



27th
Annual Report
30 June 2017



Growing with
Tastefulness



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Company Information

Board of Directors

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

Company Secretary

Mr. Iqbal Shahid

Bankers

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

Auditors

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

Audit Committee

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

Legal Advisor

M/s. Ahmed & Qazi
Advocates & Legal Consultants

Share Registrar

M/s. Technology Trade (Private) Limited
Dagia House, 241-C, Block-2, P.E.C.H.S.
Off: Shahrah-e-Quaideen, Karachi

Registered Office

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

BUSINESS PROFILE

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

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

VISION

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

MISSION

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

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

Directors' Report

On behalf of the Board, we are pleased to submit the annual report and audited financial information of the Company for the year ended June 30, 2017.

Business Overview

In current fiscal year, the Company concentrated on fusing its site of market leadership. In light of resurgent competition, the Company focused on fortifying its core competencies vis a vis product quality, communication differentiation and distribution expansion. These exertions subsidized towards robust top line and bottom line growth.

Company's reported Rs. 153.492 million in revenue vs. Rs. 231.402 million reported last year parading decline of 33.67% and gross margin drop by 53% due to declining trend in syrup segment. However, the Company achieved the massive growth to capture the market in Juice segment through substantial marketing and healthier taste.

The deterioration in gross margin leads the higher rate of overhead as the Company started its Juice production facility but unfortunately fails to accomplish the targeted sales and production as well in the period under examined.

This time our strategy focused on showcasing different moments of consumption as well as people from all generations. This year our activation through different activities and TVCs attracting crowds.

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. Launching of the Juice pack was the center point of all activations. Consumers belonging to different age brackets were engaged to refresh themselves with a chilled pack of Juice, especially in educational sector where students posed with props.

To one side from this, a focused converter activity took place which aimed at boosting Quice products nationwide.

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

	2017 Rupees "000"	2016 Rupees "000"
Net sales	153,492	231,402
Gross profit	25,047	79,530
Depreciation	20,134	13,908
Pre-tax loss	(38,173)	(2,532)
After-tax loss	(39,693)	(3,850)
Retained earnings	(366,538)	(329,545)

Director's Report (Contd.)

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 3.269 time and 0.69 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. Jawed Yameen	Member
Mr. Muhammad Siraj	Member

Meetings of the Board of Directors

During the year under review, 06 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)	06
2.	Mr. Muhammad Siraj	06
3.	Mr. Qazi Muhammad Imran	06
4.	Mr. Jawed Yameen	04
5.	Mr. Amir Altaf	06
6.	Mr. Muhammad Riaz	05
7.	Mr. Salman Haroon	06

Compliance Statement

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

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

Director's Report (Contd.)

4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. The company sustained loss for the year under review and the accumulated losses as well prevented the company from declaring dividend or issuing the bonus shares.
9. Information about taxes and levies is given in the notes to the financial statements.
10. Transactions with Related Parties have been approved by the Audit Committee and the Board of Directors.
11. The Company operates unfunded gratuity scheme for its eligible employees. The carrying value of liability as at June 30, 2017 was Rs. 3.167 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 believes in change - in growing. It is because of this strong commitment to growth, will be investing in new food categories. We will remain devoted towards converting challenges into opportunities and developing crucial internal strengths to surpass them.

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

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

Acknowledgement

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

For and on behalf of the
Board of Director



Muhammad Atif
Chief Executive Officer

Karachi
October 02, 2017



Statement of Ethics and Business Practices

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

The Code implies as follows:

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

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

Statement of Compliance with Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation No. 5.19.24 of the Rule Book of Pakistan Stock Exchange Limited for establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Name
Independent Director:	Mr. Salman Haroon
Executive Directors:	Mr. Muhammad Atif (Chief Executive) Mr. Qazi Muhammad Imran
Non Executive Directors:	Mr. Jawed Yameen Mr. Muhammad Siraj Mr. Aamir Altaf Mr. Muhammad Riaz

The independent director meet the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including Quice Food Industries Limited (excluding the listed subsidiaries of listed holding companies wherever applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF1 or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy was occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision /mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other executive and non-executive directors, have been taken by the board/shareholders.
8. The Board has not so far arranged any orientation courses for its directors during the year to apprise them of their duties and responsibilities.
9. The meetings of the Board were presided over by the Chairman, in his absence, other director elected by the board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. No new appointment of Chief Financial Officer, Company Secretary and Head of Internal Auditor were made during the year.
11. The director's report has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of references of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration committee. It comprises of three members, all are the non-executive directors including chairman of the committee.
18. The Board has set up an effective internal audit function, which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The Company has been compliant with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board



