1.974 | 29.560 |
| Cash and Bank Balance at end of the Year | 10.686 | 1.856 | 0.601 | 4.207 | 6.527 | 1.974 |

## Analysis Horizontal & Vertical

| Rs in million | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Non current assets | 355.431 | 404.133 | 404.081 | 364.879 | 362.664 | 140.468 |
| Current assets | 387.361 | 357.715 | 344.988 | 362.757 | 349.621 | 191.219 |
| **Total Assets** | **742.792** | **761.848** | **749.069** | **727.636** | **712.285** | **331.687** |
| Shareholders' Equity | 547.398 | 593.576 | 628.440 | 679.107 | 682.463 | 309.201 |
| Non current liabilities | 76.124 | 12.891 | 15.083 | 3.205 | 2.704 | 2.804 |
| Current liabilities | 119.27 | 155.381 | 105.546 | 45.324 | 27.118 | 19.682 |
| **Total Equity & Liabilities** | **742.792** | **761.848** | **749.069** | **727.636** | **712.285** | **331.687** |

| Vertical Analysis - %age | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Non current assets | 47.85 | 53.05 | 53.94 | 50.15 | 50.92 | 42.35 |
| Current assets | 52.15 | 46.95 | 46.06 | 49.85 | 49.08 | 57.65 |
| **Total Assets** | **100.00** | **100.00** | **100.00** | **100.00** | **100.00** | **100.00** |
| Shareholders' Equity | 73.69 | 77.91 | 83.90 | 93.33 | 95.81 | 93.22 |
| Non current liabilities | 10.25 | 1.69 | 2.01 | 0.44 | 0.38 | 0.85 |
| Current liabilities | 16.06 | 20.40 | 14.09 | 6.23 | 3.81 | 5.93 |
| **Total Equity & Liabilities** | **100.00** | **100.00** | **100.00** | **100.00** | **100.00** | **100.00** |

| Horizontal Analysis - %age<br>**Year to Year | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Non current assets | (0.12) | 0.00 | 0.11 | 0.01 | 1.58 | 100.00 |
| Current assets | 0.08 | 0.04 | (0.05) | 0.04 | 0.83 | 100.00 |
| **Total Assets** | **(0.04)** | **0.04** | **0.06** | **0.04** | **2.41** | **100.00** |
| Shareholders' Equity | (0.08) | (0.06) | (0.07) | (0.00) | 1.21 | 100.00 |
| Non current liabilities | 4.91 | (0.15) | 3.71 | 0.19 | (0.04) | 100.00 |
| Current liabilities | (0.23) | 0.47 | 1.33 | 0.67 | 0.38 | 100.00 |
| **Total Equity & Liabilities** | **4.60** | **0.27** | **4.96** | **0.85** | **1.55** | **100.00** |

# Pattern of Shareholding

| No. of Share Holders | Shareholding | | Total Shares Held |
|---|---|---|---|
| | From | To | |
| 584 | 1 | 100 | 16,466 |
| 1060 | 101 | 500 | 320,741 |
| 1110 | 501 | 1,000 | 879,919 |
| 1438 | 1,001 | 5,000 | 4,206,807 |
| 505 | 5,001 | 10,000 | 4,251,808 |
| 736 | 10,001 | 100,000 | 23,514,823 |
| 88 | 100,001 | 1,055,000 | 20,839,185 |
| 5 | 1,055,001 | 5,115,000 | 12,781,501 |
| 2 | 5,115,001 | 11,265,000 | 16,639,200 |
| 1 | 11,265,001 | 15,015,000 | 15,011,378 |
| **5,529** | **Total** | | **98,461,828** |

| S.No. | Categories Of Shareholders | No. of Shareholders | Total Shares Held | % |
|---|---|---|---|---|
| 1 | CEO | 1 | 627 | 0.00 |
| 2 | Directors | 7 | 3,254 | 0.00 |
| 3 | Sponsors And Family Members | 2 | 31,386,578 | 31.88 |
| 4 | General Public | 5,477 | 43,809,099 | 44.49 |
| 5 | Joint Stock Companies | 32 | 15,893,872 | 16.14 |
| 6 | Insurance Companies | 1 | 77,188 | 0.08 |
| 7 | Financial Institutions | 1 | 18,310 | 0.02 |
| 8 | NIT and ICP | 1 | 35,400 | 0.04 |
| 9 | Modaraba & Mutual Fund | 4 | 7,085,000 | 7.20 |
| 10 | Others | 3 | 152,500 | 0.15 |
| **Total** | | **5,529** | **98,461,828** | **100.00** |

Statement of Compliance with

# Code of Corporate Governance

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 | 07 |
| Female | - |

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:

3.

| Category | Name |
|---|---|
| Independent Director: | Mr. Salman Haroon |
| Executive Directors: | Mr. Muhammad Atif (Chief Executive)<br>Mr. Qazi Muhammad Imran<br>Mr. Muhammad Siraj |
| Non – Executive Directors: | Mr. Aamir Altaf<br>Mr. Muhammad Riaz<br>Mr. Irfan Mangnejo |

Further, as per the provision 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, and the next election will be held in 2020. Therefore, the said Regulation, No.6 of 2017 Code shall be complied within the stipulated time limit.

4. 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).

5. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. A casual vacancy occurred due to resignation of director, Mr. Jawed Yameen and the same was filled in by a new director Mr. Irfan Mangnejo in June 2019.

7. 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.

8. All the power of the board has 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.

9. 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.

10. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

11. 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.

12. 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.

13. CFO and CEO duly endorsed the financial statements before approval of the board.

14. The board has formed committees comprising of members given below:

| Committee | Composition | |
|---|---|---|
| Audit Committee | Mr. Salman Haroon | Chairman |
| | Mr. Muhammad Siraj | Member |
| | Mr. Irfan Mangnajo | Member |
| HR & Remuneration Committee | Mr. Salman Haroon | Chairman |
| | Mr. Muhammad Siraj | Member |
| | Mr. Muhammad Riaz | Member |

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

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

| Committee | Frequency |
|---|---|
| Audit Committee | Quarterly meetings were held |
| HR & Remuneration Committee | One meeting was conducted |

17. 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.

18. 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.

19. 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.

20. We confirm that all other material principles contained in the CCG have been complied with.

**Chief Executive Officer**

**Director**

Karachi
Date: October 01, 2019

Review Report to the Members on

# Statement of Compliance with Best Practices of CCG

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 2019 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:

a) 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 2019.

Aslam Malik

Chartered Accountants
Karachi.
Dated: October 01, 2019

Engagement Partner: **Hafiz Mohammad Ahmad**

# Auditors Report to the Members

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, 2019, 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, 2019 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 addressedin Audit |
|---|---|---|
| 1 | **Stock in Trade.**<br><br>Refer **notes 6** to the financial statements and the accounting policy **note 2.5** to the financial statements regarding the Stock in trade.<br><br>The Company's stock-in-trade has been increased significantly from Rs.287.79 million at June 30, 2018, to Rs.329.273 million at June 30, 2019.<br><br>During the current financial year, the management increased the finishedgoods stock levels of the company due to increase in business activity and launch of new product.<br><br>Company Inventories are statedat lower of cost and net realizable value and the cost of finished goods is determinedat average cost including a | Our Audit procedures in respect of this matter amongst others, included the following:<br><br>➢ Performed recalculation of the net realizable value (NRV) for sample selected in the closing stock-in-trade by comparing the cost with the:<br><br>● Subsequent selling price verified through sales invoices issued after the year end.<br>● Less cost to sell which was based on the actual cost incurred during the year to sell the underlying products.<br><br>➢ We also performed list to floor test and floor to list test during physical inventory count procedures and verified the item quantity |

