VISION AND MISSION STATEMENT

VISION

Make quality food for better life.

MISSION

Product innovation with optimal quality, taste and nutrition. To create value, inspire moments and deliver wellness.

COMPANY PROFILE

Board of Directors	Mr. Yunus Shafiq Chaudhry	Chairman
	Mr. Haroon Shafiq Chaudhry	Chief Executive
	Mr. Omar Shafiq Chaudhry	Director
	Miss Mahnoor Chaudhry	Director
	Mrs. Saadia Omar	Director
	Mr. Rafi Uz Zaman Awan	Director
	Mr. Syed Muhammad Adnan Raza Naqvi	Director
	Mr. Rehan Mobin	Director
Audit Committee	Mr. Rafi Uz Zaman Awan	Chairman
	Mr. Yunus Shafiq Chaudhry	Member
	Mrs. Saadia Omer	Member
Chief Financial Officer	Mr. Muhammad Shafique	
Company Secretary	Mr. Muhammad Zubair	
Auditors	Aslam Malik & Co. Chartered Accountants	
Bankers	Allied Bank Limited Samba Bank Limited Bank Al Habib Limited Meezan Bank Limited Bankislami Pakistan Limited PAIR Investment Bank Limited	
Share Registrar	F.D. Registrar Services (SMC-Pvt.) Limited 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 Ph# 9921-35478192-93, Dir# 9221-32271905-6, Fax# 9221-32621233	
Legal Advisor	Ahmed & Qazi	
Head Office	105/A, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore	
Email	info@bunnys.com.pk	
Website	www.bunnys.com.pk	

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of shareholders of Bunny's Limited (the "Company") will be held on Monday, 28 October 2019 at 12:00 PM, at 105/A, Quaid-e-Azam, Industrial Estate, Kot Lakhpat, Lahore to transact the following Business:

Ordinary Business:

1. To receive, consider and adopt the Chairman's Review Report, the Report of Directors and Auditors together with Audited Annual Financial Statements for the year ended 30 June 2019;
2. To appoint Company's auditors and to fix their remuneration. The members are hereby notified that the Audit Committee and the Board of directors have recommended the name of retiring auditors M/s Aslam Malik & Co., Chartered Accountants for appointment as auditors of the Company

Special Business:

3. To consider and, if thought fit, to approve alterations in Memorandum of Association of the Company by passing the resolution as a special resolution proposed in the Statement to include the business of manufacture of food and food related products in Clause III of the Memorandum of Association.

Statement under Section 134 (3) of the Companies Act, 2017 is annexed to the notice of meeting sent to the shareholders.

BY ORDER OF THE BOARD

Registered office
105/A, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore
07 October, 2019

Muhammad Zubair
Company Secretary

Notes:

1. **Book Closure:**
The Share Transfer Books of the Company will remain closed from **October 21, 2019 to October 28, 2019 (**both days inclusive**)**. Transfers received at M/s F.D. Registrar Services (SMC-Pvt) Ltd., the Company's Share Registrar and Transfer Agent's Office at Office # 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi at the close of business hours on October 21, 2019, will be treated in time for the purposes of entitlement of final cash dividend and to attend, speak and vote at the annual general meeting (AGM).
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Annual General Meeting as are available to the Member. A Proxy must be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarial attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. Proxy Forms, in English and Urdu languages, have been dispatched to the members along with the notice of AGM

4. Members who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of Individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or, original Passport at the time of attending the Meeting.

b. In case of corporate entity, the Board's resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies

a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

b. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

c. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

d. The proxy shall produce his original CNIC or original passport at the time of the Meeting.

e. In case of corporate entity, the Board's resolution/power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

5. **CNIC/IBAN for E-Dividend Payment**

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

6. **Zakat Declarations:**

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.

7. **Unclaimed Dividend and Bonus Shares**

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or pending shares, if any.

8. **Video Conference Facility**

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least ten (10) days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website.

9. **Placement of Financial Statements**
   The Company has placed a copy of the Notice of AGM and Annual Financial Statements for the year ended 30 June 2019 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: www.bunnys.com.pk

Statement under Section 134 (3) of the Companies Act, 2017

This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company.

Alteration of Memorandum of Association of the Company:

The company has been amalgamated with Moonlite (Pak) Limited and its name was subsequently changed to Bunny's Limited. Bunny's Limited is mainly involved in the manufacturing of bakery, snack food and other related products, so these objects are being added in the object clause of the Memorandum of Association of the Company.

No directors or Chief Executive of the Company or their relatives have any interest in the proposed alterations of the Memorandum of Association of the Company except in their capacities as directors/Chief Executive/shareholders.

Draft proposed Resolutions:

The following resolution is proposed to be passed as Special Resolution, with or without modifications to amend the Memorandum of Association of the Company:

"**RESOLVED** that subject to confirmation of the Securities and Exchange Commission of Pakistan (SECP), the following new sub-clause be and is hereby added in clause III of the Memorandum of Association immediately before the existing sub-clause (1) read as follows:

> *"To carry on the business of manufacture of bakery food, frozen bakery, ready meals, heat and eat products and all types of snack food products, to process, manufacture, produce, refine, prepare, import, export, self-distribute and to deal in all kinds of bakery products including frozen bakery, all types of snack food including extruded snacks, palleted snacks, nimkos, nuts and all products and by-products, to make, trade, import, export, improve, sell all types of confectionary products and bakery items such as toffees, lozenges, sweets, cakes, pastries, cookies, wafers, condoles, lemon-drops, chocolate, breads, biscuits and tinned fruits, to carry on the business as buyers, sellers, importers, exporters, traders, indenters, suppliers, wholesale and retail dealers of chips, crisp nimco foods, pulses, grain, beverages, jams, all types of nuts packed or unpacked food products of all kind and description in Pakistan and abroad."*

FURTHER RESOLVED THAT the aforesaid new sub-clause be and is hereby numbered as (1) and the existing sub-clause (1) be renumbered as sub-clause (1a) of Clause III of the Memorandum of Association.

FURTHER RESOLVED THAT the amended Memorandum of Association, as laid before the members, bearing the initials of the Company Secretary for the purpose of identification be and is hereby approved and adopted.

FURTHER RESOLVED that the Chief Executive Officer and / or Company Secretary be and are hereby authorized to do all acts, deeds and things, take any or all necessary actions to complete all legal and corporate formalities, make amendments, modification addition or deletion and file all requisite documents and/or application with requisite documents with the Registrar to effectuate and implement this special resolution.

FURTHER RESOLVED that the aforesaid alteration in the Memorandum of the Company shall be subject to any amendment, modification, addition or deletion as may be deemed appropriate by the authorized person or as may be suggested, directed and advised by the SECP which suggestion, direction and advise shall be deemed to be have been approved as part of the passed Special Resolution without the need of the members to pass a fresh Special Resolution."

Comparative Analysis

It is proposed to add a new clause to the existing Object Clause of the Memorandum of Association of the Company as mentioned herein above for add a new business activity of LPG business.

Reasons for Alteration in Memorandum of Association:

The proposed alteration is being made to reflect the business of the amalgamating company.

Availability of Relevant Documents and Inspection

A copy each of the existing and proposed Memorandum of Association indicating the proposed amendments are available for inspection at the registered office of the Company from 9.00 a.m. to 5.00 p.m. on any working day, upto the last working day before the date of the Annual General Meeting. The same shall also be available for inspection by the members in the Annual General Meeting.

Statement of the Board of Directors

We, the members of the Board of Directors of the Company hereby confirm that the proposed amendments/alterations in the Memorandum of Association of the Company comply with the applicable laws and regulatory framework.

BUNNY'S LIMITED LAHORE

Director
Board of Directors

Chairman's message

I am pleased by the performance of Bunny's Limited for the financial year 2019. Operating in an environment of increasing competition, the Company posted increase in sales by 11.00% as compared to previous year. However, profitability showed a decline mainly attributable to increased utility charges, POL prices and packing material cost that out casted better capacity utilization. As a matter of fact, increase in cost could not be timely passed on to the customer.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the field of business, banking and finance. The Board provides strategic directions to the management and available for guidance. The Board ensures that a competent team is in place to achieve the strategic goals and ensures compliance of all regulatory requirements by the management. As required under the Code of Corporate Governance, the Board evaluates its own performance through a mechanism developed by it.

The Board is ably assisted by its committees. The Audit Committee reviews the financial statements and ensures that these fairly represent financial position and performance of the Company. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of the senior management team. An important role of the Committee is succession planning.

During the year, the Company has made investments in upgradation and modernization of plant and equipment.

I pray to Almighty that the Company continues maintain its momentum of growth in future.

In the end I would like to acknowledge the enormous contribution and commitment of each member of the leadership team and the employees of the company.

Yunus Shafiq Chaudhry
Chairman

BUNNY'S LIMITED LAHORE

October 07, 2019

BUNNY'S LIMITED
DIRECTORS REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED JUNE 30, 2019

Dear Shareholders,

In the name of ALLAH, the most gracious and most merciful, your Directors are pleased to present the Directors' Report and the Audited Financial Statements of the Company for the year ended June 30, 2019.

