26th
Annual Report
30 June 2016

Growing with Tastefulness

QUICE FOOD INDUSTRIES LIMITED

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

Human Resource Committee

Mr. Aamir Altaf	Chairman
Mr. Muhammad Riaz	Member
Mr. Salman Haroon	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, 2016.

Business Overview

In current fiscal year, the Company concentrated on fusing its site of market leadership within the Southern region. In light of resurgent competition, the Company focused on forting 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. 231.402 million in revenue vs. Rs. 209.615 million reported last year parading growth of 10.39%.

Gross margin improved from (4.06%) to 16.57 % due to declining trend in product and fuel prices as well as number of efficiency parameters.

Syrup endured its trend of growth over the past year despite a rising competitors with a destructive strategy. The growth engine for the brand remained the portion pack, which grew on the back of improved distribution and differentiation against competition and is presumed to continue its upward trajectory in the years to come.

Advertising and promotion spending has increased by Rs. 12.776 million, reinforcing our commitment to build brands for the long term.

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.

A new TVCS were developed to lift sales during the auspicious occasions with the objective of this campaign was to demonstrate how various instances can be made more glee.

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 Syrup & Fruit Drink in Karachi region.

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

	2016 Rupees "000"	2015 Rupees "000"
Net sales	231,402	209,616
Gross profit	79,530	68,224
Depreciation	13,908	11,223
Pre-tax profit / (loss)	(2,532)	1,852
After-tax profit / (loss)	(3,850)	1,033
Retained earnings	(329,545)	(328,751)

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 8.00 time and 4.44 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. Muhammad Siraj	Chairman
Mr. Jawed Yameen	Member
Mr. Salman Haroon	Member

Meetings of the Board of Directors

During the year under review, 08 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)	08
2.	Mr. Muhammad Siraj	08
3.	Mr. Qazi Muhammad Imran	08
4.	Mr. Jawed Yameen	04
5.	Mr. Amir Altaf	05
6.	Mr. Muhammad Riaz	06
7.	Mr. Salman Haroon	08
8.	Mr. Sardar Iftilhar Ahmed	02

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. Information about taxes and levies is given in the notes to the financial statements.

9. Transactions with Related Parties have been approved by the Audit Committee and the Board of Directors.

10. The company operates unfunded gratuity scheme for its eligible employees. The carrying value of liability as at June 30, 2016 was Rs. 3.206 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 31, 2016

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 contained in Regulation 5.19 of the Listing Regulation of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at June 30, 2016 the board includedthe following members:

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

At present the Board includes at least two executive, four non-executive directors and one independent director representing minority shareholders.

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

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 NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred due to resignation of director, Mr. Sardar Iftikhar Ahmed and the same was filled in by a new director Mr. Jawed Yameen in November 2015.

5. The Company has prepared a 'Code of Conduct' comprising of Ethics and Business Practices policies 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 decision on material transaction, including appointments and determinations of remuneration and term and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. All the meetings of the Board were presided over by the Chief Executive and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notice of the Board meeting, 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.

9. The Board has not so far arranged any orientation courses for its directors during the year to apprise them of their duties and responsibilities.

10. There has been no new appointment at CEO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the Board during the year.

11. The directors' report for this year 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 the 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 three members, of whom all three are non-executive directors including the chairman of the Committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final result of the Company and as required by the CCG. The term of reference of the committee have been framed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are Non-Executive directors including an independent director and the chairman of Committee is also a Non-Executive director.

18. The Board has set-up an effective internal audit function which is considered suitably experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the 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 regards.

21. The 'close 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. We confirm that all other material principles contained in the CCG have been complied with.

For and on behalf of the Board

Karachi
Date: October 31, 2016

Muhammad Atif
Chief Executive Officer

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Quice Foods Industries Limited** to comply with the Listing Regulation of Pakistan Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's 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 the approval of the 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

We hereby conclude that except for the matters referred in note above, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2016.