Muhammad Atif
Chief Executive Officer

Karachi.
Date: October 02, 2017



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Quice Food Industries Limited ("the Company") for the year ended June 30, 2017 to comply with the requirements of, Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24(b) of the Code of Corporate Governance, where the Company is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review we report that

- a) The professional standards and corporate values have not been put in place in the form of 'code of conduct' by the Board of Directors of the Company; and
- b) The Board has not so far arranged any orientation courses for its directors during the year to apprise them of their duties and responsibilities.

Based on our review, except for the departure disclosed in above note a-b nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

A handwritten signature in black ink, appearing to read "Muhammad Aslam Malik".

Chartered Accountants

Karachi.

Dated: October 02, 2017

Engagement Partner: **Mohammad Aslam Malik**

Auditors' Report to the Members

We have audited the annexed Balance Sheet of M/S QUICE FOOD INDUSTRIES LIMITED as at June 30, 2017 and the related Profit and Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- (a) in our opinion, proper book of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984.
- (b) in our opinion:
 - (i) the balance sheet and the profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit & Loss Account, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity together with the Notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the Loss, its cash flow and changes in equity for the year then ended; and
- (d) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



Chartered Accountants

Karachi

Dated: October 02, 2017

Engagement Partner: **Mohammad Aslam Malik**



BALANCE SHEET AS AT JUNE 30, 2017

	Note	June 30, 2017	June 30, 2016
----- Rupees -----			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property Plant and Equipment	3	402,261,606	362,884,668
Long term deposits		1,819,200	1,994,200
		404,080,806	364,878,868
CURRENT ASSETS			
Stores and spares		2,847,213	2,086,366
Stock-in-trade	4	268,859,814	159,607,160
Trade debts	5	15,664,678	105,699,900
Short term investments	6	24,578,631	18,093,267
Advances, deposits, prepayments & other receivables	7	26,298,451	69,809,714
Taxation - net	8	6,138,695	3,254,224
Cash and bank balances	9	601,070	4,206,575
		344,988,552	362,757,206
		749,069,358	727,636,074
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (2016: 105,100,000) ordinary shares of Rupees 10 each		1,051,000,000	1,051,000,000
Issued, subscribed and paid up share capital and reserves			
98,461,828 (2016 : 98,461,828) ordinary shares of Rs.10 each	10	984,618,280	984,618,280
Reserves	11	(366,537,519)	(329,545,331)
Total equity		618,080,761	655,072,949
Surplus on revaluation of property, plant and equipment		22,275,903	24,033,747
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity	12	3,166,850	3,205,570
CURRENT LIABILITIES			
Trade and other payables	13	105,545,844	45,323,808
CONTINGENCIES AND COMMITMENTS			
	14	-	-
		749,069,358	727,636,074

The annexed notes 1 to 30 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director



PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	Year Ended June 30, 2017	Year Ended June 30, 2016
---- Rupees ----			
SALES	15	153,491,966	231,402,120
Cost of Sales	16	(128,444,911)	(151,872,019)
GROSS PROFIT		25,047,055	79,530,101
Distribution Cost	17	(45,944,892)	(58,452,980)
Administrative Expenses	18	(22,953,380)	(24,433,925)
Other Operating Expenses		-	(4,691,241)
		(68,898,272)	(87,578,146)
Operating Loss		(43,851,217)	(8,048,045)
Other Operating Income	19	5,781,333	5,587,767
		(38,069,884)	(2,460,278)
Finance Cost	20	(103,096)	(71,996)
LOSS BEFORE TAXATION		(38,172,980)	(2,532,274)
Taxation	21	(1,520,049)	(1,317,388)
LOSS AFTER TAXATION		(39,693,029)	(3,849,662)
(LOSS)/EARNINGS PER SHARE	22	(0.4031)	(0.0391)

The annexed notes 1 to 30 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	Year Ended June 30, 2017	Year Ended June 30, 2016
	---- Rupees ----	
PROFIT/(LOSS) AFTER TAXATION	(39,693,029)	(3,849,662)
<i>Other comprehensive income that cannot be classified through profit and loss</i>		
Remeasurement of plan obligation - gratuity scheme	942,997	493,851
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(38,750,032)	(3,355,811)

