

REVIEW REPORT TO THE MEMBERS 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 **Goodluck Industries Limited** for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and 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 Regulations applicable to the Company for the year ended June 30, 2018.

KARACHI: 14 SEP 2018


CHARTERED ACCOUNTANTS
(Muhammad Moin Khan) M3

Independent Auditors' Report To the Members of GoodLuck Industries Limited

Report on the Audit of Financial Statements

Opinion

We have audited the annexed financial statements of **GoodLuck Industries Limited** (the Company), which comprise the statement of financial position as at **30 June 2018**, and the statement of profit or loss and statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and statement of 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 30 June 2018 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 Auditors' 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.

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Following are the key audit matters:

Key Audit Matters	How our audit addressed the Key Audit Matters
<p>1. Preparation of financial statements under Companies Act, 2017</p> <p>As referred to in note 3.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018.</p> <p>The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements.</p> <p>In the case of the Company, a summary of key additional disclosures and changes to the existing disclosures have been stated in note 3.1 to the accompanying financial statements. Further, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of fixed assets as a consequence of the application of the Act with retrospective effect. The impact of the said change in accounting policy has been disclosed in note 4.13 to the accompanying financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements under the Act.</p>	<p>We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements. We also evaluated the sources of information used by the management for the preparation of the above referred disclosures and the internal consistency of such disclosures with other elements of the financial statements.</p> <p>In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 4.13 to the accompanying financial statements; we assessed the accounting implications in accordance with the applicable financial reporting standards and evaluated its application in the context of the Company.</p>
<p>2. Retirement Benefits</p> <p>As described in the Accounting Policies in note 4.6 and in note 15.1 to the accompanying financial statements, the Company has a defined benefit gratuity plan for its employees.</p> <p>At June 30, 2018, the Company recorded a net retirement benefit liabilities of Rs. 7.063 million (2017: Rs. 5.985 million). The Company did not maintain any retirement benefit asset to meet its relevant liabilities.</p> <p>The liability determined on the basis of certain assumptions such as discount rate, inflation and working life of employees, which are complex and an area of significant judgement; changes in any of these assumptions can lead to a material movement in the liability.</p>	<p>We evaluated the management assessment of the assumptions made in the valuation of the scheme liabilities, and evaluated the information contained within the actuarial valuation report for the scheme. We assessed the design and implementation of controls in respect of the gratuity scheme valuation process.</p> <p>We tested the significant assumptions used in the valuation of the scheme and, with support from other publicly available data and other actuarial reports, we considered the process applied by the Company's actuary, the scope of the valuation performed and the key assumptions applied and evaluated their expertise. We benchmarked and performed a sensitivity analysis on the key variables in the valuation model, including:</p> <ul style="list-style-type: none"> • Salary increases; • Mortality rates; and • Discount rates.

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Information other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include in the financial statements and our auditors' report thereon.

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, 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud and 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.

Auditors' 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 auditors' 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.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 auditors' 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:

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss and statement of other 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;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Moin Khan.

Karachi: 14 SEP 2018

Chartered Accountants

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GOODLUCK INDUSTRIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	2018	2017 Restated	2016 Restated
Note	<-----Rupees----->		
ASSETS			
Non-current assets			
Property, plant & equipments	7 356,330,139	366,450,480	209,853,136
Long term security deposits	8 360,782	360,782	355,282
	356,690,921	366,811,262	210,208,418
Current assets			
Stock in trade	9 14,110,194	6,777,554	18,819,114
Trade debts	10 19,155,691	25,328,174	9,052,206
Income tax refundable	10,131,248	10,070,334	8,034,806
Advances, deposits & other receivables	11 585,392	585,392	2,085,392
Cash & bank balances	12 5,386,084	4,002,449	5,167,739
	49,368,609	46,763,903	43,159,258
TOTAL ASSETS	406,059,530	413,575,165	253,367,676
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
1,000,000 ordinary shares of Rs. 10 each	10,000,000	10,000,000	10,000,000
Issued, subscribed & paid up:	13		
300,000 ordinary shares of Rs. 10 each fully paid in cash	3,000,000	3,000,000	3,000,000
Capital reserves			
Revaluation surplus on property, plant and equipment - net of tax	14 321,076,258	326,879,628	189,484,924
Revenue Reserve- unappropriated profit	45,483,460	37,313,651	35,645,111
	369,559,719	367,193,280	228,130,035
LIABILITIES			
Non-current liabilities			
Deferred liabilities	15 33,409,960	36,628,612	20,687,241
Current liabilities			
Short term running finance	16 -	-	-
Trade and other payables	17 1,407,482	8,195,065	3,052,210
Unclaimed dividend	18 1,682,370	1,558,208	1,498,190
	3,089,852	9,753,273	4,550,400
Total liabilities	36,499,811	46,381,885	25,237,640
TOTAL EQUITY AND LIABILITIES	406,059,530	413,575,165	253,367,676
Contingencies and commitments	19		