Chartered Accountants
Karachi.
Dated: October 31, 2016

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, 2016 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 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 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 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 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, 2016 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 31, 2016

Engagement Partner: **Mohammad Aslam Malik**

BALANCE SHEET
AS AT JUNE 30, 2016

	Note	June 30 , 2016	June 30, 2015
		- - - - Rupees - - - -	
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property Plant and Equipment	3	362,884,668	361,564,572
Long term deposits		1,994,200	1,099,000
		364,878,868	362,663,572
CURRENT ASSETS			
Stores and spares		2,086,366	29,433
Stock-in-trade	4	159,607,160	68,637,956
Trade debts	5	105,699,900	119,860,066
Short term investments	6	18,093,267	114,602,855
Advances, deposits, prepayments & other receivables	7	69,809,714	38,873,688
Taxation - net	8	3,254,224	1,090,460
Cash and bank balances	9	4,206,575	6,526,599
		362,757,206	349,621,057
		727,636,074	712,284,629
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (2015: 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 (2015 : 98,461,828) ordinary shares of Rs.10 each	10	984,618,280	984,618,280
Reserves	11	(329,545,331)	(328,750,959)
Total equity		**655,072,949**	655,867,321
Surplus on revaluation of property, plant and equipment		**24,033,747**	26,595,186
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity	12	**3,205,570**	2,704,421
CURRENT LIABILITIES			
Trade and other payables	13	**45,323,808**	27,117,701
CONTINGENCIES AND COMMITMENTS	14	**-**	-
		727,636,074	**712,284,629**

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, 2016

	Note	Year Ended June 30 , 2016	Year Ended June 30 , 2015
		- - - - Rupees - - - -	
Sales	15	231,402,120	209,615,825
Cost of Sales	16	(151,872,019)	(141,391,374)
Gross Profit		79,530,101	68,224,451
Distribution Cost	17	(58,452,980)	(45,886,728)
Administrative Expenses	18	(24,433,925)	(26,009,214)
Other Operating Expenses		(4,691,241)	(782,934)
		(87,578,146)	(72,678,876)
Operating Loss		(8,048,045)	(4,454,425)
Other Operating Income	19	5,587,767	7,247,396
		(2,460,278)	2,792,971
Finance Cost	20	(71,996)	(40,552)
Profit/(loss) before Taxation		(2,532,274)	2,752,419
Taxation	21	(1,317,388)	(818,700)
Profit/(loss) after Taxation		(3,849,662)	1,933,719
Earnings/(loss) per Share	22	(0.0391)	0.0226

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, 2016

	Year Ended June 30 , 2016	Year Ended June 30 , 2015
	- - - - Rupees - - - -	
PROFIT/(LOSS) AFTER TAXATION	(3,849,662)	1,933,719
Other comprehensive income that cannot be classified through profit and loss		
Remeasurement of plan obligation - gratuity scheme	493,851	1,153,200
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(3,355,811)**	**3,086,919**

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, 2016

PARTICULARS	SHARE CAPITAL	RESERVES				SHAREHOLDERS' EQUITY
		CAPITAL		REVENUE		
		Premium on issue of share capital	Discount on issue of share capital	Accumulated loss	TOTAL	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2014	**522,005,500**	**6,875,000**	**(190,266,000)**	**(58,758,750)**	**(242,149,750)**	**279,855,750**
Issue of shares - other than right	262,612,780	-	-	-	-	262,612,780
Issue of shares - right	200,000,000	-	-	-	-	200,000,000
Discount on issue of shares - other than right	-	-	(52,522,556)	-	(52,522,556)	(52,522,556)
Discount on issue of shares - right	-	-	(40,000,000)	-	(40,000,000)	(40,000,000)
Incremental depreciation transferred to retained earnings	-	-	-	2,834,428	2,834,428	2,834,428
Comprehensive income for the period ended	-	-	-	3,086,919	3,086,919	3,086,919
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 (Loss) 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**