The annexed notes 1 to 30 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017**

PARTICULARS	SHARE CAPITAL	RESERVES				SHAREHOLDERS' EQUITY
		CAPITAL		REVENUE	TOTAL	
		Premium on issue of share capital	Discount on issue of share capital	Accumulated loss		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2015	984,618,280	6,875,000	(282,788,556)	(52,837,403)	(328,750,959)	655,867,321
Incremental depreciation transferred to retained earnings	-	-	-	2,561,439	2,561,439	2,561,439
Comprehensive income for the period ended	-	-	-	(3,355,811)	(3,355,811)	(3,355,811)
Balance as at June 30, 2016	984,618,280	6,875,000	(282,788,556)	(53,631,775)	(329,545,331)	655,072,949
Incremental depreciation transferred to retained earnings	-	-	-	1,757,844	1,757,844	1,757,844
Comprehensive (Loss) for the period ended	-	-	-	(38,750,032)	(38,750,032)	(38,750,032)
Balance as at June 30, 2017	984,618,280	6,875,000	(282,788,556)	(90,623,963)	(366,537,519)	618,080,761

The annexed notes 1 to 30 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director



CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

Note	Year Ended	Year Ended
	June 30, 2017	June 30, 2016
	---- Rupees ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
	(38,172,980)	(2,532,274)
Profit/(Loss) before taxation		
Adjustment for non cash items:		
Depreciation	20,133,889	13,907,553
Provision for gratuity	904,277	995,000
Gain on sale of fixed assets	(165,227)	-
Gain / Loss on sale of equity shares	(570,669)	4,287,574
	20,302,270	19,190,127
	(17,870,710)	16,657,853
Net cash inflows from operations before working capital changes		
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(760,847)	(2,056,933)
Stock-in-trade	(109,252,654)	(90,969,204)
Trade debts	90,035,222	14,160,166
Advances, deposits, prepayments & other receivables	43,511,263	(30,936,026)
Advance income tax	(4,404,520)	(3,481,152)
	19,128,464	(113,283,149)
Increase / (decrease) in current liabilities		
Trade and other payables	60,222,036	18,206,107
	79,350,500	(95,077,042)
Net working capital changes		
Income tax paid	-	-
	61,479,790	(78,419,189)
Net cash used in from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(59,867,600)	(15,227,649)
Security deposit	175,000	(895,200)
Short term investments	(63,597,944)	(4,105,002)
Sale proceed against sale of fixed assets	522,000	-
Sale proceed against sale of equity shares	57,683,249	96,327,016
	(65,085,295)	76,099,165
Net cash inflow / (used in) from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue - right	-	-
	-	-
Net cash inflows from financing activities		
Net (decrease) / increase in cash and cash equivalents		
	(3,605,505)	(2,320,024)
Cash and cash equivalents at the beginning of the year		
	4,206,575	6,526,599
Cash and cash equivalents at the end of the year		
	601,070	4,206,575

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The annexed notes 1 to 30 form an integral part of these financial statements.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.1.2 Adoption of New And Revised Standards And Interpretations

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

	Description	Effective for annual periods beginning on or after
IFRS 2	Classification and Measurement of Share Based Payment Transactions (Amendment)	January 01, 2018
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet finalized
IAS 7	Statement of Cash Flows (Amendment)	January 01, 2017
IAS 12	Income Taxes (Amendments) Recognition of Deferred Tax Assets for Unrealized losses	January 01, 2017
IFRS 4	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments)	January 01, 2018
IFRIC 22	Foreign currency transactions and advance consideration	January 01, 2018
IFRIC 23	Uncertainty over Income Tax treatment	January 01, 2019

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.



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:

		Effective date beginning on or after
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2018
IFRS 15	Revenue from Contracts with the Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019
IFRS 17	Insurance Contracts	January 01, 2021

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year except as follows :

New Standards

The Company has adopted the following revised standards and amendments of IFRSs which became effective for the current year:

IFRS 10	Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)
IFRS 11	Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
IFRS 1	Presentation of Financial Statements: Disclosure Initiative (Amendment)
IAS 16	Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
IAS 16	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
IAS 27	Separate Financial Statements: Equity Method in Separate 'Financial Statements (Amendment)

Annual improvements to IFRSs 2012-2014 Cycle

IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7	Financial Instruments: Disclosures - Servicing contracts
IFRS 7	Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19	Employee Benefits - Discount rate: regional market issue
IAS 34	Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above revised standards, amendments and improvements does not have any material effect on these financial statements.