FINANCIAL PERFORMANCE

The financial results of the Company for the year under review are as follow: -

OPERATING RESULTS

	2019	2018
Sales	2,568,870,049	2,314,220,166
Gross profit	688,481,019	673,909,289
Operating expenses	475,290,296	455,533,857
Operating profit	213,190,273	218,375,431
Financial charges	60,652,633	63,549,653
Other (loss) / income	406,849	854,018
Profit before taxation	152,944,939	155,679,797
Taxation	37,544,236	17,515,682
Profit after taxation	115,400,704	138,164,115
Earning per share	2.25	2.69

(As percentage of sales)

	2019	2018	Increase / (Decrease
Sales	100%	100%	11%
Gross profit	26.08%	29.12%	-3.04%
Operating expenses	18.49%	19.68%	-1.19%
Operating profit	8.31%	9.44%	-1.13%
Financial charges	2.52%	2.75%	-0.23%
Other income	0.02%	0.04%	-0.02%
Profit before taxation	5.80%	6.73%	-0.93%
Taxation	1.42%	0.76%	0.66%
Profit after taxation	4.38%	5.97%	-1.59%
Earning per share (Rs.)	2.19	2.69	-18.59%

Sales grew by 11% but the profit margins declined mainly due to increase in utility charges, POL prices and packing material cost.

DIVIDEND PAYMENT

During the year, Company paid a dividend at Rs. 1 per share as final dividend for the year 2018. However, due to increase in basic interest rate in the country along with ongoing modernization / expansion plans of the Company, Directors have not proposed dividend for the year 2019.

STATUTORY PAYMENTS

There is no outstanding statutory payment due on account of taxes, duties, levies and charges except of normal and routine nature.

BUNNY'S LIMITED

Bunny's Limited is one of the leading companies in the bakery industry in Pakistan. It was established in 1984. The Company has well experienced leaders on the Board of Directors and Management.

One of the key reasons behind the continued trust of some of the leading industry players is the high-quality standard being maintained at Bunny's.

Bunny's Limited was the first baking unit in Pakistan to get an ISO certification and is a member of the American Institute of Baking. Bunny's Limited has secured HACCP (Hazard Analysis and Critical Control Point) certification for its snack foods division. Moreover, Bunny's Limited is now also ISO 22000 -2005 certified. This signifies the quality and standard associated with Bunny's products.

List of certifications is as follows:

1. AIB International
2. TUV Austria – Food Safety System Certification 22000
3. Punjab Food Authority
4. Management Association of Pakistan
5. Pakistan Standards and Quality Control Authority

Bunny's Limited operates in a highly competitive industry, but most of the products are basic necessities therefore these have almost inelastic demands. Eating of people are changing which is creating demand for buns and burgers, therefore, Company's management is working on fully automated bun line to gain a competitive edge in the industry.

BOARD OF DIRECTORS

Total Number of Directors:

Male: 06

Female: 02

Composition of Directors:

Independent: 01

Non-Executive: 03

Executive: 02

Nominee: 02

Name	Category
Mr. Muhammad Rafi Uz Zaman Awan	Independent Director
Mr. Yunus Shafiq Chaudhry	Non-Executive Director - Chairman

Mrs. Saadia Omer	Non-Executive Director
Miss Mahnoor Chaudhry	Non-Executive Director
Mr. Haroon Shafiq Chaudhry	Chief Executive
Mr. Omer Shafiq Chaudhry	Executive Director
Mr. Syed Muhammad Adnan Raza Naqvi	Nominee Director
Mr. Rehan Mobin	Nominee Director

REMUNERATION POLICY OF THE DIRECTORS

The policy on the remuneration of Non-Executive Directors and Independent Director for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

EXPANSION AND MODERNIZATION PROJECTS

The Company is in a continuous process to replace its old plant with latest and new technology and has spent a significant amount on major capital projects and on sustenance to ensure its efficiency and integrity of assets which will benefit your Company and its stakeholders in long term. Currently the Company's Management is working on the installation of fully automated bun line which will also enhance the existing production capacity of bread.

PRINCIPAL RISKS AND UNCERTAINTIES

Given the structure of demand for food items, the future for bakery and associated products appears to hold considerable promise. Population growth, urbanization, altering tastes and preferences and rising incomes provide producers with the incentive to deliver high quality goods. Bakery items such as bread, buns, rusks and naans are considered to be semi-staple food and therefore, enjoy relatively inelastic demand. Moreover, moving from urban to rural areas, there is a significant difference in eating and consumption patterns with more local goods being preferred in the rural areas.

Going forward, the Company is expected to continue with consistent growth trend except for one off capacity enhancement wherein the sales will likely jump up by 20-30% on completion.

OUR PEOPLE AND TRAINING

The Company believes that our employees are most valuable asset who mobilize all resources of the Company. We prefer to hire young and motivated professional people who give new ideas. The Company remains committed to investing in human capital and encourages employees to attend training session/ seminars / workshops / development courses to keep themselves fully aware with up to date knowledge and skills for creating and sustaining a culture of high performance.

TRANSACTIONS WITH RELATED PARTIES

All related party transactions have been disclosed in the notes 33 and 34 to the financial statements of the company.

AUDITORS

The present auditors M/s Aslam Malik & Co., Chartered Accountants retire and being eligible offers themselves for re-appointment. The Board has received recommendations from its Audit Committee for re-appointment of M/s Aslam Malik & Co., Chartered Accountants as Auditors of the Company.

COMMITTEES OF THE BOARD

1. The Board has formed committees comprising members given below:
   - I. Audit Committee:
     - i. Mr. Muhammad Rafi Uz Zaman Awan – Chairman

ii. Mr. Yunus Shafiq Chaudhry
iii. Mrs. Saadia Omer

II. HR and Remuneration Committee:
    i. Mr. Muhammad Rafi Uz Zaman Awan – Chairman
    ii. Mr. Yunus Shafiq Chaudhry
    iii. Mr. Haroon Shafiq Chaudhry

The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors of the Company are pleased to confirm that the Company has made compliance of the provisions of the Listed Companies (Code of Corporate Governance) Regulations 2019, issued by the Securities and Exchange Commission of Pakistan and there is no material departure from the best practices as detailed in the listing regulations.

The Board has the ultimate responsibility to establish and maintain adequate internal controls over financial reporting. The system of internal control is sound in design and has been effectively implemented. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The Internal Audit reports regularly to the Board Audit Committee. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system. The Audit Committee regularly reviews the Internal Audit Report and the system of internal controls.

CORPORATE SOCIAL RESPONSIBILITY

Your Company understands its corporate responsibility towards society and fulfills its obligation by providing financial support to under privileged members of the society and its deserving employees as well as doing philanthropy work. The Company is also contributing considerable amounts to the National Exchequer, applying solutions for energy conservation and environment protection, providing the highest quality products to its valued customers.

Your Company regularly donates amounts to hospitals, trusts and to various institutions constituted for dealing with natural calamities as part of its philanthropic activities. Your Company also provide its products at subsidized rate to hospitals like Ghulab Devi Hospital. Your Company is providing healthy, safe and learning work environment to its employees and sends them on training courses, seminars, workshops and conferences both within country and abroad. It lends regular support to the special persons by offering them jobs in various departments of the organization. It also offers apprenticeship to fresh graduates, post graduates and engineers, on a regular basis, to elevate their professional and technical skills.

Your Company has also installed an environmentally friendly gas-based power plant with a view to reduce power cost.

During the year, your Company has contributed a huge amount to the National Exchequer by way of payment of various duties, levies and taxes.

PATTERN OF SHAREHOLDING

Pattern of shareholding is attached at the end of the financial statements.

ADDITIONAL INFORMATION

There have been no material changes since June 30, 2019 to the date of this report and the Company has not entered into any commitment during this period, which would have an adverse impact on the financial position of the company.

CHAIRMAN'S REVIEW

The Directors of your Company fully endorse the Chairman's Review report on the performance of the Company for the year ended June 30, 2019.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's shareholders, financial institutions and customers for their continued cooperation, support and patronage which has enabled the Company to continue its efforts for constant improvement. The Directors acknowledge the dedicated service, loyalty and hard work of all the employees of the Company and hope this spirit of devotion will continue.

Lahore: October 07, 2019 **DIRECTOR**

building
better
together.

Aslam Malik & Co.
Chartered Accountants

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: +92-42-35856819
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e-mail : info@aslammalik.com
aslammalik@brain.net.pk
web : www.aslammalik.com

Suite # 18-19 First Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore-Pakistan.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Bunny's Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Bunny's Limited** for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the statement of Compliance.

Paragraph Reference	**Description**
9	The company has not arranged the directors training program or obtained the exemption from directors training program from the commission as required under clause 20 of the Regulations.

Aslam Malik .

Place: Lahore

Date: October 07, 2019

(Aslam Malik & Co.)