| | | |
|---|---|---|
| | proportion of production overheads.<br><br>We identified stock in trade as a key audit matter because;<br><br>a) stock-in-trade constitute 44 % of the total assets which is a significant portion of company's total assets as at June 30, 2019, and<br><br>b) To account for inventories on lower of cost and net realizable value (NRV) involved significant management judgement and estimation. | and its physical condition on sample basis.<br><br>➢ We performed a range of audit procedures with respect to inventory items including, Testing valuation methods and their appropriateness in accordance with the applicable accounting standards. We also tested the calculations of per unit cost of finished goods and assessed the appropriateness of management's basis for the allocation of cost and production overheads.<br><br>➢ We also assessed the adequacy of the disclosures made in respect of the accounting policies and the details of inventory balances held by the company at the year end. |
| **2** | **Capital Work in Progress**<br><br>Refer notes 5 to the financial statements regarding Capital Work in Progress.<br><br>Significant changes evidenced in capital work in progress (CWIP) during the year. Company has made capital expenditure of Rs 11.87 million, and made transfer of CWIP to fixed assets amounting to Rs. 84.51 million and made disposal of previously held machinery in CWIP amounting to Rs 45.847 million.<br><br>We identified changes in capital work in progress (CWIP) as Key Audit Matter because;<br><br>a) Capitalization of property plant and equipment, there is a risk that amounts being capitalized may not meet the capitalization criteria.<br><br>b) There is a risk that criteria for transfer from CWIP to property, plant & equipment may not be fulfilled.<br><br>c) There is also a risk that gain or loss on disposal of CWIP may not be accurately calculated and account for in the financial statements. | Our Audit procedures in respect of this matter amongst others, included the following:<br><br>➢ Understand the design and implementation of management controls over capitalization and testing control over authorization of capital expenditure and accuracy its recording in the system.<br><br>➢ Assessing the nature of costs incurred for the capital project through testing, on sample basis of amounts recorded and considered whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; and<br><br>➢ We inspect supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation<br><br>➢ Obtained copy of agreement for settlement of distributor liability against pickle plant and ensure the compliance of agreed terms.<br><br>➢ Obtained direct declaration from distributor regarding settlement of liability against asset.<br><br>➢ We further assessed the adequacy of financial statement disclosures made in accordance with the applicable financial reporting framework. |

### 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, 2019.

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 **Hafiz Muhammad Ahmad.**

Aslam Malik

Chartered Accountants
Karachi.
Dated: October 01, 2019

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# Balance Sheet

## As at June 30, 2019

| | Note | June 30, 2019 | June 30, 2018 Restated | June 30, 2017 Restated |
|---|---|---|---|---|
| | | | --------Rupees-------- | |
| <u>ASSETS</u> | | | | |
| **NON-CURRENT ASSETS** | | | | |
| **Fixed Assets** | | | | |
| Property Plant and Equipment | 5 | 353,612,373 | 402,314,103 | 402,261,606 |
| Long term deposits | | 1,819,200 | 1,819,200 | 1,819,200 |
| | | **355,431,573** | 404,133,303 | 404,080,806 |
| **CURRENT ASSETS** | | | | |
| Stores and spares | | 4,666,032 | 7,419,631 | 2,847,213 |
| Stock-in-trade | 6 | 329,273,427 | 288,152,301 | 268,859,814 |
| Trade debts | 7 | 9,885,896 | 9,310,190 | 15,664,678 |
| Short term investments | 8 | 6,253,392 | 13,166,533 | 24,578,631 |
| Advances, deposits, prepayments & other receivables | 9 | 15,349,681 | 27,413,047 | 26,298,451 |
| Taxation - net | 10 | 11,246,404 | 10,397,422 | 6,138,695 |
| Cash and bank balances | 11 | 10,685,820 | 1,855,717 | 601,070 |
| | | **387,360,652** | 357,714,841 | 344,988,552 |
| | | **742,792,225** | 761,848,144 | 749,069,358 |
| <u>EQUITY AND LIABILITIES</u> | | | | |
| **SHARE CAPITAL AND RESERVES** | | | | |
| **Authorized share capital** | | | | |
| 105,100,000 (2018: 105,100,000) ordinary shares of Rupees 10 each | | **1,051,000,000** | 1,051,000,000 | 1,051,000,000 |
| **Issued, subscribed and paid up share capital and reserves** | | | | |
| 98,461,828 (2015 : 98,461,828) ordinary shares of Rs.10 each | 12 | 984,618,280 | 984,618,280 | 984,618,280 |
| Reserves | 13 | (464,666,474) | (415,669,179) | (377,896,796) |
| Surplus on revaluation of property, plant and equipment | 14 | 27,445,919 | 24,626,998 | 21,719,005 |
| **Total equity** | | **547,397,725** | 593,576,099 | 628,440,489 |
| **LIABILITIES** | | | | |
| **NON-CURRENT LIABILITIES** | | | | |
| Deferred liabilities | 15 | **19,523,867** | 12,891,231 | 15,083,025 |
| Security deposit payables | 16 | **56,600,000** | - | - |
| | | **76,123,867** | 12,891,231 | 15,083,025 |
| **CURRENT LIABILITIES** | | | | |
| Trade and other payables | 17 | **118,043,133** | 155,380,814 | 105,545,844 |
| Short term portion of gratuity liability | | **1,227,500** | - | - |
| | | **119,270,633** | 155,380,814 | 105,545,844 |
| **CONTINGENCIES AND COMMITMENTS** | 18 | - | - | - |
| | | **742,792,225** | **761,848,144** | **749,069,358** |

The annexed notes 1 to 36 form an integral part of these financial statements.

| | | |
|---|---|---|
| **Chief Executive Officer** | **Director** | **Chief Financial Officer** |

# Profit and Loss Account

## For the year ended June 30, 2019

| | Note | Year Ended June 30, 2019 | Year Ended June 30, 2018 Restated |
|---|---|---|---|
| | | ---- Rupees ---- | |
| **SALES** | 19 | **116,775,397** | 127,471,967 |
| Cost of Sales | 20 | **(105,320,927)** | (118,690,556) |
| **GROSS PROFIT** | | **11,454,470** | 8,781,411 |
| Distribution Cost | 21 | **(24,103,169)** | (25,922,997) |
| Administrative Expenses | 22 | **(25,224,466)** | (21,180,045) |
| Other Operating Expenses | 23 | **(6,108,297)** | (3,625,663) |
| | | **(55,435,932)** | (50,728,705) |
| Operating Loss | | **(43,981,462)** | (41,947,294) |
| Other Operating Income | 24 | **1,169,914** | 938,731 |
| | | **(42,811,548)** | (41,008,563) |
| Finance Cost | 25 | **(182,669)** | (173,452) |
| **LOSS BEFORE TAXATION** | | **(42,994,217)** | (41,182,015) |
| Taxation | 26 | **(8,061,840)** | 1,074,673 |
| **LOSS AFTER TAXATION** | | **(51,056,057)** | (40,107,342) |
| **LOSS PER SHARE** | 27 | **(0.519)** | (0.439) |

The annexed notes 1 to 36 form an integral part of these financial statements.