2.1.3 Accounting convention

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

2.1.4 Critical accounting estimates and judgments

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

2.1.5 Financial instruments

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

2.1.6 Useful lives, patterns of economic benefits and impairments

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

2.1.7 Inventories

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

2.1.8 Taxation

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

2.1.9 Provision for doubtful debts

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

2.2 Taxation

2.2.1 Current

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

Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an assets.

2.2.2 Deferred

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

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

2.3 Property, plant and equipment

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

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



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

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

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

2.3.1 Capital Work In Progress

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

2.4 Impairment

2.4.1 Financial assets

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

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

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

2.4.2 Non-financial assets

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

2.5 Inventories

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

2.5.1 Stock in trade

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

2.5.2 Stores and spares

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

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

2.6 Revenue recognition

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

2.7 Foreign currency transactions

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

2.8 Financial instruments

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

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

a) Trade Debts

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

b) Trade and other payables

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

c) Borrowings

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

2.9 Related party transaction

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

2.10 Provisions

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

2.11 Borrowing

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

2.12 Offsetting of financial instruments

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

2.13 Share Capital

Ordinary shares are classified as equity.

2.14 Cash and cash equivalents

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



3. PROPERTY PLANT AND EQUIPMENT

Operating Assets - note 3.1

Capital Work-in-Progress - note 3.2

June 30, 2017	June 30, 2016
Rupees	
239,880,816	248,401,227
162,380,790	114,483,441
402,261,606	362,884,668

3.1 PROPERTY PLANT AND EQUIPMENT - OPERATING ASSETS

	Owned						Total
	Lease hold land	Building	Plant and machinery	Vehicles	Computers & office equipment's	Furniture and fixtures	
NBV as on June 30, 2015	36,400,000	83,091,171	70,010,286	4,578,071	536,920	1,129,544	195,745,992
Additions / adjustments	-	12,422,417	50,538,371	2,616,500	575,160	410,340	66,562,788
Disposal (at NBV)	-	-	-	-	-	-	-
Depreciation charge	-	(4,079,909)	(8,255,110)	(1,201,765)	(244,414)	(126,355)	(13,907,553)
NBV as on June 30, 2016	36,400,000	91,433,679	112,293,547	5,992,806	867,666	1,413,529	248,401,227
Gross Carrying Value Basis							
Cost	36,400,000	109,442,130	201,269,667	9,161,690	1,392,757	3,553,704	361,219,948
Accumulated depreciation	-	(18,008,451)	(88,976,120)	(3,168,884)	(525,091)	(2,140,175)	(112,818,721)
NBV as on June 30, 2016	36,400,000	91,433,679	112,293,547	5,992,806	867,666	1,413,529	248,401,227
NBV as on June 30, 2016	36,400,000	91,433,679	112,293,547	5,992,806	867,666	1,413,529	248,401,227
Additions / adjustments	-	356,337	8,951,814	1,965,250	525,500	171,350	11,970,251
Disposals (at NBV)	-	-	-	-	-	-	-
Cost	-	-	-	695,000	-	-	695,000
Accumulated depreciation	-	-	-	338,227	-	-	338,227
	-	-	-	(356,773)	-	-	(356,773)
Depreciation charge	-	(7,376,264)	(11,197,125)	(1,110,938)	(304,653)	(144,909)	(20,133,889)
NBV as on June 30, 2017	36,400,000	84,413,752	110,048,236	6,490,345	1,088,513	1,439,970	239,880,816
Gross Carrying Value Basis							
Cost	36,400,000	109,798,467	210,221,481	10,431,940	1,918,257	3,725,054	372,495,199
Accumulated depreciation	-	(25,384,715)	(100,173,245)	(3,941,595)	(829,744)	(2,285,084)	(132,614,383)
NBV as on June 30, 2017	36,400,000	84,413,752	110,048,236	6,490,345	1,088,513	1,439,970	239,880,816
	-	10%	10%	20%	30%	10%	

** NBV stands for Net Book Value.

3.1.1 Depreciation for the year has been allocated as follow:

	June 30, 2017	June 30, 2016
Rupees		
Cost of sales	18,942,762	12,822,283
Administrative expenses	1,191,127	1,085,270
	20,133,889	13,907,553

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

3.1.3 Opening balances represents surplus resulting from revaluation of plant and machinery carried out on June 30 2014 by Messrs. Sipra & Company (Private) Limited an independent valuer on prevailing market prices. Previous revaluation of plant & machinery was carried out on December 31, 2011.