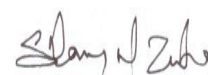
The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

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

	2018	2017 Restated
	<-----Rupees----->	
Profit for the year	2,473,955	(696,845)
Other comprehensive income		
Items that will not be reclassified to profit or loss in subsequent period		
Remeasurements of defined benefit liability	(151,240)	(94,146)
Related deferred tax	45,372	29,185
	(105,868)	(64,961)
	(105,868)	(64,961)
Items that may be reclassified to profit or loss in subsequent period		
Surplus arisen on revaluation of property, plant and equipments	-	158,848,907
Related deferred tax on surplus on revaluation	-	(18,937,164)
	-	139,911,743
Total comprehensive income for the year	<u>2,368,087</u>	<u>139,149,936</u>

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



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GOODLUCK INDUSTRIES LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

		2018	Restated 2017
	Note	<-----Rupees----->	
Turnover	20	843,665,617	786,490,279
Cost of sales	21	<u>(827,049,968)</u>	<u>(773,455,063)</u>
Gross profit		16,615,649	13,035,216
Administrative expenses	22	<u>(12,444,248)</u>	<u>(10,196,929)</u>
Selling expenses		(55,713)	(120,273)
Other operating expenses	23	<u>(204,864)</u>	<u>(284,500)</u>
		<u>(12,704,825)</u>	<u>(10,601,702)</u>
Profit from operations		3,910,824	2,433,514
Finance cost and bank charges	24	<u>(18,410)</u>	<u>(3,554)</u>
Profit before taxation		3,892,414	2,429,960
Taxation	25	<u>(1,418,459)</u>	<u>(3,126,806)</u>
Profit after taxation		<u>2,473,955</u>	<u>(696,845)</u>
Earnings per share - basic	26	<u>8.25</u>	<u>(2.32)</u>

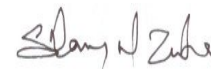
Appropriations have been reflected in the statement of changes in equity.
The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GOODLUCK INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2018

	Share capital	Unappropriated profit	Revaluation surplus on property, plant and equipment	Total
	<----- Amount in Rupees ----->			
Balance at July 1, 2016 - as previously reported	3,000,000	35,645,111	-	38,645,111
Correction of error	-	-	1,977,122	1,977,122
Impact of restatement - note 5.2	-	-	187,507,801	187,507,801
Balance at July 1, 2016 - as restated	3,000,000	35,645,111	189,484,924	228,130,035
Profit for the year ended June 30, 2017	-	(696,845)	-	(696,845)
Other Comprehensive Income				
Remeasurements of defined benefit liability	-	(94,146)	-	(94,146)
Deferred tax on remeasurements of defined benefit plan	-	29,185	-	29,185
	-	(64,961)	-	(64,961)
Transferred from revaluation surplus on property, plant and equipments - net of tax (note 14)	-	2,955,346	(2,955,346)	-
Revaluation surplus on adjustment due to change in tax rate (note 14)	-	-	438,308	438,308
	-	2,955,346	(2,517,038)	438,308
Gain on revaluation of property, plant and equipments - net of tax	-	-	109,605,746	109,605,746
Correction of error relevant to revaluation of property, plant and equipments - note 5.2	-	-	30,305,997	30,305,997
Transactions with owners:				
Final dividend for the year ended June 30, 2016 @ Rs.1.75 per share declared subsequent to year end	-	(525,000)	-	(525,000)
Balance as at July 01, 2017	3,000,000	37,313,651	326,879,628	367,193,280
Profit for the year ended June 30, 2018	-	2,473,955	-	2,473,955
Other Comprehensive Income				
Remeasurements of defined benefit liability	-	(151,240)	-	(151,240)
Deferred tax on remeasurements of defined benefit plan	-	45,372	-	45,372
	-	(105,868)	-	(105,868)
Transferred from revaluation surplus on property, plant and equipments - net of tax (note 14)	-	6,809,722	(6,809,722)	-
Revaluation surplus on adjustment due to change in tax rate (note 14)	-	-	1,006,353	1,006,353
	-	6,809,722	(5,803,370)	1,006,353
Transactions with owners:				
Final dividend for the year ended June 30, 2017 @ Rs.3.36 per share declared subsequent to year end	-	(1,008,000)	-	(1,008,000)
Balance as at June 30, 2018	3,000,000	45,483,460	321,076,258	369,559,719