**Chief Executive Officer** **Director** **Chief Financial Officer**

# Statement of Comprehensive Income

## For the year ended June 30, 2019

| | Year Ended June 30, 2019 | Year Ended June 30, 2018 Restated |
|---|---|---|
| | - - - - Rupees - - - - | |
| **LOSS AFTER TAXATION** | (51,056,057) | (40,107,342) |
| *Other comprehensive income that cannot be classified through profit and loss* | | |
| Revalution surplus on land / Plant & Machinery | 5,208,400 | 4,999,797 |
| Remeasurement of plan obligation - gratuity scheme | (330,717) | 243,155 |
| **TOTAL COMPREHENSIVE LOSS FOR THE YEAR** | **(46,178,374)** | **(34,864,390)** |

The annexed notes 1 to 36 form an integral part of these financial statements.

| Chief Executive Officer | Director | Chief Financial Officer |
|---|---|---|

## Statement of Changes in Equity

**For the year ended June 30, 2019**

| PARTICULARS | SHARE CAPITAL | RESERVES | | | | | | SHAREHOLDERS' EQUITY |
|---|---|---|---|---|---|---|---|---|
| | | CAPITAL | | | | REVENUE | | |
| | | Premium on issue of share capital | Discount on issue of share capital | Surplus on revaluation of PPE | Subtotal | Accumulated loss | TOTAL | |
| | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees | Rupees |
| **Balance as at June 30, 2017 - Restated** | **984,618,280** | **6,875,000** | **(282,788,556)** | **21,719,005** | **(254,194,551)** | **(101,983,240)** | **(356,177,791)** | **628,440,489** |
| Surplus on revaluation Plant & Machinery | - | - | - | 4,999,797 | **4,999,797** | - | 4,999,797 | 4,999,797 |
| Incremental depreciation transferred to retained earnings | - | - | - | (2,091,803) | (2,091,803) | 2,091,803 | - | - |
| Remeasurement of plan obligation - gratuity scheme | - | - | - | - | - | 243,155 | 243,155 | 243,155 |
| Comprehensive loss for the period ended -Restated | - | - | - | - | - | (40,107,342) | (40,107,342) | (40,107,342) |
| **Balance as at June 30, 2018 - Restated** | **984,618,280** | **6,875,000** | **(282,788,556)** | **24,626,998** | **(251,286,557)** | **(139,755,624)** | **(391,042,181)** | **593,576,099** |
| Surplus on revaluation of Land | - | - | - | 5,208,400 | 5,208,400 | - | 5,208,400 | 5,208,400 |
| Incremental depreciation transferred to retained earnings | - | - | - | (2,389,479) | (2,389,479) | 2,389,479 | - | - |
| Remeasurement of plan obligation - gratuity scheme | - | - | - | - | - | (330,717) | (330,717) | (330,717) |
| Comprehensive Loss for the period ended | - | - | - | - | - | (51,056,057) | (51,056,057) | (51,056,057) |
| **Balance as at June 30, 2019** | **984,618,280** | **6,875,000** | **(282,788,556)** | **27,445,919** | **(248,467,636)** | **(188,752,919)** | **(437,220,555)** | **547,397,725** |

The annexed notes 1 to 36 form an integral part of these financial statements.

**Chief Executive Officer** **Director** **Chief Financial Officer**

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# Cash Flow Statement

## For the year ended June 30, 2019

| | Note | Year Ended June 30, 2019 | Year Ended June 30, 2018 |
|---|---|---|---|
| | | - - - - Rupees - - - - | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Loss before taxation** | | **(42,994,217)** | (41,182,015) |
| **Adjustment for non cash items:** | | | |
| Depreciation | | 20,865,175 | 20,313,805 |
| Provision for gratuity | | 977,891 | 838,000 |
| Gain on sale of fixed assets | | (268,500) | - |
| Deficit on revaluation of building | | 3,681,378 | - |
| Remeasurment loss on equity shares | | 2,389,974 | - |
| Loss on sale of equity shares | | 36,945 | 3,072,160 |
| | | 27,682,863 | 24,223,965 |
| **Net cash outflows from operations before working capital changes** | | **(15,311,354)** | **(16,958,050)** |
| **Working capital changes** | | | |
| (Increase) / decrease in current assets | | | |
| Stores and spares | | 2,753,599 | (4,572,418) |
| Stock-in-trade | | (41,121,126) | (19,292,487) |
| Trade debts | | (575,706) | 6,354,488 |
| Advances, deposits, prepayments & other receivables | | 11,869,644 | (1,114,596) |
| | | **(27,073,589)** | **(18,625,013)** |
| Increase / (decrease) in current liabilities | | | |
| Trade and other payables | | (36,214,810) | 49,834,970 |
| **Net working capital changes** | | **(63,288,399)** | **31,209,957** |
| Income tax paid | | (3,288,444) | (5,970,693) |
| **Net cash (used in) / from operating activities** | | **(81,888,197)** | **8,281,214** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Fixed capital expenditure | | (16,484,179) | (15,366,506) |
| Short term investments | | - | (7,000,000) |
| Sale proceed against sale of asset | | 46,116,256 | - |
| Sale proceed against sale of equity shares | | 4,486,223 | 15,339,939 |
| **Net cash inflow / (used in) from investing activities** | | **34,118,300** | **(7,026,567)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Long Term Deposit | | 56,600,000 | - |
| **Net cash inflows from financing activities** | | **56,600,000** | **-** |
| **Net increase in cash and cash equivalents** | | **8,830,103** | **1,254,647** |
| **Cash and cash equivalents at the beginning of the year** | | **1,855,717** | **601,070** |
| **Cash and cash equivalents at the end of the year** | | **10,685,820** | **1,855,717** |

The annexed notes 1 to 36 form an integral part of these financial statements.

Chief Executive Officer | Director | Chief Financial Officer

# Notes to the Financial Statements

**For the year ended June 30, 2019**

**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 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 Standards, interpretations and amendments to published approved accounting standards that became effective during the year**

The Company has adopted IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" w.e.f July 01, 2018. Related changes in accounting policies and impact on Company's financial statements are explained below :

**2.1.2.1 IFRS 9 Financial Instruments:**

IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. "Financial instruments: Recognition and measurement".

IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) Impairment of financial assets and iii) hedge accounting.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2018 and comparatives are not restated. Details of these new requirements as well as their impact on the Company's financial statements are described below:

**Classification and measurement of financial assets and financial liabilities**

This new standard requires the Company to assess the classification of financial assets in its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial asset.

IFRS 9 no longer has an "Available for Sale" classification for financial assets . IFRS 9 has different requirements for debt and equity financial assets.

Debt instrument should be classified and measured at either:

- amortised cost, where the effective interest rate method will apply;
- fair value through other comprehensive income (FVTOCI), with subsequent recycling to the profit or loss upon disposal of the financial asset; or
- fair value through profit or loss (FVTPL).

Investment in equity instruments, other than those to which consolidation or equity accounting applies should be classified and measured at:

- fair value through other comprehensive income (FVTOCI), with no subsequent recycling to the profit or loss upon disposal of the financial asset; or - fair value through profit or loss (FVTPL).

Application of IFRS 9 had no impact on financial liabilities of the Company. Assessment of financial impact of measurement requirements on adoption of IFRS 9 as at July 1, 2018 is as follows:

| | Measurement Category | | Carrying Amount | | Difference |
|---|---|---|---|---|---|
| | Original (IAS 39) | New IFRS 09 | Original (IAS 39) | New IFRS 09 | |
| **Current Financial Assets** | | | | | |
| Trade debts | Amortised Cost | Amortised Cost | 9,885,896 | 9,885,896 | - |
| Short term investments | Held for Trading | FV through P&L | 6,253,392 | 6,253,392 | - |
| Advances, deposits, prepayments & other receivables | Amortised Cost | Amortised Cost | 15,349,681 | 15,349,681 | - |
| Cash and bank balances | Amortised Cost | Amortised Cost | 10,685,820 | 10,685,820 | - |
| **Non Current Financial Liability** | | | | | |
| Security deposit payables | Amortised Cost | Amortised Cost | 56,600,000 | 56,600,000 | - |
| **Current Financial Liability** | | | | | |
| Trade and other payables | Amortised Cost | Amortised Cost | 118,043,134 | 118,043,134 | - |

**Impairment of financial assets**

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets (deposits and other receivables, PIBs, T-Bills and cash and bank balances) i.e to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

**IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 'Revenue from Contracts with Customers' is effective for accounting period beginning on or after July 1, 2018. This standard has replaced IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers.

The IFRS 15 establish a five-steps mode to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires the entities to exercise judgment, taking in to consideration all of the relevant facts and circumstances when applying each step of the model to contracts with the customers. Hence, the Company has concluded that the impact of adoption of revenue recognition model as laid down in IFRS 15 is not material.