3.2 CAPITAL WORK-IN-PROGRESS

CWIP - Plant & Machinery
Hub Construction
Tetra

June 30, 2017	June 30, 2016
Rupees	
92,657,009	46,025,332
-	-
69,723,781	68,458,109
162,380,790	114,483,441

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

	CWIP - Plant & Machinery	Hub Construction	Tetra	Total
----- Rupees -----				
Balance as on July 1, 2015	51,808,256	10,492,938	103,517,386	165,818,580
Capital Expenditure Incurred	942,796	1,929,479	5,773,562	8,645,837
Adjustments / Transfers	(6,725,720)	(12,422,417)	(40,832,839)	(59,980,976)
Balance as on June 30, 2016	46,025,332	-	68,458,109	114,483,441
Balance as on July 1, 2016	46,025,332	-	68,458,109	114,483,441
Capital Expenditure Incurred	46,631,677	-	1,265,672	47,897,349
Adjustments / Transfers	-	-	-	-
Balance as on June 30, 2017	92,657,009	-	69,723,781	162,380,790



	June 30, 2017	June 30, 2016
	---- Rupees ----	
4. STOCK IN TRADE		
Raw and Packing materials	181,907,303	96,490,181
Finished goods	86,952,511	63,116,979
	268,859,814	159,607,160
5. TRADE DEBTS - UNSECURED		
Considered good	15,664,678	105,699,900
	15,664,678	105,699,900
6. SHORT TERM INVESTMENTS		
Equity investments	24,578,631	18,093,267
	24,578,631	18,093,267
6.1 Equity Investments:		
<i>Marketable securities - Listed</i>		
Cost of listed Shares	18,093,267	24,602,855
Purchased during the year	63,597,944	4,105,002
Disposal during the year	(57,683,249)	(5,923,349)
	24,007,962	22,784,508
Fair value reserve	570,669	(4,691,241)
Fair Value of listed shares	24,578,631	18,093,267
6.1.1 This includes investments in different listed securities.		
7. ADVANCES DEPOSITS PREPAYMENTS AND OTHER RECEIVABLES		
Advances and Deposits	3,872,045	3,998,482
Advances to Suppliers	17,244,392	59,890,554
Other Receivables	175,373	5,920,678
Sales Tax	5,006,641	-
	26,298,451	69,809,714
8. TAXATION - Net		
Advance income tax	7,499,321	4,520,286
Less : Provision for tax	1,360,626	1,266,062
	6,138,695	3,254,224
9. CASH AND BANK BALANCES		
Cash in hand	23,095	15,976
Cash at bank-current accounts	320,915	345,751
-Saving Accounts	257,060	3,844,848
	601,070	4,206,575

			June 30, 2017	June 30, 2016	
			---- Rupees ----		
10.	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL (NUMBER OF SHARES)				
	2017	2016			
	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

10.1 Capital risk management policies and procedures

The Company's objective when managing the capital are:

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

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

11 RESERVES

Composition of reserves is as follows:

Capital

Premium on issue of share capital (Note 11.1)

Discount on issue of share capital

Revenue

Accumulated loss

6,875,000	6,875,000
(282,788,556)	(282,788,556)
(90,623,963)	(53,631,775)
(366,537,519)	(329,545,331)