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

CHIEF EXECUTIVE

CHIEF FINANCIAL OFFICER

DIRECTOR

GOODLUCK INDUSTRIES LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017 Restated
	<-----Rupees----->	
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Profit before taxation	3,892,414	2,429,960
Adjustment for:		
Depreciation	10,371,541	4,856,063
Provision for doubtful debts	258,312	-
Provision for gratuity	1,019,015	1,114,845
CASH FLOW FROM OPERATING ACTIVITIES - BEFORE WORKING CAPITAL CHANGES	15,541,282	8,400,868
(Increase) / Decrease in current assets:		
Stock in trade	(7,332,641)	12,041,561
Trade debtors	6,172,483	(16,275,968)
Income tax refundable	(60,914)	(1,999,954)
Advances, deposits and other receivables	-	1,500,000
	(1,221,071)	(4,734,362)
Increase/(decrease) in creditors, accrued & other liabilities		
Trade and other payables	(6,787,584)	386,008
	(8,008,655)	(4,348,354)
CASH GENERATED FROM OPERATIONS	7,532,627	4,052,514
Income tax paid	(5,061,833)	(2,142,822)
Gratuity paid	(91,900)	-
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	2,378,894	1,909,692
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Long term deposits	-	(5,500)
Addition to fixed assets	(251,200)	(2,604,500)
NET CASH USED IN INVESTING ACTIVITIES	(251,200)	(2,610,000)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Dividends paid	(883,838)	(464,982)
NET CASH USED IN FINANCING ACTIVITIES	(883,838)	(464,982)
NET DECREASE IN CASH AND CASH EQUIVALENT	4,002,449	(1,165,290)
CASH AND CASH EQUIVALENTS - at the beginning of the year	1,383,635	5,167,739
CASH AND CASH EQUIVALENTS - at the end of the year	5,386,084	4,002,449

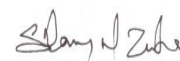
The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

GOODLUCK INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

Goodluck Industries Limited is a public limited company quoted at Pakistan Stock Exchange Limited. The principal activity of the Company is milling of Wheat and all kinds of grains. The registered office and the factory premises of the company is located at S-49/A S.I.T.E., Mauripur Road, Karachi.

Geographical location and addresses of major business units including mills/plants of the Company are as under:

Karachi	Purpose
S-49/A S.I.T.E., Mauripur Road, Karachi	The registered office and the factory premises

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

All significant transactions and events that have affected the Company's statement of financial position and performance during the year have been adequately disclosed in the notes to these financial statements. For a detailed discussion about these significant transactions and events please refer to the Directors' report.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of International Financial Reporting Standards (IFRS), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 and, provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The Act has also brought certain changes with regard to the preparation and presentation of these financial statements. These changes, amongst others, included change in respect of presentation and measurement of surplus on revaluation of property plant and equipment as fully explained in note 4.1(g) of these financial statements, change in nomenclature of primary statements. Further, the disclosure requirements contained in the fourth schedule of the Companies Act, 2017 have been revised, resulting in elimination of duplicative disclosure with the IFRS disclosure requirements and incorporation of additional amended disclosures including, but not limited to, particulars of immovable assets of the Company (refer note 7.2), management assessment of sufficiency of tax provision in the financial statements (refer note 25.1), and change in threshold for identification of executives (refer note 28).

3.2 Accounting convention

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

3.3 Accrual basis accounting

These financial statements except cash flow information, have been prepared under the accrual basis of accounting.

3.4 Functional and presentation accuracy

These financial statements are presented in Pakistani Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees unless otherwise specified.

3.5 New standards, amendments to approved accounting standards and new interpretations

3.5.1 Amendments to approved accounting standards and interpretations which are effective during the year ended June 30, 2018

The amendments to published standards and interpretations that were mandatory for the Company's financial year ended June 30, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and therefore not disclosed in these financial statements.

3.5.2 New standards, amendments to approved accounting standards and interpretations that are effective for the company's accounting periods beginning on or after July 1, 2018

There are certain new standards, amendments to the approved accounting standards and interpretations that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Company's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Company's future financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Operating Fixed Asset

- a** Operating fixed assets are stated at historical cost less accumulated depreciation except lease hold land, building, plant and machinery which is stated at revalued amount less the accumulated depreciation.
- b** Depreciation is charged to income applying diminishing balance method at the rates specified in note 8.
- c** Depreciation is charged on assets from the month of purchase or from the month of commercial production for additions in respect of additions made during the year while proportionate depreciation is charged on assets disposed off during the year till the month of disposal.
- d** Major renewals and replacement are capitalized.
- e** Assets residual values, if significant and their useful lives are reviewed and adjusted if appropriate, at each balance sheet date.
- f** Profit or loss on disposal of fixed asset are reflected in the Profit and Loss account.