There is no material impact of transition to IFRS 15 on the financial position of the Company and there is no effect on the accounting policies of the Company in respect of revenue from contracts with Customers.

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:**

| | | |
|---|---|---|
| **IAS 1** | Presentation of financial statements (Amendments) | **1-Jan-20** |
| **IAS 8** | Accounting policies, changes in accounting estimates and errors | **1-Jan-20** |
| **IAS 12** | Income Taxes (Amendments) | **1-Jan-19** |
| **IAS 23** | Borrowing Costs (Amendments) | **1-Jan-19** |
| **IAS 28** | Investment in Associates and Joint Ventures (Amendments) | **1-Jan-19** |
| **IFRS 3** | Business combinations (Amendments) | **1-Jan-19** |
| **IFRS 9** | Financial Instruments (Amendments | **1-Jan-19** |
| **IFRS 11** | Joint Arrangements (Amendments) | **1-Jan-19** |
| **IFRS 16** | Leases | **1-Jan-19** |
| **IFRIC 23** | Joint Arrangements (Amendments) | **1-Jan-19** |

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.

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 Standard |
| IFRS 14 | Regulatory Deferral Accounts |
| IFRS 17 | Insurance Contracts |

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

| | |
|---|---|
| IFRIC 14 | Determining whether an arrangement contains lease |
| IFRIC 12 | Service concession arrangements |

**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.

**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:

**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. The fair value of fFinancial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company losses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expires. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the statement of profit or loss.

**a) Financial assets**

**Classification**

Effective July 1, 2018, the Company classifies its financial assets in the following measurement categories:

I) Amortized cost where the effective interest rate method will apply;

ii) fair value through profit or loss;

iii) fair value through other comprehensive income.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows .

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income (OCI). For investment in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commit to purchase or sell the asset. Further financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

**Debt instruments**

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**a) Amortised cost**

Assets that are held for collection of contractual cash flows where the contractual terms of the financial assets give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

**b) Fair value through other comprehensive income (FVTOCI)**

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the contractual terms of the financial asset give rise on specified dates to cash flows that represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the statement of profit or loss.

**c) Fair value through profit and loss (FVTPL)**

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented in finance income/cost in the period in which it arises.

**Equity instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

**Impairment of financial assets**

Effective July 1, 2018, the Company assess on a historical as well as forward-looking basis, the expected credit loss (ECL) as associated with its debt instruments, trade debts, short term investment and deposits and other receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**b) Financial Liabilities**

**Classification, initial recognition and subsequent measurement**

**Financial liabilities are classified in the following categories:**

i) fair value through profit or loss;

ii) other financial liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in case of other financial liabilities also include directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification, as follows:

**a) Fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held-fortrading and financial liabilities designated upon initial recognition as being at fair value through profit or loss. The Company has not designated any financial liability upon recognition as being at fair value through profit or loss.

**b) Other financial liabilities**

After initial recognition, other financial liabilities which are interest bearing subsequently measured at amortized cost, using the effective interest rate method. Gain and losses are recognized in profit or loss for the year, when the liabilities are derecognized as well as through effective interest rate amortisation process.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when and only when the Company's obligations are discharged , cancelled or expire

**Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to

offset the recognised amount and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**2.1.3 Inventories**

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

**2.1.4 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.

**2.1.5 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 tax.**

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 Tax.**

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.

**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 depreclation 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 on quartely basis 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. Disposal shall be made on cost if any.

**2.4 Impairment**

**2.4.1 Impairment of 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 the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when significant risk and rewards of ownership have been transferred to the customers, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of Revenue can be measured reliably. Scrap sales and miscellaneous receipts are recognized on realized amounts

**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 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.

**2.9 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.

**2.10 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.

**2.11 Related party transaction**

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

**2.12 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.

**2.13 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.

**2.14 Share Capital**

Ordinary shares are classified as equity.

**2.15 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.

**2.16 Employee retirement benefits**

The company operates an unfunded gratuity scheme (defined benefit plan ) for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective secheme. Provisions are made annually to cover the obligation under the scheme on the basis of actuarial valuation and are charged to profit or loss account for the year. The assumptions are determined by independent actuary.

The amount recognized in the statement of financial position represents the present value of defined benefit obligation using the projected unit credit actuarial valution method. Actuaril gains/ losses arising from the actuarial valuation are recognozed immediatly and are presented in other comprehensive income. The latest actuarial valution was carried as at June 30, 2019.

**3 Change in Accounting Policy**

**3.1** The Company has changed its accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment in line with the requirements of newly promulgated Companies Act, 2017 which does not stipulate any special treatment for revaluation surplus and therefore allows the presentation prescribed under IAS 16 "Property, Plant and Equipment". Thus, the Surplus on Revaluation of Property, Plant and Equipment is presented as equity. This change in policy is applied retrospectively in accordance with the requirements of IAS 8 "Accounting, Policies, Changes in Accounting Estimates and Errors" with effect from earliest period presented in these financial statements. Since section 235 of the repealed Companies Ordinance, 1984 has lost its application, the revaluation surplus which was previously shown as a separate line item on statement of financial position, has now been presented in equity for the year ended June 30 2018, and figures have been restated accordingly.

In view of the above, the accounting policy for the presentation and treatment of Surplus on Revaluation of Property, Plant and Equipment is given below:

Increase in the carrying amounts arising on revaluation of land and buildings are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase in first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on land and building to retained earnings.

| | As at June 30, 2018 | | | As at June 30, 2017 | | |
|---|---|---|---|---|---|---|
| | **As previously reported on June 30, 2018** | **Adjustment** | **As restated on June 30, 2018** | **As previously reported on June 30, 2017** | **Adjustment** | **As restated on June 30, 2017** |
| **Effect on statement of financial position** | | | | | | |
| Revaluation surplus on property, plant and equipment | 24,626,998 | (24,626,998) | - | 21,719,005 | (21,719,005) | - |
| Share capital and reserves | - | 24,626,998 | 24,626,998 | - | 21,719,005 | 21,719,005 |
| **Effect on statement of changes in equity** | | | | | | |
| Revaluation surplus on property, plant and equipment | - | 24,626,998 | 24,626,998 | - | 26,718,801 | 26,718,801 |

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

**3.2 Financial Instruments**

IFRS 9 “Financial Instruments” (IFRS 9) replaces IAS 39 “Financial Instruments: Recognition and Measurement” (IAS 39).

IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) impairment for financial assets.

IFRS 9 permits either a full retrospective or a modified retrospective approach for adoption. The Company has adopted the standard using the modified retrospective approach for classification, measurement and impairment. This means that the cumulative impact, if any, of the adoption is recognized in unappropriated profit as of July 1, 2018 and comparatives are not restated . Details of these new requirements as well as their impact on the Company’s financial statements are described below:

**i) Classification and measurement of financial assets and financial liabilities**

The new standard requires the Company to assess the classification of financial assets on its statement of financial position in accordance with the cash flow characteristics of the financial assets and the relevant business model that the Company has for a specific class of financial assets.

IFRS 9 no longer has an “Available-for-sale” classification for financial assets. The new standard has different requirements for debt or equity financial assets.

Investment in equity instruments should be classified and measured either at:

• Amortized cost, where the effective interest rate method will apply ;

• Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset; or

• Fair value through profit or loss.

Application of IFRS 9 had no impact on financial liability of the company.