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



	June 30, 2017	June 30, 2016
12. STAFF RETIREMENT BENEFITS	---- Rupees ----	
Staff gratuity scheme -unfunded		
Present value of defined benefit obligation	3,166,850	3,205,570
Add: Unrecognized actuarial gain / (loss)	-	-
	3,166,850	3,205,570
12.1 General Description		
The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on 30 June 2017.		
12.2 Movement in present value of defined benefit obligation		
Balance at beginning of the year	3,205,570	2,704,421
Current service cost	671,013	711,036
Interest cost	233,264	283,964
Actuarial (gain) / loss	-	(111,426)
Experience adjustments	(942,997)	(382,425)
Balance as at end of the year	3,166,850	3,205,570
12.3 Movement in balances		
Balance at beginning of the year	3,205,570	2,704,421
Expense during the year	904,277	995,000
Remeasurements chargeable in other comprehensive income	(942,997)	(493,851)
	3,166,850	3,205,570
12.4 Charge for the year		
Current service cost	671,013	711,036
Interest cost	233,264	283,964
	904,277	995,000
12.5 Experience Adjustments		
Experience adjustment arising on plan liabilities (gains) / losses	(942,997)	(382,425)
Present value of defined benefits obligation	3,166,850	3,205,570
12.6 Principal actuarial assumption		
Following principal actuarial assumptions were used for the valuation:	2017	2016
Estimated rate of increase in salary of the employees	N/A	N/A
Discount rate used for year end obligation	9.25% p.a	9.00% p.a
Discount rate used for interest cost in P&L charge	9.00% p.a	10.5% p.a
13. TRADE AND OTHER PAYABLES	---- Rupees ----	
Trade creditors	6,808,582	14,608,146
Accrued liabilities	8,269,172	10,053,151
Advance from Customer	78,731,592	2,244,173
Other liabilities	11,736,498	13,893,433
Sales Tax	-	4,524,905
	105,545,844	45,323,808
14. CONTINGENCIES AND COMMITMENTS		
14.1 Contingencies		
14.1.1 Securities and Exchange Commission of Pakistan (SECP) has fined the Company and all the directors for Rupees 0.785 million under sections 155, 233, & 245 and 74 and 476 respectively of the Companies Ordinance,1984. No provision has made in these financial statements for such penalty. Directors and Company have filed appeal before SECP and expect a favorable outcome.		
14.2 Commitments		
There were no capital or other commitments at the balance sheet date (2016: Nil).		



	June 30, 2017	June 30, 2016
15. SALES		
	---- Rupees ----	
Sales - Swat (net sales)	19,099,650	109,440,571
Sales - Karachi (net sales)	134,392,316	121,961,549
	153,491,966	231,402,120
16. COST OF SALES		
Finished goods - opening	63,116,979	26,091,606
Add: Cost of goods manufactured	152,280,443	188,897,392
	215,397,422	214,988,998
Less: Finished goods - closing	86,952,511	63,116,979
	128,444,911	151,872,019
Cost of goods manufactured		
Raw and packing material consumed (Note 16.1)	95,174,511	141,410,524
Store & spares consumed	1,356,386	263,094
Salaries, wages and other benefits	15,544,298	16,664,704
Conveyance expenses	1,002,556	1,080,364
Communication expenses	25,736	6,036
Entertainment expenses	2,691,377	1,324,746
Freight and octroy	1,283,969	1,011,780
Factory rent	631,996	858,693
Fuel and power	194,908	104,656
Stationary expenses	43,710	53,854
Repair and maintenance	1,953,648	1,499,319
Utilities	8,219,397	5,993,154
Depreciation (Note 3.1)	18,942,764	12,822,381
Security expenses	1,212,733	1,062,319
Travelling expenses	187,813	657,262
Water charges	765,974	1,468,228
Loading / unloading expenses	380,295	352,783
Miscellaneous expenses	2,668,372	2,263,495
	152,280,443	188,897,392
16.1 Raw and Packing material consumed		
Opening stock	96,490,181	42,546,350
Add: Purchased during the year	180,591,633	195,354,355
	277,081,814	237,900,705
Less: Closing stock	181,907,303	96,490,181
	95,174,511	141,410,524
17. DISTRIBUTION COST		
Marketing expenses	13,983,298	16,917,400
Salaries and other benefits	23,285,146	25,305,810
Outward freight and handling	1,709,992	8,801,866
Advertisement and publicity	6,966,456	7,427,904
	45,944,892	58,452,980
18. ADMINISTRATIVE EXPENSES		
Directors remuneration (Note 28)	2,929,000	2,929,000
Salaries and other benefits	6,089,763	6,703,376
Conveyance expense	495,216	669,538
Communication expense	223,363	182,873
Entertainment	395,718	487,018
Fee, subscription & professional charges	4,575,926	3,805,300
Fuel & power	18,630	42,770
Rent expense	2,277,500	2,396,675
Printing and stationery	278,576	273,803
Repair and maintenance	472,626	826,572
Utilities	979,112	1,220,285
Auditors' remuneration (Note 18.1)	450,000	450,000
Depreciation (Note 3.1)	1,191,127	1,085,270
Miscellaneous expenses	1,127,219	2,105,664
Advertisement and publicity	21,600	24,650
Traveling expenses	1,428,004	1,231,131
	22,953,380	24,433,925