Chartered Accountants

Hafiz Muhammad Ahmad

Other Offices at:

Islamabad: House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.
Phone : +92-51-2374282-3 Fax: +92-51-2374281

Karachi: 1001-1003 10th Floor, Chapal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company	Bunny's Limited
Year ending	June 30, 2019

Bunny's Limited (the "**Company**") has complied with the requirement of the Regulations in the following manner:

1. The total number of Directors are 08 as per the following:
   a. Male 06
   b. Female 02
2. The composition of the Board is as follows:
   a. Independent Directors 01
   b. Non-Executive Directors 01
   c. Executive Directors 02
   d. Female Directors 02
   e. Nominee Directors 02

Name	Category
Mr. Muhammad Rafi Uz Zaman Awan	Independent Director
Mr. Yunus Shafiq Chaudhry	Non-Executive Director - Chairman
Mrs. Saadia Omer	Non-Executive Director
Miss Mahnoor Chaudhry	Non-Executive Director
Mr. Haroon Shafiq Chaudhry	Chief Executive
Mr. Omer Shafiq Chaudhry	Executive Director
Mr. Syed Muhammad Adnan Raza Naqvi	Nominee Director
Mr. Rehan Mobin	Nominee Director

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved, updated or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in her absence, by a Director elected by the Board for this purpose. The Board complied with requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
9. All of the Directors will duly comply with the requirement of Code of Corporate Governance with respect of Directors' Training Program and the Company is planning to arrange this program for the Directors.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of appointment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising members given below:
    I. Audit Committee:
        i. Mr. Muhammad Rafi Uz Zaman Awan – Chairman
        ii. Mr. Yunus Shafiq Chaudhry
        iii. Mrs. Saadia Omer
    II. HR and Remuneration Committee:
        i. Mr. Muhammad Rafi Uz Zaman Awan – Chairman
        ii. Mr. Yunus Shafiq Chaudhry
        iii. Mr. Haroon Shafiq Chaudhry
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
    a) Audit Committee 5
    b) HR and Remuneration Committee 4
15. The Board has set up an effective internal audit function, which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulation 3, 6, 7, 8, 27, 32, and 36 of the Regulations have been complied with.

For **BUNNY'S LIMITED**

Director

BUNNY'S LIMITED LAHORE

Lahore: October 07, 2019

building
better
together.

Aslam Malik & Co.
Chartered Accountants

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web : www.aslammalik.com

Suite # 18-19 First Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore-Pakistan.

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF BUNNY'S LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **BUNNY'S LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2019**, and the statement of profit or loss and the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key Audit Matters	How the matter was addressed in Our Audit
1	**Capital Work in Progress** Refer notes 5.3 to the financial statements regarding Capital Work in Progress. Significant changes evidenced in capital work in progress (CWIP) during the year. Company has made capital expenditure of Rs 86.41 million, and made transfer of CWIP to fixed assets amounting to Rs. 94.69 million. We identified changes in capital work in progress (CWIP) as Key Audit Matter Because; • In Capitalization of property plant and equipment, there is a risk that amounts being capitalized may not meet the capitalization criteria. • There is a risk that criteria as Specified in IFRSs for transfer from CWIP to property, plant & equipment may not be fulfilled.	Our Audit procedures in respect of this matter amongst others, included the following: ➢ Understand the design and implementation of management controls over capitalization and testing control over authorization of capital expenditure. ➢ Assessed the nature of costs incurred for the capital project through testing, on sample basis of amounts recorded and considered whether the expenditure meets the criteria for capitalization as per the applicable accounting standards; ➢ We inspect supporting documents for the date of capitalization when plant was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned by management including testing the calculation of related depreciation; ➢ Vouched the amount , inspect the source / support documents of addition in CWIP;

		➢ Obtained Copy of work order and work completion certificate; from management; and ➢ We also assessed the adequacy of the disclosures made in respect of the accounting policies and the details of capital expenditure recognized by the company at the year end.
2	**Revenue:** Refer notes 4.12 to the financial statements and the accounting policy in note 22 to the financial statements regarding the sale of goods. The Company is engaged in the manufacturing of bakery and other food products. We identified recognition of revenue against the sale of goods as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk of the existence and the accuracy of the revenue further it could be subject to misstatement to meet expectations or targets.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: ➢ Obtained an understanding of the processes relating to the recognition of revenue and accessing the design, implementation and operating effectiveness of key internal controls over the recording of revenue; ➢ Assessed the appropriateness of the Company's accounting policies for recording of sales and compliance of those policies with applicable accounting standards; ➢ We compared a sample of revenue transactions recorded during the year with the sales orders, sales invoices, delivery documents and other relevant underlying documents; ➢ We compared a sample of revenue transactions recorded around the year end with the sales invoices, delivery orders and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; and ➢ Compared the details of a sample of journal entries posted to revenue

accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation.

3	**INTANGIBLE ASSET(GOODWILL)**	
	(Refer note 2.3 and 6 to the financial statements) In accordance with IFRS 3, ***Business Combinations***, last year the merger has been identified and recognized in these financial statements as a transaction of 'reverse acquisition'. The fair value of the net assets of Moonlite (PAK) Limited ("the Legal Acquirer or "the Economic Acquiree") deemed to be equal to its carrying value and therefore, no adjustments have been made at the time of merger. During the year company reassessed the fair value of net assets of the Moolite (Pak) Limited and concluded that company has no right and obligation in relation to assets of Moonlite (Pak) Limited. Therefore, company restate the Financial Statements and retrospectively adjust the provisional amounts recognized at the acquisition date to reflect the Changes made. Further, company is required to perform impairment assessment of its goodwill on each reporting date. Because of the significant risk in non-compliance with the requirements of IFRSs we considered this as key audit matter.	Our audit procedures to assess the recognition of Goodwill and its impairment testing by management of Bunny's, Limited amongst others, included the following ➢ Obtained an understanding of the process relating to the recognition of intangible asset and accessing the key internal controls over the recording of intangible asset; ➢ Assessed the appropriateness of the Company's accounting policies for recording of intangible assets and compliance of those policies with applicable accounting standards; ➢ Obtained the goodwill calculation from the management and recalculated the value of Goodwill in light of IFRS 3. ➢ Obtained Impairment test document from management and assessed the reasonableness of the underlying data/information used by the management. ➢ Ensure the appropriateness of disclosure in accordance with the IFRS 3.

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

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended June 30, 2019.

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat is deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditors' report is **Hafiz Muhammad Ahamd**.

ASLAM MALIK & CO. Chartered Accountants LAHORE

Aslam Malik

(Aslam Malik & Co.)
Chartered Accountants

Place: Lahore
Date: October 07, 2019

BUNNY'S LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018	2017
		---- Rupees ----		
ASSETS			Restated	Restated
Non-current assets				
Operating fixed assets	5.1	1,705,776,143	1,636,069,940	1,620,722,042
Capital work in progress	5.3	80,866,195	89,405,305	35,168,197
Property, plant and equipment	5	**1,786,642,338**	**1,725,475,245**	**1,655,890,239**
Intangible assets	6	70,275,902	70,301,555	70,333,621
Long term security deposits		6,697,338	6,439,338	5,359,868
		1,863,615,578	**1,802,216,137**	**1,731,583,728**
Current assets				
Stores, spares and loose tools		15,248,961	15,273,221	16,359,929
Stock-in-trade	7	265,660,671	241,751,180	218,901,128
Trade debts - unsecured	8	246,307,071	211,276,255	221,474,634
Advances, deposits and prepayments	9	98,077,047	82,763,510	85,206,273
Cash and bank balances	10	15,581,185	4,934,619	16,978,326
		640,874,935	**555,998,785**	**558,920,290**
Total assets		**2,504,490,513**	**2,358,214,922**	**2,290,504,018**
EQUITY AND LIABILITIES				
Capital and reserves				
Authorized share capital		**540,000,000**	**540,000,000**	**540,000,000**
54,000,000 Ordinary shares of Rs.10/- each .				
Issued, subscribed and paid up share capital	11	513,886,690	513,886,690	513,886,690
Capital reserves	12	461,850,397	461,850,397	461,850,397
General reserves		500,304,643	441,011,571	305,372,715
		1,476,041,730	**1,416,748,658**	**1,281,109,802**
Non-current liabilities				
Long term finances - secured	13	263,333,350	174,995,996	279,071,934
Liabilities against assets subject to finance lease - secured	14	30,837,975	38,301,764	14,846,421
Deferred income	15	5,229,562	-	-
Long term advances - unsecured	16	13,351,765	13,417,980	13,005,138
Deferred liabilities	17	207,243,093	188,656,140	189,426,208
		519,995,745	**415,371,880**	**496,349,701**
Current liabilities				
Trade and other payables	18	227,563,298	269,899,017	336,792,031
Unclaimed dividend		765,699	-	-
Accrued mark-up on secured loans	19	12,968,046	10,729,965	2,476,058
Short term borrowings	20	143,407,341	162,207,541	94,224,958
Current portion of long term finances and leases - secured		117,764,916	82,595,279	61,118,479
Provision for taxation - net		5,983,738	662,582	18,432,988
		508,453,038	**526,094,384**	**513,044,514**
Contingencies and commitments	21			
Total equity and liabilities		**2,504,490,513**	**2,358,214,922**	**2,290,504,018**

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

BUNNY'S LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------------- Rupees -------------	
Sales - net	22	2,568,870,049	2,314,220,166
Cost of sales	23	(1,880,389,030)	(1,640,310,877)
Gross profit		**688,481,019**	**673,909,289**
Operating expenses			
Administrative and general	24	154,755,050	162,578,508
Selling and distribution	25	310,633,637	281,918,391
		(465,388,687)	**(444,496,900)**
Operating profit		**223,092,332**	**229,412,389**
Other operating expenses	26	(9,979,282)	(11,036,958)
Other income		406,849	854,018
Finance cost	27	(64,819,299)	(63,549,653)
		(74,391,731)	**(73,732,593)**
Profit before taxation		**148,700,601**	**155,679,797**
Taxation	28	(36,324,293)	(17,515,682)
Profit for the year		**112,376,308**	**138,164,115**
Earning per share - basic & diluted	29	**2.19**	**2.69**