9 The Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. Accordingly, the Company has also changed its accounting policy relating to presentation and measurement of surplus on revaluation of property plant and equipment. The above change in the accounting policy has been applied retrospectively and comparative information have been restated in accordance with the requirement of International Accounting Standard (IAS) – 16 "Property, plant and equipment" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to the above change in accounting policy, the Company has presented its statement of financial position as at the beginning of the earliest comparative period i.e., July 01, 2016, and related notes in accordance with requirement of IAS 1 – Presentation of Financial Statements (Revised) (IAS 1). Had the accounting policy not been changed, the surplus on revaluation of fixed assets would have been shown as a separate line item (below equity in the statement of financial position) amounting to PKR 294.658 million and PKR 187.507 million for the year ended 30 June 2017 and 2016 respectively

4.2 Stock In Trade

- a** Stock of Raw and Packing material are valued at lower of cost and net realizable value. The inventory is valued using the weighted average method of valuation.
- b** Finished goods are valued at lower of cost and net realizable value. Finished goods represents manufacturing cost which consist of prime cost and appropriate manufacturing over heads.
- c** Stock in transit are stated at cost comprising invoice value plus other charges incurred thereon.

4.3 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to income currently.

4.4 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, and it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

4.5 Taxation

Current

Provision for current taxation is the higher of the amount computed on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and tax paid on presumptive basis, minimum tax and alternate corporate tax u/s 113C.

Deferred

The company accounts for deferred taxation using liability method on all taxable temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. This is recognized on the basis or expected manner of settlement of the carrying amounts of the assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets, if any, are recognized to the extent that it is probable that future taxable profits will be available against such deductible temporary differences can be utilized. However, any impact of final tax regime is ignored because a reasonable estimate of future turnover under this regime is not possible.

4.6 Staff retirement benefits

The Company operates an unfunded gratuity scheme covering all employees. Provision is made annually based on management estimates which are adjusted periodically to agree with actuarial estimates. Actuarial gains and losses (accumulated at the beginning of the year and those arising during the year) has been charged immediately to Other Comprehensive Income as per the provisions of the revised version of IAS-19. As per actuarial valuation carried out as at 30 June 2018, the Project Unit Credit Method of valuation was used to generate actuarial values. The annual provision during the year are charged to income currently.

4.7 Financial assets and liabilities

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 and a financial liability is set-off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.8 Revenue recognition

Revenue from sales is recorded on dispatch of goods to customers.

4.9 Borrowing cost

Borrowing cost incurred on finance obtained for acquisition of fixed assets are capitalized upto the date of commissioning of the respective assets. All other borrowing costs are taken to profit and loss account.

4.10 Cash and cash equivalent

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash in hand and cash at bank.

4.11 Related party transactions

The transactions between the company and the related parties if any, are carried out on arm's length basis.

4.12 Dividend

Dividend declared subsequent to the balance sheet date is recognized as a liability in the period in which it is approved by the directors/ shareholders as appropriate.

4.13 Change In Accounting Policy Of Revaluation Surplus On Property, Plant And Equipment

The Companies Act, 2017 has introduced changes to the accounting and reporting standards applicable to the companies, which have been applied for the first time in these financial statements. The changes in the accounting and reporting standards have impacted the Company's accounting policies relating to the revaluation surplus on property, plant and equipment. Accordingly, the accounting policies of the revaluation surplus on property, plant and equipment have been changed and applied retrospectively in these financial statements to comply with the accounting and reporting standards applicable to the Company. The changes in accounting policies had a net impact of Rs. 187.508 Millions on total equity respectively, as at July 01, 2017. The resulted impact of change in accounting policy is further explained below:

On July 01, 2017 the Company changed its accounting policy for the revaluation surplus on property, plant and equipment, in accordance with requirements of the accounting and reporting standards as applicable in Pakistan under the Companies Act, 2017. Previously, the Company's accounting policy for surplus on revaluation of property, plant and equipment was in accordance with the provisions of section 235 of the repealed Companies Ordinance, 1984. Further, the revaluation surplus on property, plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements of revaluation surplus on property, plant and equipment. Consequently, this impacted the Company's accounting policy for revaluation surplus on property, plant and equipment, and now the related accounting and presentation requirements set out in IAS-16 are being followed by the Company. The new accounting policy is explained under note 4.1(g), above. Further, the revaluation surplus on property, plant and equipment is now presented in the statement of financial position and statement of changes in equity as a capital reserve i.e. part of equity.