June 30, 2017 **June 30, 2016**
 ----- Rupees -----

18.1 Auditors' remuneration			
Audit fee		375,000	375,000
Half yearly review		75,000	75,000
		450,000	450,000
19. OTHER OPERATING INCOME			
Other Income		1,351,569	644,464
Dividend Income		788,399	1,376,047
Bank Profit		262,961	326,111
Scrape Sales		365,500	512,480
Exchange Gain		567,779	26,953
Gain / (Loss) on disposal of assets		2,354,980	403,667
Investment Income		90,145	2,298,045
		5,781,333	5,587,767
20. FINANCE COST			
Bank charges		103,096	71,996
21. TAXATION			
<u>Current</u>			
for the year		1,360,626	1,266,062
for prior years		159,423	51,326
		1,520,049	1,317,388
<u>Deferred Tax</u>		-	-
		1,520,049	1,317,388
<p>The Company has its production units in Swat and Hub. 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% of turnover.</p> <p>However under section 247 of the Constitution of Pakistan, Swat area is exempted from all taxes. Accordingly, no provision for current and deferred tax has been made for the same.</p>			
22. EARNINGS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shares	(Rupees)	(39,693,029)	(3,849,662)
Weighted average number of ordinary shares	(Numbers)	98,461,828	98,461,828
Earnings per share	(Rupees)	(0.4031)	(0.0391)
23. CASH AND CASH EQUIVALENTS			
Cash and bank balance		601,070	4,206,575
		601,070	4,206,575
24. TRANSACTIONS WITH RELATED PARTIES			
The related parties comprise directors, sales distributor and major suppliers..			
Sales		19,099,650	109,440,571
Purchases		9,891,685	48,838,668
Trade debts		-	30,878,803
Loans and advances		3,872,045	3,906,162



25. CAPACITY AND PRODUCTION

In view of varying manufacturing process and multiple products, the annual capacity of the plant is 176,000 dozens bottles and 235,560 cartons based on double shift of sixteen hours a day and single shift of eight hours a day respectively. Working days for syrup, juice and HHP are in 300 days. The fact for under utilization is due to normal maintenance.

	2017	2016
Capacity		
Rated capacity		
Syrup		
Dozen bottles of 800 ml each-150 days per annum single shift	120,000	120,000
Juice		
Three Dozen packets of 250 ml each-180 day per annum single shift	235,560	-
HHP		
Dozen bottles of 440 gm each-300 day per annum double shift	56,000	56,000
Actual Production		
Syrup		
Dozen bottles - 800 ml	96,576	78,350
Juice		
Three Dozen packets - 250 ml	149,918	-
HHP		
Dozen bottles - 440 gm	-	-

26. FINANCIAL RISK MANAGEMENT

26.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Sensitivity analysis

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

	Increase / (Decrease) US Dollar to Pak Rupee	Effect on profit before tax Rupees
2017		
Pak Rupee	+5%	47,166
Pak Rupee	-5%	(47,166)
2016		
Pak Rupee	+5%	46,941
Pak Rupee	-5%	(46,941)

(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:

	2017 Rupees	2016 Rupees
Trade debts	15,664,678	105,699,900
Loans and advances	26,298,451	69,809,714
Bank balances	577,975	4,190,599
	42,541,104	179,700,213

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			2017	2016
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
Allied Bank Limited	A1+	AA+	PACRA	309,009	333,845
Habib Bank Limited	A-1+	AAA	JCR-VIS	25,410	34,303
Meezan Bank Limited	A-1+	AA	JCR-VIS	203,615	3,782,272
National Bank of Pakistan	A-1+	AAA	JCR-VIS	5,000	5,000
United Bank Limited	A-1+	AAA	JCR-VIS	34,941	35,179
				577,975	4,190,599

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 2017 the Company had Rupees 0.578 million (2016: Rupees 4.191 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 2017

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

Contractual maturities of financial liabilities as at 30 June 2016

	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	45,323,808	45,323,808	30,215,872	15,107,936	-	-
	45,323,808	45,323,808	30,215,872	15,107,936	-	-

26.2 Fair values of financial assets and liabilities

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

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

26.3 Financial instruments by categories

As at 30 June 2017

Assets as per balance sheet

Trade debts
Short Term Investments
Loans and advances
Cash and bank balances

Liabilities as per balance sheet

Trade and other payables

As at 30 June 2016

Assets as per balance sheet

Trade debts
Short Term Investments
Loans and advances
Cash and bank balances

Liabilities as per balance sheet

Trade and other payables

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

Financial liabilities at amortized cost

Rupees

105,545,844

105,545,844

Loans and receivables	Total
Rupees	Rupees
105,699,900	105,699,900
18,093,267	18,093,267
69,809,714	69,809,714
4,206,575	4,206,575
197,809,456	197,809,456

Financial liabilities at amortized cost

Rupees

45,323,808

45,323,808

27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 02, 2017 by the Board of Directors of the Company.