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

BUNNY'S LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	------------- Rupees -------------	
Profit after taxation	**112,376,308**	**138,164,115**
Other comprehensive income		
Items that may not be subsequently reclassified to profit or loss		
Remeasurement of post employee benefit obligation	(2,386,713)	(3,459,260)
Impact of deferred tax	692,147	934,000
	(1,694,566)	**(2,525,260)**
Total comprehensive income for the year	**110,681,742**	**135,638,855**

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

BUNNY'S LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		------------- Rupees -------------	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	30	**182,118,264**	**240,546,994**
Financial charges paid		(62,581,218)	(73,589,568)
Income tax paid		(13,036,404)	(19,954,016)
Staff gratuity paid		(10,082,300)	(13,201,546)
Workers' (profit) participation fund paid		(8,293,137)	(9,688,283)
Net decrease in long term advances		(66,215)	412,842
Net increase in security deposits		(258,000)	(1,079,470)
		(94,317,274)	(117,100,041)
Net cash generated from operating activities		**87,800,990**	**123,446,953**
CASH FLOW FROM INVESTING ACTIVITIES			
Sale proceeds from disposal of fixed assets		-	1,000,000
Fixed capital expenditure		(123,774,455)	(145,329,447)
Net cash used in investing activities		**(123,774,455)**	**(144,329,447)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds less repayment of long term loans		122,504,024	(102,079,782)
Proceeds less repayment of lease liabilities		(6,460,822)	42,935,987
Net decrease in short term finances		(18,800,200)	67,982,583
Dividend paid during the year		(50,622,970)	-
Net cash generated from financing activities		**46,620,032**	**8,838,788**
Net Increase /(decrease)in cash and cash equivalents		10,646,566	(12,043,707)
Cash and cash equivalents at the beginning of the year		4,934,619	16,978,326
Cash and cash equivalents at end of the year	31	**15,581,185**	**4,934,619**

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

BUNNY'S LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

Particulars	Note	Share Capital	Capital Reserves			Revenue Reserve	Total Equity
			Capital maintenance reserve	Share premium reserve	Total	Un-appropriated profit	
		Rupees					
Balance as at July 01, 2017		513,886,690	412,136,727	49,713,670	461,850,397	305,372,715	1,281,109,802
Profit for the year		-	-	-	-	138,164,115	138,164,115
Other comprehensive loss		-	-	-	-	(2,525,260)	(2,525,260)
Interim Dividend paid		-	-	-	-	-	-
Balance as at June 30, 2018		**513,886,690**	**412,136,727**	**49,713,670**	**461,850,397**	**441,011,571**	**1,416,748,658**
Profit for the year		-	-	-	-	112,376,308	112,376,308
Other comprehensive loss		-	-	-	-	(1,694,566)	(1,694,566)
Interim Dividend paid		-	-	-	-	(51,388,669)	(51,388,669)
Balance as at June 30, 2019		**513,886,690**	**412,136,727**	**49,713,670**	**461,850,397**	**500,304,643**	**1,476,041,730**

The annexed notes from 1 to 40 form an integral part of these financial statements.

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

1 STATUS AND NATURE OF BUSINESS

Bunny's Limited ("the Legal Acquiree" or "the Economic Acquirer" or "the Company") was incorporated in Pakistan as a private limited Company on October 22, 1980 under the repealed Companies Act 1913 (now Companies Act, 2017) and was later on converted into a Public Listed Company. The Company is principally engaged in manufacturing of bakery and other food products. The registered office and manufacturing facility of the Company is situated at 105/A Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore.

1.2 Significant Transactions and Events Affecting the Company's Financial Position and Performance

All significant events and transactions that have effected the Company's financial position and performance during the year have been adequately disclosed in notes to these financial statements and directors report.

2 BUSINESS COMBINATION

2.1 Legal Framework

A scheme of arrangement was filed in the Honorable Lahore High Court, whereby the entire undertaking of Bunny's Limited including property, assets, liabilities and its rights and obligations have been merged into and vested in Moonlite (PAK) Limited ("the Legal Acquirer or "the Economic Acquiree"). In consideration for the merger, the Moonlite (PAK) Limited has to issue and allot 49,229,083 fully paid ordinary shares of Rs. 10 each to the registered holders of ordinary shares of Bunny's Limited in the ratio of 1 ordinary share of the Legal Acquirer for 1 ordinary share of Legal Acquiree.
The scheme of arrangement was earlier approved by the shareholders of both Moonlite (PAK) Limited and Bunny's Limited in their Extraordinary General Meeting held on June 14, 2016 and June 18, 2016 respectively.
Summarizingly, under this scheme of arrangement, the existing business of manufacturing of bakery and other food products shall be carried on by the merged company under the name and style of Bunny's Limited. The scheme has been approved by the Honorable Lahore High Court and merger has been sanctioned effectively from July 01, 2015. Accordingly the comparative amounts have been restated to give affect that the company was merged with effect from July 01, 2015.

2.2 Accounting treatment and reporting

In accordance with the stipulation contained in IFRS 3, Business Combinations, the merger has been identified and recognized in these financial statements as a transaction of 'reverse acquisition'. Bunny's Limited, as it existed just before the merger, constitutes substantial portion of the merged company and treated as the Accounting Acquirer whereas Moonlite (Pakistan) Limited as been considered as Accounting Acquiree.

2.3 Cost of investment and calculation of goodwill

In post acquisition scenario Bunny's Limited, as it existed before acquisition, has incorporated balances relating to the Moonlite (PAK) Limited as per the audited financial statements as on June 30, 2015. The fair values and the carrying values of net assets of Moonlite (PAK) Limited deemed to be equal and therefore, no adjustments have been made. The calculation of goodwill arising from merger is detailed below:

	July 01, 2015 Rupees
Consideration effectively transferred	**71,309,530**
(2,159,586 x Rs. 33.02 / share)	
Net assets as at the date of acquisition	
Non current assets classified as held for sale	204,800
Advances deposits, prepayments and other receivables	9,042,270
Cash and bank balances	727,475
Less:	
Trade and other payables	(15,337,397)
	(5,362,852)
Goodwill	**76,672,382**

IFRS 3, Business Combinations, requires that all identified assets (including intangible assets) and liabilities acquired in a business combination should be carried at their fair values on the economic acquirer's balance sheet and any intangible assets acquired in the business combination should be separately recognized and carried at their fair values. IFRS - 3 allows the economic acquirer a maximum period of one year from the date of acquisition to finalize the determination of the fair values of the assets and liabilities and to determine the value of any intangibles separately identified.

During the year company has compelted the fair value exercise of assets of Moonlite (Pak) Limited with in the stipulated time as mentioned in IFRS - 3. However, after determining the fair values, retrospective adjuemtne of fair vlaues in goodwill is as follows:

Goodwill	76,672,382
Adjustments	
Non current assets classified as held for sale	1,815,000
Advances deposits, prepayments and other receivables	2,592,093
Cash and bank balances	89,032
Less:	
Trade and other payables	(10,995,217)
Goodwill after adjustment	**70,173,290**

3 BASIS OF PREPARATION

3.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except that the Company's liability under defined benefit plan (gratuity) is determined on the present value of defined benefit obligations as determined by an independent actuary.

3.2 Statement of compliance

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

International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

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

3.3 Adoption of New And Revised Standards And Interpretations

IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" became applicable to the Company from July 1, 2018. For related changes in accounting policies and impact on the Company's financial statements refer note 4.19 to these financial statements.

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

	Description	Effective Date (annual reporting periods beginning on or after)
IAS 1	Presentation of financial statements (Amendments)	January 01, 2020
IAS 8	Accounting policies, changes in accounting estimates and errors (Amendments)	January 01, 2020
IAS 12	Income Taxes (Amendments)	January 01, 2019
IAS 19	Employee benefits (Amendments)	January 01, 2019
IAS 23	Borrowing Costs (Amendments)	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRS 3	Business combinations (Amendments)	January 01, 2019
IFRS 9	Financial instruments (Amendments)	January 01, 2019
IFRS 16	Leases	January 01, 2019
IFRIC 23	Uncertainty Over Income Tax	January 01, 2019

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

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

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

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

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

3.4 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency.

3.5 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have a significant effect on the financial statements and estimates with significant risk of material judgments in the next financial year are set forth below:

Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain matters in the past.

Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

Trade debts and other receivables

The Company's management reviews its trade debtors on a continuous basis to identify receivables where collection of an amount is no longer probable. These estimates are based on historical experience and are subject to changes in conditions at the time of actual recovery.

Property, plant and equipment

The Company reviews the rates of depreciation, useful lives, residual values and values of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Stock-in-trade and stores and spares

The Company reviews the net realizable value of stock-in-trade and stores, spares parts and loose tools to assess any diminution in their respective carrying values and also review the inventories for obsolescence.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Property, plant and equipment and depreciation

These are stated at cost less accumulated depreciation thereon except freehold land and capital work in progress which are stated at cost.

Currently, depreciation is charged to income applying reducing balance method at the rates given in Note 5 to write off the cost of operating fixed assets including the related exchange differences and borrowing cost over their expected useful life. Depreciation on additions is charged from the date when the assets is available for use and on deletions up to the date when the assets is deleted.

Maintenance and repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are written off. Gains and losses on disposal of assets, if any are included in the profit and loss amount currently.

4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The depreciable amount of intangible asset is amortized over the estimated useful life using the reducing balance method at the rate stated in the relevant note to the financial statements.