Assessment of financial impact of measurement requirements on adoption of IFRS 9 as at July 1, 2018 is as follows:

| | Measurement Category | | Carrying Amount | | Difference |
|---|---|---|---|---|---|
| | Original (IAS 39) | New IFRS 09 | Original (IAS 39) | New IFRS 09 | |
| **Current Financial Assets** | | | | | |
| Trade debts | Loans & Receivables | Amortised Cost | 9,885,896 | 9,885,896 | - |
| Short term investments | Held for Trading | FV through Profit or Loss | 6,253,392 | 6,253,392 | - |
| Advances, deposits, prepayments & other receivables | Loans & Receivables | Amortised Cost | 15,349,681 | 15,349,681 | - |
| Cash and bank balances | Loans & Receivables | Amortised Cost | 10,685,820 | 10,685,820 | - |
| **Non Current Financial Liability** | | | | | |
| Security deposit payables | Loans & Receivables | Amortised Cost | 56,600,000 | 56,600,000 | - |
| **Current Financial Liability** | | | | | |
| Trade and other payables | Loans & Receivables | Amortised Cost | 118,043,134 | 118,043,134 | - |

**Impairment of financial assets**

IFRS 9 introduces the Expected Credit Loss (ECL) model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost (including, for example, trade debts and other receivables), as well as debt instruments classified as financial assets carried at fair value through other comprehensive income, since initial recognition, irrespective whether a loss event has occurred. For trade receivables and other receivables, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance while general 3-stage approach for other financial assets i.e to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

**4 Restatement of Error in Prior Period**

Company did not accounted for Deffered Tax effects in the financial statements in accordance with the IAS -12, becuause company management is of the view that Both Plants are situated in Tribul Areas of KPK and Balochistan which are tax heavens and are exempted from Pakistan Taxation Laws with reference Section No. 247 of Islamic Republic Pakistan. During the year it was highlighted that plant situtated in Balochistan Hub area is not covered in that exempted area. Thus, the deffered tax calcualation has been done and presented as deffered tax liability in current year & proceeding years. This error has retrospective effect in accordance with the requirements of IAS 8 "Accounting, Policies, Changes in Accounting Estimates and Errors" with effect from earliest period and figures have been restated accordingly.

| Particulars | As at June 30, 2018 | | | As at June 30, 2017 | | |
|---|---|---|---|---|---|---|
| | Restated Balance as on July 01, 2017 | Error Adjustment | As restated on June 30, 2018 | Restated Balance as on July 01, 2016 | Error Adjustment | As restated on June 30, 2017 |
| **Effect on statement of financial position** | | | | | | |
| **Equity** | | | | | | |
| Reserves | (101,983,240) | 2,786,639 | (99,196,601) | (102,995,281) | 1,012,041 | **(101,983,240)** |
| **Non Current Liabilities** | | | | | | |
| Deffered Tax Laibility | 11,916,175 | (2,786,639) | 9,129,536 | **12,928,216** (Restated) | (1,012,041) | **11,916,175** |

| Particulars | As at June 30, 2018 | | | As at June 30, 2017 | | |
|---|---|---|---|---|---|---|
| | As previously reported on June 30, 2018 | Adjustment | As restated on June 30, 2018 | As previously reported on June 30, 2017 | Adjustment | As restated on June 30, 2017 |
| **Effect on Profit or Loss Account** | | | | | | |
| Taxation | 1,711,966 | (2,786,639) | (1,074,673) | 1,520,049 | (1,012,041) | **508,008** |

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | ---- Rupees ---- | |
| **5. PROPERTY PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 5.1 | 297,736,446 | 227,946,342 |
| Capital Work-in-progress | 5.2 | 55,875,927 | 174,367,761 |
| | | **353,612,373** | **402,314,103** |

**5.1** The following is a statement of Company's operating fixed assets:

**2019**

| | Owned | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Free hold land** | **Building** | **Plant and machinery** | **Vehicles** | **Computers & office equipments** | **Furniture and fixtures** | **Total** |
| | Rupees | | | | | | |
| **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 |
| Additions / surplus | - | - | 7,999,796 | - | 15,300 | 364,235 | 8,379,331 |
| Disposal (at NBV) | - | - | - | - | - | - | - |
| 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** |
| **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 |
| Additions | - | - | 86,668,007 | 2,256,000 | 199,250 | 5,000 | 89,128,257 |
| Revaluation Surpluss/(Loss) | 5,208,400 | (3,681,378) | - | - | - | - | 1,527,022 |
| Disposals (at NBV) | | | | | | | |
| Cost | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| Depreciation charge | - | (7,392,366) | (11,908,257) | (1,143,876) | (262,434) | (158,242) | (20,865,175) |
| **NBV as on June 30 , 2019** | **41,608,400** | **65,209,941** | **182,181,647** | **6,510,049** | **749,429** | **1,476,980** | **297,736,446** |
| **Gross Carrying Value Basis** | | | | | | | |
| Cost | 41,608,400 | 106,117,089 | 304,889,284 | 12,687,940 | 2,132,807 | 4,094,289 | 471,529,809 |
| Accumulated depreciation | - | (40,907,148) | (122,707,637) | (6,177,891) | (1,383,378) | (2,617,309) | (173,793,363) |
| **NBV as on June 30 , 2019** | **41,608,400** | **65,209,941** | **182,181,647** | **6,510,049** | **749,429** | **1,476,980** | **297,736,446** |
| | - | **10%** | **10%** | **20%** | **30%** | **10%** | |

** NBV stands for Net Book Value.

**5.1.1 Depreciation for the year has been allocated as follow:**

| | 2019 | 2018 |
|---|---|---|
| | ---- Rupees ---- | |
| Cost of sales | 19,767,229 | 19,088,535 |
| Administrative expenses | 1,097,946 | 1,225,270 |
| | **20,865,175** | 20,313,805 |

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

**5.1.3** Revaluation was conducted in the current year at 30 June 2019 by Messrs. Sipra & Coompany (Private) Limited an independent valuer. Previously the revluation was conducted out on June 30 2018 , June 30, 2014 and 31 December 2011.

**5.1.4** Forced sale value as per revaluation report as of June 30, 2019

| Asset Class | Forced Sale Value |
|---|---|
| Land & Building | 84,486,720 |

**5.1.5** Had there been no revaluation, the original cost, accumulated depreciation ,and book valued of land, building and machinery would have been as follows:

| | As at June 30, 2019 | | | As at June 30, 2018 | | |
|---|---|---|---|---|---|---|
| | **Cost** | **Accumulated Depreciation** | **Written Down Value** | **Cost** | **Accumulated Depreciation** | **Written Down Value** |
| | Rupees | | | Rupees | | |
| Land | 36,400,000 | - | 36,400,000 | 36,400,000 | - | 36,400,000 |
| Building | 109,884,242 | 50,835,518 | 59,048,724 | 109,884,242 | 44,274,548 | 65,609,694 |
| Plant and machinery | 262,493,070 | 101,136,268 | 161,356,802 | 175,825,063 | 91,170,558 | 84,654,505 |

| **5.2 CAPITAL WORK-IN-PROGRESS** | 2019 | 2018 |
|---|---|---|
| | ---- Rupees ---- | |
| Plant & Machinery | 19,592,918 | 104,570,780 |
| Tetra | 36,283,009 | 69,796,981 |
| | **55,875,927** | **174,367,761** |

**5.2.1** Reconciliation of the carrying amount of Capital-work-in-progress is as follows:

| | Plant & Machinery | Tetra | Total |
|---|---|---|---|
| | ------ Rupees ------ | | |
| 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** | **104,570,780** | **69,796,981** | **174,367,761** |
| Balance as on July 1, 2018 | 104,570,780 | 69,796,981 | 174,367,761 |
| Capital Expenditure Incurred | 642,455 | 11,231,751 | 11,874,206 |
| Transfer to fixed assets | (39,772,561) | (44,745,723) | (84,518,284) |
| Sold | (45,847,756) | - | (45,847,756) |
| **Balance as on June 30, 2019** | **19,592,918** | **36,283,009** | **55,875,927** |

**5.2.2 Disposal of plant**

Detailed of plant (CWIP) disposed off during the year as follows:

| Particulars | Cost | Sale Price | Gain on disposal | Buyer Name | Mode of Disposal |
|---|---|---|---|---|---|
| Plant & Machinery | 45,847,756 | 46,116,256 | 268,500 | North Star | Negotiation |

| | | 2019 | 2018 |
|---|---|---|---|
| | | ---- Rupees ---- | |
| **6. STOCK IN TRADE** | | | |
| Raw and Packing materials | | 221,098,979 | 221,212,768 |
| Finished goods | | 108,174,448 | 66,939,533 |
| | | **329,273,427** | **288,152,301** |
| **7. TRADE DEBTS - considered good** | | | |
| Considered good (Unsecured) | | 9,885,896 | 9,310,190 |
| | | **9,885,896** | **9,310,190** |
| **7.1** The aging of trade debts as at 30 June 2019 is as follows: | | | |
| Neither past due nor impaired (0-30) | | 3,838,569 | - |
| Past due but not impaired (31-60) | | 6,047,327 | - |
| Past due but not impaired (61 and above) | | - | 9,310,190 |
| | | **9,885,896** | **9,310,190** |

**7.2** No aggregate outsanding balance of trade debtors due from related parties at the end of any month during the year.