In these financial statements the above explained change in accounting policy has been accounted for retrospectively, with the restatement of the comparative information.

The effect of the change is recognition and presentation of Rs. 189.485 millions for revaluation surplus on property, plant and equipment as a capital reserve i.e. separate component of equity and derecognition of surplus on revaluation of property, plant and equipment of Rs. 187.508 millions, previously presented below equity in the statement of financial position, is summarised below;

4.14 Retrospective Impact of change in accounting policy

	As at July 1, 2016			As at June 30, 2017		
	As previously reported	Re-statement	As restated	As previously reported	Re-statement	As restated
 Rupees Rupees		
Effect on statement of financial position						
Surplus on revaluation of property plant and equipment	187,507,801		187,507,801	294,658,294		294,658,294
Capital Reserve		187,507,801	187,507,801		294,658,294	294,658,294
Effect on statement of changes in equity						
Surplus on revaluation of property plant and equipment		187,507,801	187,507,801		294,658,294	294,658,294
For the year ended June 30, 2017						
				As previously reported	As restaed	Re-statement
Effect on statement of comprehensive income						
Gain on revaluation of land and building - net of deferred tax				-	139,911,743	139,911,743

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimate and judgements are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates is revised and in any future periods affected.

5.1 In the process of applying the company's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

- i Estimated useful life of property, plant and equipment - note 7
- ii Revaluation surplus on fixed assets - note - 14
- iv Provision for employees' defined benefit plans - note 15.1
- v Deferred taxation - note 15.2

5.2 CORRECTION OF ERRORS:

Previously, on inception of revaluation the deferred tax liability relevant to incremental depreciation was not recognised to arrive at the deferred tax figures. As a consequence, the deferred taxation had been incorrectly recorded. In addition to that, the deferred taxation related to Revaluation Surplus on property, plant and equipment was overstated.

The errors have been corrected by restating each of the affected financial statements line items for the prior periods as follows:

Balance Sheet (extracts)	Rupees		
	30/Jun/16		30/Jun/16
	Previously stated	Increase / (Decrease)	Restated
Deferred taxation	13,125,798	(1,977,122)	11,148,676
Surplus on revaluation	187,507,801	1,977,122	189,484,924
Unappropriated profits	35,645,111	-	35,645,111

	Rupees		
	30/Jun/17		30/Jun/17
	Previously stated	Increase / (Decrease)	Restated
Deferred taxation	60,111,589	(30,305,997)	29,805,593
Error in deferred taxation closing liability	-	660,303	660,303
	60,111,589	(29,645,694)	30,465,896
Surplus on revaluation	294,658,294	30,305,997	324,964,290
Error in surplus on revaluation opening		1,977,122	1,977,122
Unappropriated profits	294,658,294	32,283,119	326,879,628

6. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

7. PROPERTY, PLANT AND EQUIPMENT - 2018

Particulars	COST				Rate %	DEPRECIATION			Book Value As At June 30, 2018		
	As At June 30, 2017	Revaluation	Additions	Deletions		As At June 30, 2018	As At June 30, 2017	Adjustment on deletions		For the year	As At June 30, 2018
	<----- Amount in Rupees ----->					<----- Amount in Rupees ----->					
Lease hold land:											
Cost	2,558,720	-	-	-	2,558,720	-	-	-	-	2,558,720	
Revaluation	257,441,280	-	-	-	257,441,280	-	-	-	-	257,441,280	
	260,000,000	-	-	-	260,000,000					260,000,000	
Factory building											
Cost	606,906	-	-	-	606,906	10	600,859	-	605	601,464	5,442
Revaluation	51,157,439	-	-	-	51,157,439	10	10,814,727	-	4,034,271	14,848,998	36,308,441
	51,764,345	-	-	-	51,764,345		11,415,586	-	4,034,876	15,450,462	36,313,883
Non-factory building											
Cost	860,639	-	-	-	860,639	5	764,930	-	4,785	769,715	90,924
Revaluation	7,262,372	-	-	-	7,262,372	5	555,292	-	335,354	890,646	6,371,726
	8,123,011	-	-	-	8,123,011		1,320,222	-	340,139	1,660,361	6,462,650
Plant and Machinery											
Cost	8,673,133	-	-	-	8,673,133	10	7,879,193	-	79,394	7,958,587	714,546
Revaluation	68,880,188	-	-	-	68,880,188	10	15,294,694	-	5,358,549	20,653,243	48,226,945
	77,553,321	-	-	-	77,553,321		23,173,887	-	5,437,943	28,611,830	48,941,491
R.O Plant	2,540,000	-	110,000	-	2,650,000	10	148,167	-	246,516	394,683	2,255,317
Filtration Plant	700,000	-	-	-	700,000	10	96,250	-	60,375	156,625	543,375
Lift	900,000	-	-	-	900,000	10	117,000	-	78,300	195,300	704,700
Electric Installation and Equipment	642,738	-	-	-	642,738	10	499,150	-	14,359	513,509	129,229
Office Equipment	113,605	-	-	-	113,605	10	81,026	-	3,258	84,284	29,321
Furniture & fixtures	459,232	-	18,500	-	477,732	10	237,422	-	23,414	260,836	216,896
Vehicles	4,278,881	-	71,500	-	4,350,381	20	3,944,127	-	76,484	4,020,611	329,770
Tarpaulins	213,381	-	51,200	-	264,581	25	169,885	-	19,407	189,292	75,289
Other Assets	6,671	-	-	-	6,671	10	6,416	-	26	6,442	229
Pager	11,499	-	-	-	11,499	10	10,479	-	102	10,581	918
Telephone Systems	121,238	-	-	-	121,238	10	98,425	-	2,281	100,706	20,532
Computers	280,411	-	-	-	280,411	10	216,327	-	6,408	222,735	57,676
Weighbridge	1,019,716	-	-	-	1,019,716	10	817,013	-	20,270	837,283	182,433
Fortified Flour Microfeeder	150,000	-	-	-	150,000	10	76,189	-	7,381	83,570	66,430
	408,878,049	-	251,200	-	409,129,249		42,427,569	-	643,366	52,799,110	356,330,139
									9,728,175		
As at June 30, 2018	408,878,049	-	251,200	-	409,129,249		42,427,569	-	10,371,541	52,799,110	356,330,139

7.1 Forced sale value as per the last revaluation report as of June 30, 2017

Asset class	Forced sale value
Lease hold land	208,000,000
Building	39,318,157
Plant, Machinery and Equipment	43,503,547
Total	290,821,704

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

	Location	Usage of Immovable Property	Total Area (Square feet)	* Covered Area (Square feet)
a) Lease hold	Plot No.S-49/A, Maripur Road, S.I.T.E, Karachi	Office and Manufacturing facility	174,240	54,793
b) Building	Plot No.S-49/A, Maripur Road, S.I.T.E, Karachi	Office and Manufacturing facility	54,793	54,793

* The covered area includes multi storey buildings.

7.3 Depreciation charge for the year has been allocated as follows:

	2018	2017
	Rupees	
Cost of sales	9,975,643	4,902,829
Administrative expenses	395,898	219,755
	10,371,541	5,122,584