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, 2016

	Note	Year Ended June 30 , 2016	Year Ended June 30 , 2015
		- - - - Rupees - - - -	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		**(2,532,274)**	2,752,419
Adjustment for non cash items:			
Depreciation		13,907,553	11,223,276
Provision for gratuity		995,000	1,053,760
Gain on sale of fixed assets		-	(26,236)
Gain / Loss on sale of equity shares		4,287,574	(117,672)
		19,190,127	12,133,128
Net cash inflows from operations before working capital changes		**16,657,853**	**14,885,547**
Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		(2,056,933)	(29,433)
Stock-in-trade		(90,969,204)	(25,580,569)
Trade debts		14,160,166	14,248,946
Advances, deposits, prepayments & other receivables		(30,936,026)	(26,795,053)
Advance income tax		(3,481,152)	(1,795,281)
		(113,283,149)	**(39,951,390)**
Increase / (decrease) in current liabilities			
Trade and other payables		18,206,107	7,572,254
Net working capital changes		**(95,077,042)**	**(32,379,136)**
Income tax paid		-	(250,000)
Net cash used in from operating activities		**(78,419,189)**	**(17,743,589)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(15,227,649)	(24,218,651)
Security deposit		(895,200)	-
Short term investments		(4,105,002)	(128,862,929)
Sale proceed against sale of fixed assets		-	1,000,000
Sale proceed against sale of equity shares		96,327,016	14,377,745
Net cash inflow / (used in) from investing activities		**76,099,165**	**(137,703,835)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issue - right		-	160,000,000
Net cash inflows from financing activities		**-**	**160,000,000**
Net (decrease) / increase in cash and cash equivalents		**(2,320,024)**	**4,552,576**
Cash and cash equivalents at the beginning of the year		**6,526,599**	**1,974,023**
Cash and cash equivalents at the end of the year	23	**4,206,575**	**6,526,599**

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, 2016

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 approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.1.2 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 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	July 01, 2016
IFRS 7	Financial Instruments: Disclosures (Amendments)	July 01, 2016
IFRS 11	Joint Arrangements (Amendments)	January 01, 2017
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018
IFRS 16	Leases	January 01, 2019
IAS 1	Presentation of Financial Statements (Amendments)	January 01, 2016
IAS 7	Statement of Cash Flows (Amendments)	January 01, 2017
IAS 12	Income Taxes (Amendments)	January 01, 2017
IAS 16	Property, Plant and Equipment (Amendments)	January 01, 2016
IAS 19	Employee Benefits (Amendments)	January 01, 2016
IAS 27	Separate Financial Statements (Amendments)	January 01, 2016
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 01, 2016
IAS 34	Interim Financial Reporting (Amendments)	January 01, 2016
IAS 38	Intangible Assets (Amendments)	January 01, 2016
IAS 41	Agriculture (Amendments)	January 01, 2016

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's 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 Standards
IFRS 9	Financial Instruments: Classification and Measurement

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

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

2.1.3 Accounting convention

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

2.1.4 Critical accounting estimates and judgments

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

2.1.5 Financial instruments

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

2.1.6 Useful lives, patterns of economic benefits and impairments

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

2.1.7 Inventories

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

2.1.8 Taxation

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

2.1.9 Provision for doubtful debts

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

2.2 Taxation

2.2.1 Current

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

Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any, or 1% 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 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 so as to write off the cost / appreciated value of the assets over their estimated useful lives at the rates given in Note 3.1. The Company charges the depreciation on additions from the month in which the asset is available for use and on deletions up to the month in which the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

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

2.3.1 Capital Work In Progress

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

2.4 Impairment

2.4.1 Financial assets

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

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

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

2.4.2 Non-financial assets

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

2.5 Inventories

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

2.5.1 Stock in trade

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

2.5.2 Stores and spares

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

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

2.6 Revenue recognition

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

2.7 Foreign currency transactions

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

2.8 Financial instruments

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

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

a) Trade Debts

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

b) Trade and other payables

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

c) Borrowings

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

2.9 Related party transaction

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

2.10 Provisions

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

2.11 Borrowing Costs

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

2.12 Offsetting of financial instruments

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

2.13 Share Capital

Ordinary shares are classified as equity.