4.3 Stores, spares and loose tools

Stores, spares and loose tools except items-in-transit, are valued at lower of moving average cost or net realizable value less allowances for obsolete and slow moving items. Items-in-transit are valued at invoice price plus other charges incurred thereon.

4.4 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined according to the following basis:

Raw material	- in hand	FIFO basis
	- in transit	At cost accumulated to statement of financial position date
Work-in-process		Weighted average basis
Finished goods		Weighted average basis

Cost in relation to work-in-process and finished goods represents annual average cost which consist of prime cost and appropriate manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost necessary, if required to be incurred in order to make such sale.

4.5 Trade and other receivables

Trade debts and other receivables are recognized at original invoice amount less provision for doubtful debts and other receivables, if any. A provision for doubtful debts and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Bad Debts are written off when identified.

4.6 Trade and other payables

Trade and other payables are recognized initially at fair value net of directly attributable cost, if any.

4.7 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.8 Provisions

Provision is recognized when the Company has a legal and constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of obligation. Provision is reviewed at each date of statement of financial position and adjusted to reflect current best estimate.

4.9 Staff retirement benefits

The Company operates approved un-funded gratuity scheme for its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to statement of profit or loss.

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if, any excluding interest), are recognized immediately in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in statement of profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

4.10 Finance Leases

Assets subject to finance lease are initially recognized at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets less accumulated depreciation and identified impairment losses.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The finance charges in the rental is charged to profit.

Assets acquired under a finance lease are depreciated over the useful life of the asset in line with normal depreciation method adopted for assets owned by the Company. Depreciation is charged to statement of profit or loss.

4.11 Operating leases / Ijarah contracts

Leases, other than those under Ijarah contracts, in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Ijarah contracts are classified as operating leases irrespective of whether significant portion of the risks and rewards of ownership are retained by lessor. Payments made under operating leases (net of any incentives received from the lessor) and Ijarah contracts are charged to the statement of profit or loss on a straight-line basis over the period of the lease.

4.12 Revenue recognition

The Company recognizes revenue when it transfers control over goods to its customers, being when the products are delivered to the customer and there is no unfulfilled obligation that could effect the customer's acceptance of the product. Revenue is recognized at an amount that reflects the consideration, to which the Company expects to be entitled in exchange for transferring of goods to its customers net of discount and sales related indirect taxes. The sales related indirect taxes are regarded as collected on behalf of statutory authorities. The Company generates revenue by supplying products to the customers, including export product.

i) Revenue from sales is recognised on delivery of products to the customers with the exception that export sales if any are recognised at the time of issuance of bill of lading.

ii) Dividend income is recognised when the right to receive dividend is established.

iii) Income on bank deposits and short term investments are recognised using the effective yield method.

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current, saving and deposit accounts, short term running finances and other short term liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

4.14 Foreign currency transactions

Foreign currency transactions are recorded at the official exchange rate applicable at the transaction date. Monetary assets and liabilities are translated into rupees using official exchange rates applicable at the statement of financial position date. All gains and losses on settlement and transaction at year-end are recognized in the income statement.

4.15 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the Company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to statement of profit or loss currently. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

4.15.1 Financial assets

Classification

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

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

b) fair value through profit or loss;

c) fair value through other comprehensive income.

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

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

Recognition and derecognition

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

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial assetnot at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instrument

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

a) Amortiosed Cost

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

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

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

c) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in the statement of profit or loss and presented net within other operating gains/(losses) in the period in which it arises.

De-recognition of financial assets

A financial asset (or, where applicable part of a financial asset or part of a group of similar financial assets) is derecongnized when:

i The rights to receive cash flows from the asset have expired

ii The Company has transferred its rights to receive cash flows from the asset or has assumed an oligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Effective July 1, 2018, the Company assesses on a forward looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Following are financial instruments that are subject to the ECL model:

– Trade debts
– Advances & deposits
– Cash and bank balances

Simplified approach for trade debts

– an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

– reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts are separately assessed for ECL measurement. The lifetime expected credit losses are estimated using the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Recognition of loss allowance

The Company recognizes an impairment gain or loss in the statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off

The Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.

4.15.2 Financial Liabilities

Classification, initial recognition and subsequent measurement

The Company classifies its financial liabilities in the following categories:

• at fair value through profit or loss;
• other financial liabilities

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

a) Fair value through profit or loss

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

b) Amortised cost

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

De-recognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.15.3 Off-setting of financial assets and financial liabilities.

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the company has legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.16 Taxation

Current

Provision of current tax is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if, enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income tax levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4.17 Goodwill and its impairment

Goodwill on merger of companies is included in 'intangible assets'. Goodwill is tested for impairment as part of the overall balance. Separately recognized goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

The carrying values of goodwill and intangible assets are contingent on future cash flows and there is risk if these cash flows do not meet the company's expectations that the assets will be impaired. The impairment reviews performed by the company contained a number of significant judgments and estimates including revenue growth, the success of new product launches, patent expiry dates, profit margins, cash conversion, terminal values and discount rate. Changes in these assumptions might lead to a change in the carrying value of intangible assets and goodwill.

4.18 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the

Company to do so.

4.19 Changes in Accounting Policies

IFRS 9 - Financial Instruments

IFRS 9 "Financial Instruments" (IFRS 9) replaces IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 introduces new requirements for i) the classification and measurement of financial assets and financial liabilities ii) impairment for financial assets.

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

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

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

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

Debt instruments should be classified and measured either at:

- Amortized cost, where the effective interest rate method will apply;
- Fair value through other comprehensive income, with subsequent recycling to the profit or loss upon disposal of the financial asset; or
- Fair value through profit or loss.

Investments in equity instruments, other than those to which consolidation or equity accounting apply, should be classified and measured either at:

- Fair value through other comprehensive income, with no subsequent recycling to the profit or loss upon disposal of the financial asset; or
- Fair value through profit or loss.

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

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

	Measurement Categorty		Carrying Amount	
	Original (IAS 39)	New (IFRS 9)	Original Rs.	New Rs.
Non-Current Financial Assets				
Long term security deposits	Held to Maturity	Amortised Cost	6,439,338	6,602,138
Current Financial Assets				
Trade debts - unsecured	Loans and Receivables	Amortised Cost	211,276,255	211,276,255
Short term advances	Loans and Receivables	Amortised Cost	4,832,267	4,832,267

Other receivables	Loans and Receivables	Amortised Cost	2,014,745	2,014,745
Cash and bank balances	Loans and Receivables	Amortised Cost	4,934,619	4,934,619

Impairment of financial assets

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

ii. IFRS 15 - Revenue from contracts with customers

The Company has adopted IFRS 15 from July 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. However, inaccordance with the transition provisions in IFRS 15, there is no impact on the Company that require retrospective change and restatement of comparatives for the year ended June 30, 2018. As a result of the application of IFRS 15, freight charges relating to Exports if any that were classified in Distribution costs, have now been netted off against Revenue from Exports.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

IFRS 15 permits either a full retrospective or a modified retrospective approach for adoption.

The application of IFRS 15 has no material impact on the financial statements of the Company.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		------------- Rupees -------------	
Operating fixed assets	5.1	1,705,776,143	1,636,069,940
Capital work in progress	5.3	80,866,195	89,405,305
		1,786,642,338	1,725,475,245

5.1 Operating fixed assets

(Amounts in Rupees)

	Owned Assets								Leased Assets		
	Land - freehold	Building on freehold land	Plant and machinery	Electric installation and appliances	Office equipment	Furniture and fixtures	Motor vehicles	Total Owned	Plant and machinery	Motor vehicles	Total Assets
Cost											
Balance as at July 01, 2018	530,000,000	620,240,768	856,478,912	15,158,280	13,347,359	9,673,330	47,025,319	2,091,923,968	50,000,000	51,129,846	2,193,053,814
Additions during the year	-	5,099,079	106,794,338	1,734,248	4,448,477	290,895	2,465,028	120,832,065	-	11,481,500	132,313,565
Transfer during the year							10,500,000	10,500,000		(10,500,000)	-
Disposals during the year	-	-	-	-	-	-	(10,500,000)	(10,500,000)		15,729,562	5,229,562
Balance as at June 30, 2019	530,000,000	625,339,847	963,273,250	16,892,528	17,795,836	9,964,225	49,490,347	2,212,756,033	50,000,000	67,840,908	2,330,596,941
Balance as at July 01, 2017	530,000,000	618,411,469	856,601,388	13,954,743	12,051,535	8,720,855	34,958,187	2,074,698,177	-	36,399,385	2,111,097,562
Additions during the year	-	1,829,299	57,562,611	1,203,537	1,295,824	952,475	13,518,132	76,361,878	50,000,000	14,730,461	141,092,339
Disposals during the year	-	-	(57,685,087)	-	-	-	(1,451,000)	(59,136,087)	-	-	(59,136,087)
Balance as at June 30, 2018	530,000,000	620,240,768	856,478,912	15,158,280	13,347,359	9,673,330	47,025,319	2,091,923,968	50,000,000	51,129,846	2,193,053,814
Depreciation											
Balance as at July 01, 2018	-	155,027,737	338,853,399	4,983,922	10,111,357	4,001,612	29,219,306	542,197,334	2,292,191	12,494,350	556,983,874
Charge for the year	-	23,358,581	26,501,605	1,072,640	1,229,284	582,618	4,012,456	56,757,182	2,385,390	8,694,351	67,836,924
Adjustment during the year							3,459,151	3,459,151		(3,459,151)	-
Depreciation on Disposals	-	-	-	-	-	-	(270,411)	(270,411)	-	270,411	-
Balance as at June 30, 2019	-	178,386,318	365,355,004	6,056,562	11,340,641	4,584,230	36,420,502	602,143,256	4,677,581	17,999,961	624,820,798
Balance as at July 01, 2017	-	130,607,608	311,458,608	3,919,909	9,018,927	3,420,812	26,661,654	485,087,518	-	5,288,002	490,375,520
Charge for the year	-	24,420,129	28,481,503	1,064,013	1,092,430	580,800	3,862,670	59,501,546	2,292,191	7,206,348	69,000,084
Disposals during the year	-	-	(1,086,712)	-	-	-	(1,305,018)	(2,391,730)	-	-	(2,391,730)
Balance as at June 30, 2018	-	155,027,737	338,853,399	4,983,922	10,111,357	4,001,612	29,219,306	542,197,334	2,292,191	12,494,350	556,983,874
Rate of depreciation		5%	5%	10%	30%	10%	20%		5%	20%	
Net book value as at June 30, 2019	530,000,000	446,953,529	597,918,246	10,835,966	6,455,195	5,379,995	13,069,845	1,610,612,777	45,322,419	49,840,947	1,705,776,143
Net book value as at June 30, 2018	530,000,000	465,213,031	517,625,513	10,174,358	3,236,002	5,671,718	17,806,013	1,549,726,634	47,707,809	38,635,497	1,636,069,940