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

Chief Executive Officer

Managerial remuneration and other benefits
House rent and utilities

570,000	570,000
95,000	95,000
665,000	665,000
1	1

Number

Directors

Managerial remuneration
Housing and utilities

1,736,000	1,736,000
528,000	528,000
2,264,000	2,264,000
2	2

Number

Executives

Managerial remuneration
Housing and utilities

6,900,450	5,749,546
-	-
6,900,450	5,749,546
5	4

Number

28.1 The chief executive officer is provided with free use of Company maintained car. Two (2016: Two) other directors are also provided with the Company maintained car.

29. CORRESPONDING FIGURES

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

30. GENERAL

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



Muhammad Atif
Chief Executive Officer



Muhammad Siraj
Director



Notice of Annual General Meeting

Notice is hereby given that the 27th 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 and Karachi on Friday, October 27, 2017 at 07:00 PM to transact the following business:

ORDINARY BUSINESS:

- 1) To confirm the minutes of Annual General Meeting held on November 30, 2016.
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2017 together with Directors' and Auditors' Reports thereon.
- 3) To appoint Auditors for the year ending June 30, 2018 and fix their remuneration. M/s. Aslam Malik & Co., Chartered Accountants will retire and are eligible to offer themselves for re-appointment.

SPECIAL BUSINESS:

- 1) To elect seven directors as fixed by the board for a period of three years in accordance with the provision of section 178(1) of the Companies Ordinance, 1984. The following Directors will retire and are eligible to offer themselves for re-elections:
 - I. Mr. Muhammad Atif.
 - II. Mr. Muhammad Siraj.
 - III. Mr. Qazi Muhammad Imran.
 - IV. Mr. Salman Haroon (Independent Director)
 - V. Mr. Aamir Altaf.
 - VI. Mr. Jawed Yameen.
 - VII. Mr. Muhammad Riaz.
- 2) To transact any other business with permission of the Chair.

By order of the Board

Karachi:
October 02, 2017

IQBAL SHAHID
Company Secretary

BOOK CLOSURE:

The Share Transfer Books of the Company will remain closed from October 21, 2017 to October 27, 2017 (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) Member, who intend to offer themselves for the election as Director, may file with the Registered Office of Company, Notice of their intention to offer themselves for election as Director, should be received not later than 14 days before the date of Meeting.
- 3) Members are requested to communicate to the Company any change in their addresses.



Pattern of Shareholding
As At June 30, 2017

No. of Share Holders	Shareholding		Total Shares Held
	From	To	
666	1	100	15,236
1123	101	500	314,559
1196	501	1,000	925,861
1586	1,001	5,000	3,908,668
546	5,001	10,000	3,895,825
818	10,001	100,000	24,318,892
105	100,001	1,000,000	19,120,709
3	1,000,001	5,000,000	14,575,500
1	5,000,001	7,000,000	5,114,000
2	7,000,001	15,015,000	26,272,578
6,046	Total		98,461,828

S.No.	Categories Of Shareholders	No. of Shareholders	Total Shares Held	%
1	CEO	1	627	0.00
2	Directors	6	9,804	0.01
3	General Public	5,969	54,472,169	55.32
4	Investment Companies	1	35,000	0.04
5	Insurance Companies	1	77,188	0.08
6	Modarabas and Mutual Funds	5	5,396,100	5.48
7	NIT and ICP	2	53,750	0.05
8	Foreign Investors	1	12,000	0.01
9	Sponsors And Family Members	2	31,386,578	31.88
10	Others	58	7,018,612	7.13
Total		6,046	98,461,828	100.00

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Proxy Form

I/We _____ of _____ being a member of QUICE FOOD INDUSTRIES LIMITED and holder of _____ Ordinary shares as per share Register Folio No. _____ and/or CDC Participant I.D. No. _____ and Sub Account No. _____, hereby appoint _____ of _____ or failing him _____ of _____ as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held on the 27th day of October, 2017 and at any adjournment thereof.

Signed this _____ day of _____ 2017.

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.