2.14 Cash and cash equivalents

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

	June 30 , 2016	June 30, 2015
	- - - - Rupees - - - -	
3. PROPERTY PLANT AND EQUIPMENT		
Operating Assets - note 3.1	248,401,227	**195,745,992**
Capital Work-in-Progress - note 3.2	114,483,441	**165,818,580**
	362,884,668	**361,564,572**

3.1 PROPERTY PLANT AND EQUIPMENT - OPERATING ASSETS

	Owned						
	Lease hold land	Building	Plant and machinery	Vehicles	Computers and office equipment's	Furniture and fixtures	**Total**
NBV as on June 30 , 2014	-	2,008,898	74,210,474	6,441,230	321,804	841,533	83,823,939
Additions / adjustments	36,400,000	83,690,221	2,986,224	315,190	339,728	387,730	124,119,093
Disposal (at NBV)	-	-	-	(973,764)	-	-	(973,764)
Depreciation charge	-	(2,607,948)	(7,186,412)	(1,204,585)	(124,612)	(99,719)	(11,223,276)
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**
Gross Carrying Value Basis							
Cost	36,400,000	97,019,713	150,731,296	6,545,190	817,597	3,143,364	294,657,160
Accumulated depreciation	-	(13,928,542)	(80,721,010)	(1,967,119)	(280,677)	(2,013,820)	(98,911,168)
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**
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
Disposals (at NBV)							
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
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**
	-	**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 , 2016	June 30 , 2015
	- - - - Rupees - - - -	
Cost of sales	12,822,283	10,753,099
Administrative expenses	1,085,270	470,177
	13,907,553	11,223,276

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	June 30 , 2016	June 30 , 2015
	- - - - Rupees - - - -	
CWIP - Plant & Machinery	46,025,332	51,808,256
Hub Construction	-	10,492,938
Tetra	68,458,109	103,517,386
	114,483,441	**165,818,580**

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, 2014	45,763,936	6,810,842	2,970,720	55,545,498
Capital Expenditure Incurred	6,044,320	3,682,096	100,546,666	110,273,082
Adjustments / Transfers	-	-	-	-
Balance as on June 30, 2015	**51,808,256**	**10,492,938**	**103,517,386**	**165,818,580**
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**

4. STOCK IN TRADE	June 30 , 2016	June 30 , 2015
	- - - - Rupees - - - -	
Raw and Packing materials	96,490,181	42,546,350
Finished goods	63,116,979	26,091,606
	159,607,160	**68,637,956**

	June 30 , 2016	June 30, 2015
5. TRADE DEBTS - UNSECURED	- - - - Rupees - - - -	
Considered good	105,699,900	119,860,066
	105,699,900	**119,860,066**
6. SHORT TERM INVESTMENTS		
Equity investments	18,093,267	24,602,855
Term deposit certificates	-	90,000,000
6.1 Equity Investments:	**18,093,267**	**114,602,855**
Marketable securities - Listed		
Cost of listed Shares	24,602,855	-
Purchased during the year	4,105,002	38,862,929
Disposal during the year	(5,923,349)	(15,160,680)
	22,784,508	23,702,249
Fair value reserve	(4,691,241)	900,606
Fair Value of listed shares	**18,093,267**	**24,602,855**

6.1.1 This includes investments in different listed securities.

6.2 Term Deposits Certificate		
Investment in Islamic Certificates	**-**	**90,000,000**
7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Advances and Deposits	3,998,482	5,076,211
Advances to Suppliers	59,890,554	30,084,958
Other Receivables	5,920,678	3,611,761
Accrued Profit	-	100,758
	69,809,714	**38,873,688**
8. TAXATION - Net		
Advance income tax	4,520,286	2,063,933
Less : Provision for tax	1,266,062	973,473
	3,254,224	**1,090,460**
9. CASH AND BANK BALANCES		
Cash in hand	15,976	28,705
Cash at bank-current accounts	345,751	1,785,096
-Saving Accounts	3,844,848	4,712,798
	4,206,575	**6,526,599**

10. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

(NUMBER OF SHARES) 2016	2015		June 30 , 2016	June 30, 2015
			- - - - Rupees - - - -	
4,954,366	4,954,366	Ordinary shares of Rs.10 each	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:

	June 30 , 2016	June 30, 2015
Capital		
Premium on issue of share capital (Note 11.1)	6,875,000	6,875,000
Discount on issue of share capital	(282,788,556)	(282,788,556)
Revenue		
Accumulated loss	(53,631,775)	(52,837,403)
	(329,545,331)	**(328,750,959)**

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 , 2016	June 30, 2015
12. STAFF RETIREMENT BENEFITS	**- - - - Rupees - - - -**	
Staff gratuity scheme -unfunded		
Present value of defined benefit obligation	3,205,570	2,704,421
Add: Unrecognized actuarial gain / (loss)	-	-
	3,205,570	2,704,421

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 2016.