Note

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22

PROPERTY, PLANT AND EQUIPMENT - 2016

Particulars	COST				Rate %	DEPRECIATION			Book Value	
	As At June 30, 2015	Revaluation	Additions	Deletions		As At June 30, 2016	As At June 30, 2015	Adjustment on deletions	For the period	As At June 30, 2016
	←----- Amount in Rupees ----->					←----- Amount in Rupees ----->				
Lease hold land:										
Cost	2,558,720	-	-	-	2,558,720	-	-	-	-	2,558,720
Revaluation	159,680,000	-	-	-	159,680,000	-	-	-	-	159,680,000
	162,238,720	-	-	-	162,238,720	-	-	-	-	162,238,720
Factory building										
Cost	606,906	-	-	-	606,906	10	599,440	747	600,187	6,719
Revaluation	26,408,944	-	-	-	26,408,944	10	7,156,824	1,925,212	9,082,036	17,326,908
	27,015,850	-	-	-	27,015,850		7,756,264	1,925,959	9,682,223	17,333,627
Non-factory building										
Cost	860,639	-	-	-	860,639	5	754,591	5,302	759,893	100,746
Revaluation	2,454,661	-	-	-	2,454,661	5	350,097	105,228	455,325	1,999,336
	3,315,300	-	-	-	3,315,300		1,104,688	110,530	1,215,218	2,100,082
Plant and Machinery										
Cost	8,673,133	-	-	-	8,673,133	10	7,692,960	98,017	7,790,977	882,156
Revaluation	37,348,767	-	-	-	37,348,767	10	10,121,516	2,722,725	12,844,241	24,504,526
	46,021,900	-	-	-	46,021,900		17,814,476	2,820,742	20,635,218	25,386,682
Filtration Plant	-	-	700,000	-	700,000	10	-	29,167	29,167	670,833
Lift	-	-	900,000	-	900,000	10	-	30,000	30,000	870,000
Electric Installation and Equipment	539,738	-	103,000	-	642,738	10	465,469	17,727	483,196	159,542
Office Equipment	88,605	-	-	-	88,605	10	77,191	1,141	78,332	10,273
Furniture & fixtures	341,232	-	92,500	-	433,732	10	189,275	24,446	213,721	220,011
Vehicles	4,215,381	-	63,500	-	4,278,881	20	3,755,829	104,610	3,860,439	418,442
Tarpaulins	178,981	-	20,400	-	199,381	25	146,425	13,239	159,664	39,717
Other Assets	6,671	-	-	-	6,671	10	6,356	32	6,388	283
Pager	11,499	-	-	-	11,499	10	10,240	126	10,366	1,133
Telephone Systems	121,238	-	-	-	121,238	10	93,074	2,816	95,890	25,348
Computers	280,411	-	-	-	280,411	10	201,295	7,912	209,207	71,204
Weighbridge	1,019,716	-	-	-	1,019,716	10	769,465	25,025	794,490	225,226
Fortified Flour Microfeeder	150,000	-	-	-	150,000	10	58,876	9,112	67,988	82,012
	245,545,242	-	1,879,400	-	247,424,642		32,448,923	369,419	37,571,507	209,853,135
								4,753,165		
As at June 30, 2016	245,545,242	-	1,879,400	-	247,424,642		32,448,923	5,122,584	37,571,507	209,853,136

	Note	2018	2017
<-----Rupees----->			
8	LONG TERM SECURITY DEPOSITS		
	Karachi Electric Limited	211,132	211,132
	Pakistan Telecommunication Corporation Limited	8,450	8,450
	Sui Southern Gas Company Limited	23,500	23,500
	Mobilink	1,500	1,500
	Warid Communication	20,000	20,000
	Cellular Services - Ufone	23,700	23,700
	Central Depository Company of Pakistan Limited	25,000	25,000
	Euro Track skygate International (Private) Limited	42,000	42,000
	Telenor	5,500	5,500
		360,782	360,782

8.1 These include Rs 0.21 million (2017: Rs 0.21 million) representing amount deposited as reserve with Karachi Electric Limited.

9 STOCK IN TRADE

In hand

Raw Material	8,407,141	2,246,219
Finished goods	1,304,940	2,875,625
Packing material	4,398,113	1,655,710
	14,110,194	6,777,554

10 TRADE DEBTS

Considered good

- due from related parties	-	-
- others	19,155,691	25,069,862
	19,155,691	25,069,862

Considered doubtful

- receivable against transportation	258,312	258,312
	19,414,003	25,328,174

Less: Provision for doubtful trade debts	(258,312)	-
	19,155,691	25,328,174

10.1 As at June 30, 2018, trade receivables of Rs 19.414 million (2017: Rs 25.328 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

Upto 1 month	15,729,101	22,867,739
1 to 6 months	1,978,875	2,202,123
More than 6 months	1,447,715	-
	19,155,691	25,069,862

10.2 This amount is receivable from Government of Sindh (GoS) in lieu of transportation charges paid by the company for purchases of wheat from GoS. As per arrangements, transportation charges are refundable from GoS.

11 ADVANCES, DEPOSITS & OTHER RECEIVABLES

Deposit with Pakistan Flour Mills Association	585,392	585,392
Others	-	-
	585,392	585,392

11.1 This previously comprised of advance given to Leo's Pakistan (Pvt.) Limited for installation of R.O. Plant. This has been fully provided for and is further explained in note 19.

12	CASH AND BANK BALANCES	Note	2018	2017
			<-----Rupees----->	
	With banks in current / saving accounts - Local currency (current accounts)		4,597,008	3,262,527
	Cash in hand		789,076	739,922
			5,386,084	4,002,449

13 SHARE CAPITAL

Authorised share capital

Number of shares				
2018	2017			
1,000,000	1,000,000	1,000,000 ordinary shares of Rs. 10 each	10,000,000	10,000,000

Issued, subscribed and paid-up share capital

Number of shares				
2018	2017			
300,000	300,000	300,000 ordinary shares of Rs. 10 each fully paid in cash	3,000,000	3,000,000