**7.3** As at June 30, 2019, no amount was due from related parties for which impairment needs to be tested (2018: Nil).

| | | 2019 | 2018 |
|---|---|---|---|
| **8. INVESTMENTS** | | | |
| Fair value through profit or loss | **8.1** | 1,381,210 | 6,582,207 |
| Units of mutual funds | **8.2** | 4,872,182 | 6,584,326 |
| | | **6,253,392** | **13,166,533** |
| **8.1** This includes investments in different listed securities. Details are: | | | |
| Cost | | 6,582,207 | 24,578,631 |
| Purchased during the year | | - | - |
| Disposal during the year | | (4,523,168) | (15,339,938) |
| | | 2,059,039 | 9,238,693 |
| Fair value reserve | | (677,829) | (2,656,486) |
| Fair Value | | **1,381,210** | **6,582,207** |

**8.2** Investments in units of mutual funds is as follows:

| 2019 | 2018 | Name of Investee Company | 2019 | 2018 |
|---|---|---|---|---|
| ----- (Units) ----- | | | | |
| **140,000** | 140,000 | AKD Investment Manag. Ltd | 4,872,182 | 6,584,326 |

QUICE®

| | 2019 | 2018 |
|---|---|---|
| | ---- Rupees ---- | |

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

| | 2019 | 2018 |
|---|---|---|
| Advances to employees - considered goods | 1,344,163 | 5,190,995 |
| Advances to suppliers - unsecured, considered good | 7,034,853 | 14,234,804 |
| Other Receivables | 6,227,512 | 4,080,797 |
| Sales Tax Receivable | 743,153 | 3,906,451 |
| | **15,349,681** | **27,413,047** |

**10. TAXATION - Net**

| | 2019 | 2018 |
|---|---|---|
| Advance income tax | 12,717,364 | 11,912,298 |
| Less : Provision for tax | 1,470,960 | 1,514,876 |
| | **11,246,404** | **10,397,422** |

**11. CASH AND BANK BALANCES**

| | 2019 | 2018 |
|---|---|---|
| Cash in hand | 53,561 | 131,159 |
| With banks: | | |
| - Current accounts | 61,070 | 850,289 |
| - Saving accounts | 10,571,189 | 874,269 |
| | **10,632,259** | 1,724,558 |
| | **10,685,820** | **1,855,717** |

**12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

| 2019 | 2018 | | 2019 | 2018 |
|---|---|---|---|---|
| ----- (Units) ----- | | | ---- Rupees ---- | |
| 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. Javed Pervez Khan | 262,612,780 | 262,612,780 |
| **98,461,828** | **98,461,828** | | **984,618,280** | **984,618,280** |

**12.1 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.

| | | 2019 | 2018 |
|---|---|---|---|
| **13. RESERVES** | | | |
| Composition of reserves is as follows: | | - - - - Rupees - - - - | |
| **Capital** | | | |
| Premium on issue of share capital | 13.1 | 6,875,000 | 6,875,000 |
| Discount on issue of share capital | | (282,788,556) | (282,788,556) |
| **Revenue** | | | |
| Accumulated losses | | (188,752,919) | (139,755,624) |
| | | **(464,666,474)** | **(415,669,179)** |

**13.1** This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Act, 2017.

**14. Revaluation of property plant & equipment**

| | | 2019 | 2018 |
|---|---|---|---|
| **Freehold land** | | | |
| Balance as at 01 July | | - | - |
| Revaluation for the year | | 5,208,400 | - |
| | | **5,208,400** | - |
| **Plant & machinery** | | | |
| Balance as at 01 July | | 24,627,000 | 21,719,005 |
| Revaluation surplus | | - | 4,999,797 |
| Transfer to retained earnings with respect to incremental depreciation | | (2,389,479) | (2,091,803) |
| | | **22,237,521** | 24,626,998 |
| Balance as at 30 June 2019 | | **27,445,921** | **24,626,998** |

**15. Deffered Liabilities**

| | | 2019 | 2018 |
|---|---|---|---|
| Deffered tax | 15.1 | 15,681,064 | 9,129,536 |
| Staff gratuity scheme -unfunded | | 3,842,803 | 3,761,695 |
| | | **19,523,867** | **12,891,231** |

**15.1 Deferred Tax**

| | | 2019 | 2018 |
|---|---|---|---|
| Opening deffered tax liability | | 9,129,536 | 11,916,175 |
| Deffered tax charged/(reverse) to profit or Loss | | 6,551,528 | (2,786,639) |
| Closing deffered tax laibility | 15.1.1 | **15,681,064** | **9,129,536** |

| | 2019 | 2018 |
|---|---|---|
| | - - - - Rupees - - - - | |

### 15.1.1 Closing Deffered Tax Liability

Deferred tax liability comprises of (deductible) / taxable temporary differences in respect of the following:

| | 2019 | 2018 |
|---|---|---|
| **Deferred tax liabilities in respect of taxable temporary differences:** | | |
| Deferred tax liabilities on accelerated depreciation | 22,705,238 | 14,533,093 |
| **Deferred tax assets in respect of deductible temporary differences** | | |
| Unused tax losses / credits | 5,236,655 | 3,890,656 |
| Provision for gratuity | 1,470,388 | 1,128,509 |
| Effect on change in tax rate | 317,131 | 384,393 |
| | **15,681,064** | **9,129,536** |

### 15.2 STAFF RETIREMENT BENEFITS

**Staff gratuity scheme -unfunded**

| | 2019 | 2018 |
|---|---|---|
| Present value of defined benefit obligation | 3,856,519 | 3,761,695 |
| Add: Unrecognized actuarial loss | (13,716) | - |
| | **3,842,803** | 3,761,695 |

### 15.2.1 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 2019.

### 15.2.2 Movement in present value of defined benefit obligation

| | 2019 | 2018 |
|---|---|---|
| Balance at beginning of the year | 3,761,695 | 3,166,850 |
| Current service cost | 724,471 | 658,610 |
| Interest cost | 253,420 | 179,390 |
| Experience adjustments | 344,433 | (243,155) |
| Payable transfer to short term liability | (1,227,500) | - |
| Balance as at end of the year | **3,856,519** | 3,761,695 |

### 15.2.3 Movement in balances

| | 2019 | 2018 |
|---|---|---|
| Balance at beginning of the year | 3,761,695 | 3,166,850 |
| Expense during the year | 977,891 | 838,000 |
| Remeasurements chargeable in other comprehensive income | 330,717 | (243,155) |
| | **5,070,303** | 3,761,695 |

### 15.2.4 Charge for the year

| | 2019 | 2018 |
|---|---|---|
| Current service cost | 724,471 | 658,610 |
| Interest cost | 253,420 | 179,390 |
| | **977,891** | 838,000 |