12.2 Movement in present value of defined benefit obligation

Balance at beginning of the year	2,704,421	2,803,861
Current service cost	711,036	675,239
Interest cost	283,964	378,521
Actuarial (gain) / loss	(111,426)	-
Experience adjustments	(382,425)	(1,153,200)
Balance as at end of the year	**3,205,570**	2,704,421

12.3 Movement in balances

Balance at beginning of the year	2,704,421	2,803,861
Expense during the year	995,000	1,053,760
Remeasurements chargeable in other comprehensive income	(493,851)	(1,153,200)
	3,205,570	2,704,421

12.4 Charge for the year

Current service cost	711,036	675,239
Interest cost	283,964	378,521
	995,000	1,053,760

12.5 Experience Adjustments

Experience adjustment arising on plan liabilities (gains) / losses	**(382,425)**	(1,153,200)
Present value of defined benefits obligation	**3,205,570**	2,704,421

12.6 Principal actuarial assumption

Following principal actuarial assumptions were used for the valuation:	**2016**	**2015**
Estimated rate of increase in salary of the employees	N/A	9.5%
Discount rate used for year end obligation	9.00% p.a	10.5% p.a
Discount rate used for interest cost in P&L charge	10.5% p.a	13.5% p.a

13. TRADE AND OTHER PAYABLES	**- - - - Rupees - - - -**	
Trade creditors	14,608,146	4,008,711
Accrued liabilities	10,053,151	8,406,253
Advance from Customer	2,244,173	-
Other liabilities	13,893,433	12,126,244
Sales Tax	4,524,905	2,576,493
	45,323,808	27,117,701

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 (2015: Nil).

		June 30 , 2016	June 30, 2015
15.	**SALES**	- - - - Rupees - - - -	
	Sales - Swat (net sales)	109,440,571	130,816,765
	Sales - Karachi (net sales)	121,961,549	78,799,060
		231,402,120	**209,615,825**
16.	**COST OF SALES**		
	Finished goods - opening	26,091,606	28,254,492
	Add: Cost of goods manufactured	188,897,392	139,228,488
		214,988,998	167,482,980
	Less: Finished goods - closing	63,116,979	26,091,606
		151,872,019	**141,391,374**
	Cost of goods manufactured		
	Raw and packing material consumed (Note 16.1)	141,410,524	101,218,667
	Store & spares consumed	263,094	-
	Salaries, wages and other benefits	16,664,704	18,345,287
	Conveyance expenses	1,080,364	751,950
	Communication expenses	6,036	25,727
	Entertainment expenses	1,324,746	653,499
	Freight and octroy	1,011,780	1,206,110
	Factory rent	858,693	390,000
	Fuel and power	104,656	502,100
	Stationary expenses	53,854	57,526
	Repair and maintenance	1,499,319	688,821
	Utilities	5,993,154	2,429,119
	Depreciation (Note 3.1)	12,822,381	10,197,273
	Security expenses	1,062,319	822,291
	Travelling expenses	657,262	249,712
	Water charges	1,468,228	765,670
	Loading / unloading expenses	352,783	236,312
	Miscellaneous expenses	2,263,495	688,424
		188,897,392	**139,228,488**
16.1	**Raw and Packing material consumed**		
	Opening stock	42,546,350	14,802,895
	Add: Purchased during the year	195,354,355	128,962,122
		237,900,705	143,765,017
	Less: Closing stock	96,490,181	42,546,350
		141,410,524	**101,218,667**
17.	**DISTRIBUTION COST**		
	Marketing expenses	16,917,400	12,398,332
	Salaries and other benefits	25,305,810	16,695,525
	Outward freight and handling	8,801,866	13,463,372
	Advertisement and publicity	7,427,904	3,329,499
		58,452,980	**45,886,728**
18.	**ADMINISTRATIVE EXPENSES**		
	Directors remuneration (Note 28)	2,929,000	2,688,250
	Salaries and other benefits	6,703,376	5,356,030
	Conveyance expense	669,538	512,897
	Communication expense	182,873	317,319
	Commission expense	-	3,043,805
	Entertainment	487,018	515,001
	Fee, subscription & professional charges	3,805,300	4,536,549
	Fuel & power	42,770	25,920
	Legal expense	-	450,000
	Rent expense	2,396,675	2,136,230
	Printing and stationery	273,803	271,961
	Repair and maintenance	826,572	589,671
	Utilities	1,220,285	1,212,973