5.2 Depreciation charged for the year has been allocated as under:

	2019	2018
	------------- Rupees -------------	
Cost of sales	53,318,215	56,257,836
Administrative and general expenses	14,518,708	12,742,248
	67,836,924	69,000,084

5.3 Capital work in progress

	2019	2018
Opening balance	89,405,305	35,168,197
Additions during the year	86,154,973	104,237,108
Transfers (Plant and machinery)	(94,694,083)	(50,000,000)
Closing balance	80,866,195	89,405,305

5.4 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Location / Address	Usage of immovable property	Total Area (In Kanal)	Appro. Covered Area (In sq. ft.)
85,86,87 &105 Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore	Production unit	21.4	50,510

5.5 The detail of operating assets disposed off during the year are as follows:

2019							
Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain / (Loss) on Disposal	Buyer Name	Mode of Disposal
Motor vehicles	10,500,000	3,729,562	6,770,438	12,000,000	5,229,562	First Habib Modaraba	Sale and Lease Back

		Note	2019	2018
			Rupees	Restated
6	**INTANGIBLE ASSETS**			
	Goodwill on acquisition		**70,173,290**	70,173,290
	ERP Software	6.1	**102,612**	128,265
			70,275,902	70,301,555

6.1	**ERP Software**	**ERP Software**	**Total**
	Cost		
	Balance as at July 01, 2018	375,000	375,000
	Additions during the year	-	-
	Disposals during the year	-	-
	Balance as at June 30, 2019	**375,000**	**375,000**
	Balance as at July 01, 2017	375,000	375,000
	Additions during the year	-	-
	Disposals during the year	-	-
	Balance as at June 30, 2018	375,000	375,000
	Amortization		
	Balance as at July 01, 2018	246,735	246,735
	Charge for the year	25,653	25,653
	Amortization on Disposals	-	-
	Balance as at June 30, 2018	**272,388**	**272,388**
	Balance as at July 01, 2017	214,669	214,669
	Charge for the year	32,066	32,066
	Amortization on Disposals	-	-
	Balance as at June 30, 2018	246,735	246,735
	Rate of amortization	20%	
	Net book value as at June 30, 2019	**102,612**	**102,612**
	Net book value as at June 30, 2018	128,265	128,265

		Note	2019	2018
7	**STOCK-IN-TRADE**			
	Raw materials		199,632,986	163,562,535
	Packing materials		58,772,013	55,119,025
	Work-in-process		1,713,183	2,146,870
	Finished goods		5,542,489	20,922,750
			265,660,671	241,751,180
8	**TRADE DEBTS - UNSECURED**			
	Considered good	8.1	246,307,071	221,474,634
	Loss Allowance		-	-
			246,307,071	221,474,634

8.1 No aggregate outstanding balance of trade debtors due from related parties at the end of any month during the year, accordingly, no need to test the impairment.

9 ADVANCES, DEPOSITS AND PREPAYMENTS

	2019	2018
	------------- Rupees -------------	
		Restated
Advances to staff against salary-Unsecured	5,978,790	4,832,267
Mobilization and other advances	60,412,848	60,221,651
Advances to suppliers	29,353,352	15,694,847
Bank guarantee margin	966,597	966,597
Prepaid expenses	1,365,460	1,048,148
	98,077,047	82,763,510

9.1 No aggregate outstanding balance of advances, deposits and prepayments due from related parties at the end of any month during the year, accordingly, no need to test the impairment.

10 CASH AND BANK BALANCES

	2019	2018
Cash in hand	8,093,324	3,247,744
Cash at bank (current accounts)	7,487,861	1,686,874
	15,581,185	4,934,619

11 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2019	2018		2019	2018
Number of shares			------------- Rupees -------------	
2,159,586	2,159,586	Ordinary shares of Rs.10/- each fully paid in cash.	21,595,860	21,595,860
49,229,083	49,229,083	Ordinary shares of Rs. 10/- each issued to the shareholders of economic acquirer as per the approved scheme of arrangement	492,290,830	492,290,830
51,388,669	51,388,669		513,886,690	513,886,690

11.1 This represents the number of shares and amount of share capital issued to the shareholders of economic acquirer pursuant to the merger as detailed in note 2.3.

12 CAPITAL RESERVES

Capital maintenance reserve

This represents the excess of fair value of land, owned by the economic acquirer, over its cost. The reserve will be available for appropriation among shareholders only on eventual disposal of land and hence has been classified as capital reserve.

Share Premium Reserve

Mudassar Ehtisham & Co. Chartered Accountants computed valuation of Rs. 33.02 for each ordinary share of economic acquirer with a par value of Rs. 10 per share. Management of economic acquirer decided for a swap ratio of 1:1 for the purposes of the merger. This resulted in to a per share premium of Rs. 23.02 that is deemed to have been received from economic acquiree.

		Note	2019	2018
			------------- Rupees	-------------
13	**LONG TERM FINANCES - SECURED**			Restated
	Orix Leasing Pakistan Limited		347,500	347,500
	Samba Bank Limited - Term Finance - I	13.1	179,166,678	229,162,654
	Samba Bank Limited - Term Finance - II	13.1	22,500,000	-
	PAIR Investment Company Limited	13.2	150,000,000	-
			352,014,178	229,510,154
	Less: current portion shown under current liabilities		(88,680,828)	(54,514,158)
			263,333,350	174,995,996

13.1 This term finance facility carries markup at the rate of 3 month KIBOR + 2.25%. The principal is payable on monthly basis while markup is payable on quarterly basis with the last installment payable on September 30, 2022. The facility is secured against charges on fixed assets of the company.

Term Finance - II has been obtained during the year which carries markup at the rate of 1 month KIBOR + 2.25%. The principal is payable on monthly basis while markup is payable on quarterly basis with the last installment payable on December, 2023. The facility is secured against charges on fixed assets of the company.

13.2 This long term loan has been obtained during the year which carries markup at the rate of 6 month KIBOR + 2.25%. The principal and markup are payable on monthly basis after six months grace period with last installment payable in October, 2023. This facility is secured against charges on fixed assets of the company.

14 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

The amount of future minimum lease payments along with their present value and the period during which they fall due are as under:

	2019	2018
Future minimum lease payment	68,106,300	76,100,131
Less: Unamortized financial charges	(8,184,237)	(9,717,246)
Present value of minimum lease payments	59,922,063	66,382,885
Less: Current portion shown under current liabilities	(29,084,088)	(28,081,121)
	30,837,975	38,301,764
Payable within one year	29,084,088	28,081,121
Payable after one year	30,837,975	38,301,764
	59,922,063	66,382,885

14.1 The Company entered into lease agreements with financial institutions to acquire vehicles. The liabilities under the lease agreements are payable in equal monthly installments and are subject to finance charges at the rates ranging from 6 months KIBOR + 2.5% to 3.95% and 22% per annum (June 30, 2018 : 6 months KIBOR + 2.5% to 3.95% and 22% per annum). The lease liabilities are secured against security deposits, post dated cheques, personal guarantee of all the directors of the Company and also secured against financed vehicles.

	Note	2019	2018
		------------- Rupees	------------- Restated
15 DEFERRED INCOME			
Opening balance		-	-
Addition during the period		5,229,562	-
Amortized during the year		-	-
Un amortized gain on sale and lease back transaction		5,229,562	

This amount represents gain on sale and lease back of fixed assets. According to IAS 17 "Lease" this gain is deferred and amortized over the lease term.