### 15.2.5 Experience Adjustments

| | 2019 | 2018 |
|---|---|---|
| Experience adjustment arising on plan liabilities losses / (gains) | **344,433** | (243,155) |
| Present value of defined benefits obligation | **3,856,519** | 3,761,695 |

### 15.2.6 Principal actuarial assumption

Following principal actuarial assumptions were used for the valuation:

| | 2019 | 2018 |
|---|---|---|
| Estimated rate of increase in salary of the employees | N/A | N/A |
| Discount rate used for year end obligation | 14.50% p.a | 9.25% p.a |
| Discount rate used for interest cost in P&L charge | 10.00% p.a | 9.00% p.a |

### 15.2.7 Sensitivity analysis for Actuarial Assumptions

The Sensitivity of defined benefit obligation to changes in the weighted principal assumptions is :

| | Change in Assumptions | Increase in Assumptions | Decreasee in Assumptions |
|---|---|---|---|
| Discount Rate | + - 100bps | 3,481,305 | 4,276,779 |
| Salary Increase | + - 100bps | 4,269,931 | 3,481,591 |

### 16. SECURITY DEPOSIT PAYABLE

| | 2019 | 2018 |
|---|---|---|
| | ---- Rupees ---- | |
| Security deposit payable | **56,600,000** | - |

This represent interest free deposits received from distributors under distribution contracts and is refundable on cancellation of respective contract or termination of related services.

### 17. TRADE AND OTHER PAYABLES

| | | |
|---|---|---|
| Creditors | 31,727,979 | 31,642,961 |
| Accrued liabilities | 12,795,770 | 13,081,248 |
| Advances from customers | 72,545,367 | 96,109,226 |
| Others | 974,017 | 14,547,379 |
| | **118,043,133** | 155,380,814 |

### 18. CONTINGENCIES AND COMMITMENTS

**18.1 Contingencies**

**18.1.1** 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.

**18.2 Commitments**

There were no capital or other commitments at the balance sheet date (2018: Nil).

### 19. SALES - net

| | | |
|---|---|---|
| Local | | |
| - Swat | - | 7,246,250 |
| - Hub | 132,226,708 | 129,948,087 |
| | 132,226,708 | 137,194,337 |
| Export | 7,174,050 | 12,953,911 |
| Sales tax | (22,625,361) | (22,676,281) |
| | **116,775,397** | **127,471,967** |

**19.1** Export Sales comprise of sale made in UK , South Africa and Mauritius regions.

### 20. COST OF SALES

| | | | |
|---|---|---|---|
| Opening stock of finished goods | | 66,939,533 | 86,952,511 |
| Cost of goods manufactured | 20.1 | 146,555,842 | 98,677,578 |
| | | 213,495,375 | 185,630,089 |
| Closing stock of finished goods | | 108,174,448 | 66,939,533 |
| | | **105,320,927** | **118,690,556** |

| | | Note | 2019 | 2018 |
|---|---|---|---|---|
| | | | - - - - Rupees - - - - | |
| **20.1** | **Cost of goods manufactured** | | | |
| | Raw materials consumed | 20.1.1 | 92,865,869 | 48,379,978 |
| | Stores, spares and loose tools consumed | | 1,218,053 | 738,129 |
| | Salaries, wages and benefits | | 9,913,461 | 8,818,189 |
| | Conveyance expenses | | 207,710 | 821,860 |
| | Communication expenses | | 17,290 | 31,730 |
| | Entertainment expenses | | 1,506,495 | 1,805,843 |
| | Freight and octroy | | 911,770 | 796,680 |
| | Factory rent | | 556,042 | 359,996 |
| | Fuel and power | | 67,824 | 273,121 |
| | Stationary expenses | | 2,200 | 14,110 |
| | Repair and maintenance | | 1,129,889 | 807,451 |
| | Utilities | | 13,795,301 | 11,727,501 |
| | Depreciation | 5.1 | 19,767,233 | 19,088,535 |
| | Security expenses | | 1,795,219 | 1,598,044 |
| | Travelling expenses | | 64,984 | 204,991 |
| | Water charges | | 886,983 | 1,277,606 |
| | Loading / unloading expenses | | 226,059 | 160,606 |
| | Miscellaneous expenses | | 1,623,460 | 1,773,208 |
| | | | **146,555,842** | **98,677,578** |
| **20.1.1** | **Raw materials consumed** | | | |
| | Opening stock of raw materials | | 221,212,768 | 181,907,303 |
| | Add: Purchases - net | | 92,752,080 | 87,685,443 |
| | | | 313,964,848 | 269,592,746 |
| | Closing stock of raw materials | | 221,098,979 | 221,212,768 |
| | | | **92,865,869** | **48,379,978** |
| **21.** | **DISTRIBUTION COST** | | | |
| | Marketing expenses | | 3,264,247 | 7,232,924 |
| | Salaries and other benefits | | 20,162,237 | 15,441,617 |
| | Outward freight and handling | | - | 129,600 |
| | Advertisement and publicity | | 676,685 | 3,118,856 |
| | | | **24,103,169** | **25,922,997** |
| **22.** | **ADMINISTRATIVE EXPENSES** | | | |
| | Directors remuneration | 28 | 3,850,289 | 2,929,000 |
| | Salaries, wages and benefits | | 9,268,675 | 5,205,523 |
| | Conveyance expense | | 159,520 | 188,267 |
| | Communication expense | | 181,214 | 383,148 |
| | Entertainment | | 205,429 | 430,352 |
| | Fee, subscription & professional charges | | 5,756,286 | 4,774,000 |
| | Fuel & power | | 16,490 | 71,840 |
| | Rent expense | | 2,010,000 | 2,220,000 |
| | Printing and stationery | | 178,044 | 147,102 |
| | Repair and maintenance | | 95,230 | 283,395 |
| | Utilities | | 1,158,966 | 1,188,903 |
| | Auditors' remuneration | 22.1 | 575,000 | 575,000 |
| | Depreciation | 5.1.1 | 1,097,946 | 1,225,270 |
| | Miscellaneous expenses | | 527,662 | 608,174 |
| | Advertisement and publicity | | - | - |
| | Traveling expenses | | 143,715 | 950,071 |
| | | | **25,224,466** | **21,180,045** |
| **22.1** | **Auditors' remuneration** | | | |
| | Audit fee | | 450,000 | 450,000 |
| | Half yearly review | | 125,000 | 125,000 |
| | | | **575,000** | **575,000** |

| | 2019 | 2018 |
|---|---|---|
| | - - - - Rupees - - - - | |
| **23. OTHER OPERATING EXPENSES** | | |
| Remeasurement loss - investment | 2,389,974 | 3,087,756 |
| Deficit on revaluation of building | 3,681,378 | - |
| Capital loss on sale of equity shares | 36,945 | 537,907 |
| | **6,108,297** | **3,625,663** |
| **24. OTHER INCOME** | | |
| **Income from financial assets** | | |
| - Dividend Income | 229,292 | 530,598 |
| - Investment Income | 150,923 | - |
| - Saving accounts | 260,528 | 49,580 |
| | **640,743** | **580,178** |
| **Income from non-financial assets** | | |
| Other Income | 529,171 | 358,553 |
| | **1,169,914** | **938,731** |
| **25. FINANCE COST** | | |
| Bank charges | **182,669** | **173,452** |
| **26. TAXATION** | | |
| Current | | |
| - for the year | 1,470,960 | 1,514,876 |
| - changes in estimates related to prior years | 39,352 | 197,090 |
| | 1,510,312 | 1,711,966 |
| Deferred Tax | 6,551,528 | (2,786,639) |
| | **8,061,840** | (1,074,673) |

**26.1** 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.

**26.2** However, provision for taxation has been made in these financial statement for Hub Unit only, since the Swat Unit is exempt from all taxes Under section 247 of the Constitution of Pakistan.