	June 30 , 2016	June 30, 2015
	- - - - Rupees - - - -	
Auditors' remuneration (Note 18.1)	450,000	450,000
Depreciation (Note 3.1)	1,085,270	1,025,902
Miscellaneous expenses	2,105,664	1,140,402
Advertisement and publicity	24,650	52,260
Traveling expenses	1,231,131	1,684,044
	24,433,925	**26,009,214**

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	644,464	611,309
Dividend Income	1,376,047	1,071,450
Bank Profit	326,111	935,872
Scrape Sales	512,480	446,594
Exchange Gain	26,953	29,273
Gain / (Loss) on disposal of assets	403,667	26,236
Investment Income	2,298,045	3,226,056
	5,587,767	**6,346,790**
Upward fair value gain on short term investments.	-	9,00,606
	5,587,767	**7,247,396**

20. FINANCE COST

Bank charges	**71,996**	**40,552**

21. TAXATION

Current		
for the year	1,266,062	798,570
for prior years	51,326	20,130
	1,317,388	818,700
Deferred Tax	-	-
	1,317,388	818,700

The Company has started production at Karachi Unit. 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, the operations of the Company are in Swat. 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.

22. EARNINGS PER SHARE - BASIC AND DILUTED

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

Profit / (Loss) attributable to ordinary shares	(Rupees)	(3,849,662)	1,933,719
Weighted average number of ordinary shares	(Numbers)	98,461,828	85,475,527
Earnings / (loss) per share	(Rupees)	(0.0391)	0.0226

23. CASH AND CASH EQUIVALENTS

Cash and bank balance	4,206,575	6,526,599
	4,206,575	6,526,599

24. TRANSACTIONS WITH RELATED PARTIES

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

Sales	109,440,571	130,816,765
Purchases	48,838,668	67,247,140
Trade debts	30,878,803	65,551,983
Loans and advances	3,906,162	15,815,325

25. CAPACITY AND PRODUCTION

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

Capacity	**2016**	**2015**
Rated capacity		
Syrup		
Dozen bottles of 800 ml each-150 days per annum single shift	120,000	120,000
HHP		
Dozen bottles of 440 gm each-300 day per annum double shift	56,000	56,000
Actual Production		
Syrup		
Dozen bottles - 800 ml	78,350	78,350
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, 2016 and 2015 would have been as follows:

	Increase / (Decrease) US Dollar to Pak Rupee	Effect on profit before tax
		Rupees
2016		
Pak Rupee	+5%	46,941
Pak Rupee	-5%	(46,941)
2015		
Pak Rupee	+5%	45,594
Pak Rupee	-5%	(45,594)

(ii) Other price risk

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

(iii) Interest rate risk

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

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

(b) Credit risk

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

	June 30 , 2016	June 30, 2015
	- - - - Rupees - - - -	
Trade debts	105,699,900	119,860,066
Loans and advances	69,809,714	38,873,688
Bank balances	4,190,599	6,497,894
	179,700,213	165,231,648