	Note	2019	2018
16 LONG TERM ADVANCES - UNSECURED			
Against vehicles from contractors		2,408,787	2,753,529
From contractors against recovery of sales proceeds		10,942,978	10,664,451
		13,351,765	13,417,980
17 DEFERRED LIABILITIES			
Deferred taxation	17.1	173,747,614	164,799,914
Staff retirement benefits - gratuity	17.2	33,495,479	23,856,226
		207,243,093	188,656,140
17.1 Deferred taxation			
Opening deferred tax liability		164,799,914	171,269,370
Deferred tax reversed to profit or loss	27	9,639,847	(5,535,456)
Deferred tax reversed to other comprehensive income		(692,147)	(934,000)
		8,947,700	(6,469,456)
Closing deferred tax liability	17.1.1	173,747,614	164,799,914
17.1.1 Closing deferred tax liability			
Deferred tax liability comprises of :			
Deferred tax liabilities in respect of taxable temporary differences:			
Accelerated tax depreciation		195,082,728	186,833,533
Liabilities against assets subject to finance lease		10,219,978	5,389,314
Intangible assets		29,757	34,632
		205,332,463	192,257,478
Deferred tax assets in respect of deductible temporary differences:			
Unused tax losses / credits		21,871,160	21,016,383
Provision for gratuity		9,713,689	6,441,181
		31,584,849	27,457,564
		173,747,614	164,799,914

17.2 STAFF RETIREMENT BENEFITS - GRATUITY

The latest actuarial valuation of gratuity was carried out as at June 30, 2018 under the projected unit credit method as per the requirements of approved accounting standards - International Accounting Standard 19, the details of which are as follows:

	2019	2018
The movement in defined benefit obligation is as follows:		
Present value of defined benefit obligation at beginning	23,856,226	18,156,838
Current service cost	15,641,483	14,546,079
Interest cost	1,693,357	895,595
Amount recognized in profit and loss	17,334,840	15,441,674
Benefits paid	(10,082,300)	(13,201,546)
Actuarial losses from change in financial assumptions - amount recognized in other comprehensive income	2,386,713	3,459,260
Present value of defined benefit obligation - amount recognized in statement of financial position	33,495,479	23,856,226

		Note	2019	2018
			------------- Rupees -------------	
17.2.1	**Principal actuarial assumptions used in the actuarial valuations**			Restated
	Financial assumptions			
	Discount rate used for year end obligation		12.50%	9.00%
	Expected rate of increase in salary		9.50%	6.00%
	Demographic Assumptions			
	Mortality rate		SLIC (2001-05)	SLIC (2001-05)

17.2.2 Sensitivity analysis for actuarial assumptions

The calculation of defined benefit obligation is sensitive to the following assumptions. The below information summarized how the defined benefit obligation at the end of the reporting period would have been increased/(decreased) as a result of change in respective assumptions by 100 basis points.

	Increase in assumptions	Decrease in assumptions
Discount rate	30,697,291	36,809,928
Increase in future salaries	36,875,380	30,602,691

		Note	2019	2018
18	**TRADE AND OTHER PAYABLES**			
	Trade Creditors - unsecured	18.1	138,425,294	178,294,236
	Accrued expenses		57,876,697	68,364,425
	Workers' welfare fund		2,065,630	2,743,821
	Workers' (profit) participation fund	18.2	7,913,652	8,293,137
	Advances from debtors - unsecured		21,282,026	12,203,399
			227,563,298	269,899,017

18.1 This does not include any amount payable to related party.

		2019	2018
18.2	Workers' (profit) participation fund		
	Opening balance	8,293,137	9,688,283
	Allocation for the period	7,913,652	8,293,137
		16,206,789	17,981,420
	Less: Payment made during the period	(8,293,137)	(9,688,283)
		7,913,652	8,293,137

		Note	2019	2018
19	**ACCRUED MARK-UP ON SECURED LOANS**			
	Long term finances and leases		8,097,639	5,570,140
	Short term borrowings		4,870,407	5,159,825
			12,968,046	10,729,965
20	**SHORT TERM BORROWINGS**			
	Allied Bank Limited - secured	20.1	59,962,666	73,452,666
	Bankislami Pakistan Limited	20.2	6,000,000	86,000,000
	Samba Bank Limited	20.3	69,452,841	-
	Book overdraft	20.4	7,991,833	2,754,875
			143,407,341	162,207,541

20.1 Running finance facility has been obtained from Allied Bank Ltd. against sanctioned limit of Rs. 100 million. (2018 : Rs. 100 million). It carries markup @ 3 months KIBOR + 2% per annum (2018: 3 months KIBOR + 2% per annum). It is secured against first pari passu charge/ Hypothecation over assets of the company and personal guarantee of the directors.

20.2 This murabahah finance facility has been obtained against sanctioned limited of 100 million. This carries mark up at the rate of respective KIBOR plus 4%. This facility is secured against ranking charge on present and future current assets of the Company.

20.3 This Running Finance has been obtained to meet the working capital requirements with sanction limit of Rs. 75 million and carries markup at the rate of 1 month KIBOR + 2.25% and is secured against Parri Passu charge over current assets.

20.4 This represents book overdraft of Meezan Bank Limited and Bank Al Habib Limited.

	Note	2019	2018
		------------- Rupees -------------	

21 CONTINGENCIES AND COMMITMENTS

21.1 Letter of guarantee amounting to Rs 2.552 million (2018: Rs.2.552 million) has been issued in favor of Sui Northern Gas Pipeline Limited. There are no other known contingencies as at balance sheet date.

21.2 There are no major commitments outstanding as at balance sheet date.

22 SALES - NET

	Note	2019	2018
Gross sales		2,676,602,789	2,398,219,589
Less: sales tax		(107,732,740)	(83,999,423)
		2,568,870,049	2,314,220,166

23 COST OF SALES

	Note	2019	2018
Raw materials consumed			
Opening Inventory		163,562,535	150,587,887
Purchases - net		1,260,871,638	1,104,380,468
Closing Inventory		(199,632,986)	(163,562,535)
		1,224,801,186	1,091,405,820
Wages and salaries	23.1	251,683,825	225,444,588
Fuel and power		121,941,117	96,278,537
Repair and maintenance		23,458,343	17,977,464
Packing material consumed	23.2	177,447,222	149,023,748
Other indirect expenses		7,096,970	7,321,157
Insurance		2,505,354	2,535,053
Depreciation	5.2	53,318,215	56,257,836
		385,767,222	329,393,795
Manufacturing cost		1,862,252,233	1,646,244,203
Work-in-process			
Opening balance		2,146,870	2,035,873
Closing balance		(1,713,183)	(2,146,870)
		433,687	(110,997)
Finished goods			
Opening balance		20,922,750	15,100,421
Purchases		2,322,850	-
Closing balance		(5,542,489)	(20,922,750)
		17,703,110	(5,822,329)
Cost of sales		1,880,389,030	1,640,310,877

23.1 These include staff retirement benefits amounting to Rs. 4,240,528 (2018: Rs. 4,393,834)

23.2 Packing material consumed

	2019	2018
Opening inventory	55,119,025	51,176,947
Purchases - net	181,100,210	152,965,825
Closing Inventory	(58,772,013)	(55,119,025)
Packing material consumed	177,447,222	149,023,748

		Note	2019	2018
			Rupees	
24	**ADMINISTRATIVE AND GENERAL**			
	Directors' remuneration		18,327,863	43,471,896
	Salaries and benefits	24.1	57,382,686	41,213,745
	Printing and stationery		4,168,232	3,031,809
	Traveling and conveyance		5,684,251	1,965,357
	Telephone, postage and telegram		4,392,598	4,366,163
	Fee and subscription		10,660,771	2,454,987
	Vehicle running, maintenance and insurance		16,425,895	13,100,743
	Rent, rates and taxes		1,031,873	2,071,961
	Insurance		2,668,534	1,912,297
	Entertainment		6,713,749	8,673,929
	Repair and maintenance		3,749,580	1,286,456
	Charity and donation	24.2	1,260,723	3,692,035
	Legal and professional		404,200	19,053,630
	Auditors' remuneration	24.3	1,100,000	500,000
	Newspaper and periodicals		10,354	446,043
	Depreciation	5.2	14,518,708	12,742,248
	Amortization of intangible assets	6	25,653	32,066
	Miscellaneous expenses		6,229,380	2,563,143
			154,755,050	162,578,508

24.1 These include staff retirement benefits amounting to Rs. 8,652,526 (2018: Rs. 5,340,861)

24.2 None of the directors or their spouses have any interest in the donee. No donation exceeding Rs. 500,000 has been paid to a single institute during the year.

24.3 Auditors' remuneration

	2019	2018
Audit fee	650,000	450,000
Certification and reviews	350,000	-
Out of pocket charges	100,000	50,000
Total Auditors' remuneration	1,100,000	500,000

		Note	2019	2018
25	**SELLING AND DISTRIBUTION**			
	Salaries and benefits	25.1	39,114,739	44,038,966
	Vehicle running and maintenance		146,359,396	130,587,887
	Discounts and salesmen commission		109,809,246	94,694,727
	Advertisement		7,145,280	4,372,766
	Sales promotion expenses		8,204,976	8,224,045
			310,633,637	281,918,391

25.1 These include staff retirement benefits amounting to Rs. 4,441,786 (2018: Rs. 5,706,979)

		2019	2018
26	**OTHER OPERATING EXPENSES**		
	Workers' welfare fund	2,065,630	2,743,821
	Workers' profit participation fund	7,913,652	8,293,137
		9,979,282	11,036,958

		2019	2018
		Rupees	
27	**FINANCE COST**		
	Mark up on:		
	-Long term finances	33,949,183	38,386,590
	-Short term finances	19,426,598	14,633,347
	Lease financial charges	8,070,848	5,374,201
	Bank charges and commission	3,372,670	5,155,515
		64,819,299	63,549,653
28	**TAXATION**		
	Current tax expense	26,684,446	23,051,138
	Prior year's tax expense adjustment		-
	Deferred tax expense	9,639,847	(5,535,456)
		36,324,293	17,515,682

28.1 Provision for current year taxation represents minimum tax under the provisions of income tax ordinance, 2001. Therefore, reconciliation of tax charge is not required. However, sufficient provision has been incorporated in these financial statements.