**26.3** Sufficient provision for tax has been made in these financial statements taking into account the profit or loss for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and assessment including returns filed and demeed assessed for last three years are as follows:

| | Tax Deemed assessment | Tax provision |
|---|---|---|
| | - - - - Rupees - - - - | |
| - Tax year 2018 | 1,554,228 | 1,514,876 |
| - Tax year 2017 | 1,557,716 | 1,360,626 |
| - Tax year 2016 | 1,425,485 | 1,266,062 |

**26.4** Tax provision includes effect of prior year adjustments.

**26.5** The relationship between tax expense and accounting profit has not been presented in these financial statements as the Company has declared accounting loss for the year. Therefore minimum tax @ 1.25% has been provided in these financial statements. Sufficient tax provision has been incorporated in these financial statements.

**27. EARNINGS PER SHARE - BASIC AND DILUTED**

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

| | | 2019 | 2018 |
|---|---|---|---|
| Profit attributable to ordinary shares | (Rupees) | (51,056,057) | (43,251,653) |
| Weighted average number of ordinary shares | (Numbers) | **98,461,828** | 98,461,828 |
| Earnings per share | (Rupees) | (0.519) | (0.439) |

**28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the financial statements for remuneration including certain benefits to the Chief Executive, Directors and Executives of the Company are as follows:

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Chief Executive | Director | Executives | Chief Executive | Director | Executives |
| | ------------------------ Rupees ------------------------ | | | | | |
| Managerial remuneration | 570,000 | 1,740,000 | 9,000,291 | 570,000 | 1,736,000 | 13,060,320 |
| House rent, utilities & others | 95,000 | 1,445,289 | - | 95,000 | 528,000 | - |
| | **665,000** | **3,185,289** | **9,000,291** | **665,000** | **2,264,000** | **13,060,320** |
| **No. of Persons** | **1** | **2** | **5** | **1** | **2** | **7** |

**28.1** Chief Executive provided with Company's owned and maintained car.

**29. TRANSACTIONS WITH RELATED PARTIES**

There were no related parties during the year June 30, 2019 (2018: NIL).

## 30. PRODUCTION CAPACITY

In view of varying manufacturing process and multiple products, the annual rated capacity of the plant is mentioned in dozens based on single shift of eight hours a day. The fact for under utilization is due to product demand and normal maintenance.

| | 2019 | 2018 |
|---|---|---|
| **Rated capacity** | | |
| **- Syrup** | | |
| Dozen bottles of 800 ml each-150 days per annum single shift | 120,000 | 120,000 |
| **- Juice** | | |
| Dozen Packets of 250 ml each-180 day per annum single shift | 235,560 | 235,560 |
| **- CSD** | | |
| Half Dozen bottles - 1500 ml | 300,000 | - |
| **Actual Production** | | |
| **- Syrup** | | |
| Dozen bottles - 800 ml | 47,319 | 78,350 |
| **- Juice** | | |
| Three Dozen Packets - 250 ml | 234,003 | 149,918 |
| **- CSD** | | |
| Half Dozen bottles - 1500 ml | 46,667 | - |

## 31. FINANCIAL RISK MANAGEMENT

### 31.1 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**

At the year end the Company is not exposed to currency risk since there are no financial instruments, whose fair value or future cash flows will fluctuate because of changes in currency prices.

**(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:

| | 2019 | 2018 |
|---|---|---|
| | ---- Rupees ---- | |
| Trade debts | 9,885,896 | 9,310,190 |
| Loans and advances | 15,349,681 | 27,413,047 |
| Short term investment | 6,253,392 | 13,166,533 |
| Bank balances | 10,632,259 | 1,724,558 |
| | 42,121,228 | 51,614,328 |

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 | | | | |
|---|---|---|---|---|---|
| | Short Term | Long term | Agency | ---- Rupees ---- | |
| **Banks** | | | | | |
| Allied Bank Limited | A1+ | AA+ | PACRA | 49,200 | 838,383 |
| Habib Bank Limited | A-1+ | AAA | JCR-VIS | 3,709,521 | 18,628 |
| Meezan Bank Limited | A-1+ | AA | JCR-VIS | 6,265,036 | 834,563 |
| National Bank of Pakistan | A-1+ | AAA | JCR-VIS | - | 5,000 |
| United Bank Limited | A-1+ | AAA | JCR-VIS | 608,502 | 27,984 |
| | | | | **10,632,259** | **1,724,558** |

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 2019 the Company had Rupees 10.632 million (2018: Rupees 1.724 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 2019

| | 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 | 118,043,133 | 118,043,133 | 78,695,422 | 39,347,711 | - | - |
| | **118,043,133** | **118,043,133** | **78,695,422** | **39,347,711** | - | - |

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** | - | - |

**31.2 Fair values of financial assets and liabilities**

The carrying values of the ?nancial assets and ?nancial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Fair value hierarchy**

Fair value is de?ned as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.
Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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.

**31.3 Financial instruments by categories as at 30 June 2019**

| | 2019 | 2018 |
|---|---|---|
| | ---- Rupees ---- | |
| **Financial Assets at Amortized Cost** | | |
| Trade debts | 9,885,896 | 9,310,190 |
| Loans and advances | 15,349,681 | 27,413,047 |
| Cash and bank balances | 10,685,820 | 1,855,717 |
| | **35,921,397** | 38,578,954 |
| **Financial Assets at Fair Value through Profit or Loss Account** | | |
| Short Term Investment | 6,253,392 | 13,166,533 |
| | 6,253,392 | 13,166,533 |
| **Financial Liabilities at Amortized Cost** | | |
| Trade and other payables | 118,043,133 | 155,380,814 |
| | 118,043,133 | 155,380,814 |

**31. The Fair value hierarchy of financial assets measured at fair value as follows:**

| | 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Short term investment | 6,253,392 | - | - | 6,253,392 |

| | 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Short term investment | 13,166,533 | - | - | 13,166,533 |

**32. 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 5.

(b) The exchange rate of US Dollar to Pakistan Rupee has increased from PKR 121.73 as at June 30, 2018 to PKR 162.25 as at June 30, 2019. 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.

**33. NUMBER OF EMPLOYEES**

| | 2019 | 2018 |
|---|---|---|
| **At year end** | | |
| - Permanent | 16 | 15 |
| - Temporary | 96 | 129 |
| | 112 | 144 |

This included 50 (2018: 58) number of factory employees.

| | 2019 | 2018 |
|---|---|---|
| **Average employees during the year** | | |
| - Permanent | 16 | 15 |
| - Temporary | 65 | 113 |
| | 81 | 128 |

This included 35 (2018: 57) number of factory employees.

## 34. GEOGRAPHICAL LOCATION AND ADDRESS OF BUSINESS UNITS

| Business Unite | Location |
|---|---|
| Production Unit 1 | Near Nazar choragi Hub, Baochistan F-10/12. |
| Production Unit 2 | Sher Zam plaza Near Rahimabad Post Office. GT Road Rahimabad, SWAT Khyber Pakhtunkhwa. |
| Sales Office | Block-B, Latifabad Unit # 02, Hyderabad. |

## 35. GENERAL

### 35.1 Comparative information

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

## 36. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 01, 2019 by the Board of Directors of the Company.

**Chief Executive Officer** **Director** **Chief Financial Officer**

# Notice of Annual General Meeting

Notice is hereby given that the 29th 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 Monday, October 28, 2019 at 18:00 to transact the following business:

## Ordinary business:

1) To confirm the minutes of Annual General Meeting held on November 29, 2018.

2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2019 together with Directors' and !uditors' Report s thereon.

3) To appoint Auditors for the year ending June 30, 2020 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:
October 01, 2019

**Iqbal Shahid**
**Company Secretary**

## Book closure:

The Share Transfer Books of the Company will remain closed from October 22, 2019 to October 28, 2019 (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.

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

QUICE®

## 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 28st day of October, 2019 and at any adjournment thereof.

Signed this ____________ day of ____________ 2019.

**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.

## Jama Punji Information