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			June 30 , 2016	June 30, 2015
	Short Term	Long term	Agency	- - - - Rupees - - - -	
Banks					
Allied Bank Limited	A1+	AA+	PACRA	333,845	1,773,190
Habib Bank Limited	A-1+	AAA	JCR-VIS	34,303	205,023
Meezan Bank Limited	A-1+	AA	JCR-VIS	3,782,272	3,390,009
National Bank of Pakistan	A-1+	AAA	JCR-VIS	5,000	5,000
United Bank Limited	A-1+	AAA	JCR-VIS	35,179	1,124,672
				4,190,599	**6,497,894**

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 2016 the Company had Rupees 4.207 million (2015: Rupees 6.527 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 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**	-	-

Contractual maturities of financial liabilities as at 30 June 2015

	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	27,117,701	27,117,701	18,078,467	9,039,234	-	-
	27,117,701	**27,117,701**	**18,078,467**	**9,039,234**	-	-

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 2016	Loans and receivables	Total
Assets as per balance sheet	- - - - Rupees - - - -	
Trade debts	105,699,900	105,699,900
Short Term Investments	18,093,267	18,093,267
Loans and advances	69,809,714	69,809,714
Cash and bank balances	4,206,575	4,206,575
	197,809,456	**197,809,456**

	Financial liabilities at amortized cost
Liabilities as per balance sheet	**Rupees**
Trade and other payables	45,323,808
	45,323,808

As at 30 June 2015	Loans and receivables	Total
Assets as per balance sheet	- - - - Rupees - - - -	
Trade debts	119,860,066	119,860,066
Short Term Investments	114,602,855	114,602,855
Loans and advances	38,873,688	38,873,688
Cash and bank balances	6,526,599	6,526,599
	279,863,208	**279,863,208**

	Financial liabilities at amortized cost
Liabilities as per balance sheet	**Rupees**
Trade and other payables	27,117,701
	27,117,701

27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 31, 2016 by the Board of Directors of the Company.

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

	June 30 , 2016	June 30, 2015
Chief Executive Officer	- - - - Rupees - - - -	
Managerial remuneration and other benefits	570,000	570,000
House rent and utilities	95,000	95,000
	665,000	**665,000**
Number	1	1
Directors		
Managerial remuneration	1,736,000	1,536,000
Housing and utilities	528,000	487,250
	2,264,000	**2,023,250**
Number	2	2

28.1 The chief executive officer is provided with free use of Company maintained car. Two (2015: 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 26th 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 Wednesday, November 30, 2016 at 09:15AM to transact the following business:

Ordinary business:

1) To confirm the minutes of Annual General Meeting held on October 31, 2015.

2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2016 together with Directors' and Auditors' Reports thereon.

3) To appoint Auditors for the year ending June 30, 2017 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 31, 2016

Iqbal Shahid
Company Secretary

Book closure:

The Share Transfer Books of the Company will remain closed from November 24, 2016 to November 30, 2016 (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.

Pattern of Shareholding
As At June 30, 2016

No. of Share Holders	Shareholding From	Shareholding To	Total Shares Held
630	1	100	15,236
1047	101	500	314,559
1165	501	1,000	925,861
1346	1,001	5,000	3,908,668
456	5,001	10,000	3,895,825
726	10,001	100,000	24,318,892
77	100,001	1,000,000	19,120,709
5	1,000,001	5,000,000	14,575,500
1	5,000,001	7,000,000	5,114,000
2	7,000,001	15,015,000	26,272,578
5,455	**Total**		**98,461,828**

S.No.	Categories Of Shareholders	No. of Shareholders	Total Shares Held	%
1	CEO	1	627	0.00
2	Directors	4	2,508	0.00
3	General Public	5,412	55,782,513	56.65
4	Investment Companies	19	2,168,163	2.20
5	Insurance Companies	1	77,188	0.08
6	Modarabas and Mutual Funds	3	7,746,500	7.87
7	NIT and ICP	2	56,750	0.06
8	Sponsors And Family Members	2	31,386,578	31.88
9	Others	11	1,241,001	1.26
Total		**5,455**	**98,461,828**	**100.00**

JamaPunji Information

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 31st day of October, 2015 and at any adjournment thereof.

Signed this _____________ day of _____________ 2016.

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.