28.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available. The comparison of estimated provision for taxation and actual tax assessed as per income tax return filed for previous years can be analyzed as follows:

	2018	2017	2016
	Rupees	Rupees	Rupees
Provision for Taxation	23,051,138	26,357,659	21,799,184
Tax assessed	23,051,138	26,357,659	21,799,184

			2019	2018
29	**EARNING PER SHARE - BASIC & DILUTED**			
	Net profit after taxation	**Rupees**	112,376,308	138,164,115
	Weighted average number of shares outstanding during the year	**Numbers**	51,388,669	51,388,669
	Earning per share	**Rupees**	2.19	2.69

		2019	2018
30	**CASH GENERATED FROM OPERATIONS**		
	Profit before taxation and workers' welfare fund	148,700,601	155,679,797
	Adjustments for:		
	Depreciation	67,836,924	69,000,084
	Financial charges	64,819,299	63,549,653
	Provision for workers' (profit) participation fund	7,913,652	8,293,137
	Provision for workers' welfare fund	2,065,630	2,743,821
	Provision for gratuity - net	17,334,840	15,441,674
	Amortization of intangible assets	25,653	32,066
	(Gain) / Loss on disposal of fixed assets	-	(854,018)
		159,995,997	158,206,417
	Operating profit before working capital changes	308,696,598	313,886,214
	Effect on cash flows due to working capital changes		
	(Increase)/ decrease in current assets:		
	Stores, spares and loose tools	24,260	1,086,708
	Stock-in-trade	(23,909,491)	(22,850,052)
	Trade debts - unsecured	(35,030,816)	10,198,379
	Advances, deposits and prepayments	(12,632,412)	2,442,763
	(Decrease)/ increase in trade and other payables	(55,029,874)	(64,217,019)
		(126,578,334)	(73,339,220)
	Cash generated from operations	182,118,264	240,546,994

		2019	2018
		------------- Rupees	-------------
31	**CASH AND CASH EQUIVALENTS**		Restated
	Cash and bank balances	15,581,185	4,934,619
		15,581,185	4,934,619

32 FINANCIAL RISK MANAGEMENT

32.1 Financial instruments by category as per statement of financial position

	2019	2018
Financial assets		
Security deposits	6,697,338	6,602,138
Trade debts	246,307,071	211,276,255
Short term advances	5,978,790	4,832,267
Other receivables	2,332,057	2,014,745
Cash and bank balances	15,581,185	4,934,619
	276,896,441	229,660,024
Financial liabilities		
Long term loans and finances - secured	263,333,350	174,995,996
Liabilities against assets subject to finance lease	30,837,975	38,301,764
Short term bank borrowings	65,962,666	159,452,666
Book overdraft - unsecured	7,991,833	2,754,875
Mark-up accrued on secured loans	12,968,046	10,729,965
Trade and other payables	227,563,298	269,899,017
	608,657,168	656,134,283
Off balance sheet items		
Letter of guarantees	2,551,480	2,551,480

The Company's activities expose it to a variety of financial risk including capital risk, credit risk, liquidity risk and market risk. The objective of financial risk management is to minimize potential adverse effects on the financial performance of the Company. The Company finances its operation through equity, borrowings and management of working capital with a view to maintain reasonable mix between the various sources of finance to minimize risk.

Fair values of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts. Further, there are no fair value estimation uncertainties.

Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. The fair value of financial assets (other than investments) and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

Fair value hierarchy

The company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3 Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The fair value hierarchy of financial assets measured at fair value is as follows:

	TOTAL	2019 Level 1	2019 Level 2	2019 Level 3
		Amount in rupees		
Security deposits	6,697,338	-	-	6,697,338
Trade debts	246,307,071	-	-	246,307,071
Short term advances	5,978,790	-	-	5,978,790
Other receivables	2,332,057	-	-	2,332,057
Cash and bank balances	15,581,185	-	-	15,581,185
	276,896,441	-	-	276,896,441

	TOTAL	2018 Level 1	2018 Level 2	2018 Level 3
		Amount in rupees		
Security deposits	6,602,138	-	-	6,602,138
Trade debts	211,276,255	-	-	211,276,255
Short term advances	4,832,267	-	-	4,832,267
Other receivables	2,014,745	-	-	2,014,745
Cash and bank balances	4,934,619	-	-	4,934,619
	229,660,024	-	-	229,660,024

32.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. The Company believes that it is not expose to major concentration of credit risk. To manage exposure to credit risk, Company applies credit limits and deal with credit worthy parties. Export debtors are secured by means of letter of credits.

The carrying amount of financial assets represent the maximum credit exposure, as specified below;

	2019	2018
	------------- Rupees	-------------
Security deposits	6,697,338	6,602,138
Trade debts	246,307,071	211,276,255
Short term advances	5,978,790	4,832,267
Other receivables	2,332,057	2,014,745
Cash and bank balances	15,581,185	4,934,619
	276,896,441	229,660,024

No provision has been made against trade debts as these are considered good.

32.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet it's commitments associated with financial instruments. The Company manages its liquidity risk exposure by having diversified funding sources and assets are managed with liquidity in mind. To ensure adequate liquidity, the maturity profile is monitored on continuous basis.

32.4 Market risk

Market risk means that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as, foreign exchange rates, interest rates and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risk: foreign exchange or currency risk, interest rate risk and price risk. The market risk associated with the Company's business activities are discussed as under:

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The currency risk arises mainly from future commercial transaction or receivables and payables that exist due to transactions in foreign currencies. The Company is exposed the currency risk primarily with respect to US dollar currently, the Company's foreign exchange risk exposure restricted to amount receivable from foreign debtors. The Company uses foreign exchange contracts to hedge its foreign currency risk, when considered appropriate.

Interest rate risk

Interest rate risk is the risk that value of financial instrument or future cash flow of a financial instrument will fluctuate due to changes in interest rates. The Company manages the mismatches through risk management strategies where significant changes in gap position can be adjusted. The company holds various variable rate financial instruments the detail of which is as follows:

	2019	2018
	------------- Rupees -------------	
Variable rate instruments		
Financial liabilities		
Loan from various commercial banks	352,014,178	229,510,154
Finance lease liability	59,922,063	66,382,885
Short term borrowings	143,407,341	162,207,541
	555,343,582	458,100,580

Sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, therefore, a change in interest rates at the statement of financial position would not affect profit or loss.

Sensitivity analysis for variable rate instruments

If KIBOR had been 1% higher / lower with all the variables held constant, the impact on profit before tax for the year would have been higher / lower by 5.489 million (2018: 4.492 million).

Price risk

Price risk represents the risk that fair value of financial instrument will fluctuate because of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factor affecting all or similar financial instruments traded in the market. The Company is not expose to equity price risk since the Company has not made any investment in quoted equity securities at the balance sheet date.

32.5 Carrying value of financial assets and liabilities

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value.

33 CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safe guard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stake holders and to maintain strong capital base to support the development of its business.

The Company manages its capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure the Company may adjust amount of dividend paid to shareholders or issue new shares. The Company is not subject to externally imposed capital requirements.

34 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

	2019			2018		
	Chief Executive	Director	Executives	Chief Executive	Director	Executives
Managerial remuneration	18,327,863	-	26,028,900	10,452,790	33,019,106	19,659,360
Housing	-	-	-	-		-
Medical allowance	-	-	-	-		-
Bonus	-	-	-	-		-
	18,327,863	-	26,028,900	10,452,790	33,019,106	19,659,360
No. of persons	1		11	1	4	10

34.1 The chief executive and directors are provided with Company maintained cars in accordance with their terms of employment.

34.2 No meeting fee has been paid to any director of the Company during the year (June 30, 2018: Nil).

35 TRANSACTION WITH ASSOCIATED UNDERTAKINGS

The related parties comprise associated undertakings, other related companies and key management personnel. The Company in the normal course of business carried out transactions with related parties. Detail of transactions with key management personnel are disclosed in Note 34. There are no other significant related party transactions.

36 NUMBER OF EMPLOYEES

	2019	2018
	Number of Employees	
Average number of employees during the year	671	665
This includes 491 (2018: 513) number of factory employees.		
Total number of employees at year end	669	652
This includes 489 (2018: 510) number of factory employees.		

37 PRODUCTION CAPACITY

	2019 Maximum Capacity	2019 Actual Production	2018 Maximum Capacity	2018 Actual Production
	All units in Metric Tons			
- Bakery Division	13,500	11,150	13,500	10,965
- Snacks Division	1,800	550	1,800	455

37.1 It is difficult to describe precisely the production capacity in bakery industry since similar equipment are being used for multiple products and each product involves different processing time and technique.

37.2 Actual production in snacks division is lesser due to lower demand.

38 EVENTS AFTER THE REPORTING PERIOD

There are no other significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements.

39 DATE OF AUTHORIZATION FOR ISSUE

- These financial statements have been authorized for issue by the board of directors of the Company on 07 OCT 2019

40 GENERAL

- The figures have been rounded off to the nearest rupee.
- Corresponding figures have been re-classified / re-arranged for the purpose of comparison and better presentation.

Chief Executive | Director | Chief Financial Officer