Shares held by the related parties of the Company

	2018 Number of shares	2018 Percentage holding	2017 Number of shares	2017 Percentage holding
Directors, CEO, & their spouse and minor children				
Ashfaq Haji Hasham	16,000	5.33	16,000	5.33
Muhammad Usman	8,000	2.67	8,000	2.67
Fahad Haji Jaffar	6,400	2.13	6,400	2.13
Faizan Farooq	3,400	1.13	3,400	1.13
Shamsh-ul-Haque	37,250	12.42	37,250	12.42
Shamsh-uz-Zoha	36,700	12.23	36,700	12.23
Naveen Shams	400	0.13	400	0.13
Muhammad Abbas Memon	200	0.07	200	0.07
Zahida	1,500	0.50	1,500	0.50
Afsheen Ashfaq	10,000	3.33	7,000	2.33
Bakhtawar Shams	200	0.07	200	0.07
NIT and ICP	50	0.02	50	0.02

14 REVALUATION SURPLUS ON PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

The financial year ended June 30, 2017, the company revalued, its leasehold land, buildings on leasehold land and plant & machinery to replace the carrying amounts of these assets with their market values / depreciated market values. The revaluation was carried-out for June 30, 2017 by an independent valuers namely M/s. MYK Associates (Private) Limited. The appraisal surplus arisen on this revaluation aggregate to Rs. 158,848,907.

Previously, revaluation was carried-out on August 30, 2012 by an independent valuers namely M/s. Yunus Mirza & Co. The appraisal surplus arisen on that revaluation aggregate to Rs. 225,892,372.

	Note	2018	2017 Restated
<-----Rupees----->			
Balance at beginning of the period / year		358,076,567	203,510,770
Surplus arising during the year		-	158,848,907
Less: Incremental depreciation on revalued assets for the year - net of tax		(9,728,175)	(4,283,110)
Balance at end of the period / year		348,348,392	358,076,567
Less: related deferred tax of:			
- balance at beginning of the year		31,196,939	14,025,847
- surplus arisen during the year		-	18,937,164
- incremental depreciation for the period / year		(2,918,452)	(1,327,764)
- effect of change in tax rate		(1,006,353)	(438,308)
		27,272,134	31,196,939
Balance at end of the period / year		321,076,258	326,879,628

15 DEFERRED LIABILITIES

Staff gratuity	15.1	7,062,902	5,984,547
Deferred taxation	15.2	26,347,058	30,644,065
		33,409,960	36,628,612
		2018	2017

	Note	<-----Rupees----->	
15.1 Staff gratuity			
Defined benefit plan - (staff retirement gratuity) - unfunded	15.1.4	7,062,902	5,984,547

15.1.1 As stated in 4.6, the company operates a defined benefit plan i.e. an unapproved gratuity scheme for all its permanent employees subject to completion of first year of service. Actuarial valuation of the plan is carried out every year and the latest actuarial valuation was carried out as at June 30, 2018. The disclosures made in notes 15.1.2 to 15.1.11 are based on the information included in that actuarial report.

15.1.2 The projected unit credit method using the following significant assumptions was used for this valuation:

	2018	2017
- Discount rate - per annum compound	8.25%	7.25%
- Expected rate of increase in salaries - per annum	7.25%	6.25%
- Expected remaining working lifetime of members	7 years	8 years

15.1.3 Mortality Rate

- The rates assumed were based on	SLIC (01-05) Mortality Table	SLIC (01-05) Mortality Table
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15.1.4 Balance sheet reconciliation

Present value of defined benefit obligation	15.1.5	7,062,902	5,984,547
Fair value of plan assets		-	-
Net liability in the balance sheet		7,062,902	5,984,547

15.1.5	Movement in defined benefit obligation	2018	2017
	Present value of defined benefit obligation as at July 1	5,984,547	9,538,566
	Frozen gratuity opening		-
	Current service cost	588,467	423,299
	Interest cost	430,548	691,546
	Remeasurement on obligation	151,240	94,146
	Benefits due but not paid	-	(4,763,010)
	Benefits paid during the year	(91,900)	-
	Present value as at June 30	7,062,902	5,984,547

15.1.6 Movement in net liability in the balance sheet is as follows:

	Opening balance of net liability	5,984,547	9,538,566
	Frozen gratuity opening	-	-
	Charge for the year	1,019,015	1,114,845
	Net remeasurement for the year	151,240	94,146
	Benefits due but not paid	-	(4,763,010)
	Benefits paid during the year	(91,900)	-
	Closing balance of net liability	7,062,902	5,984,547

15.1.7 Charge for the year has been allocated as under:

	Cost of sales	21	361,956	395,995
	Administrative expenses	22	657,059	718,850
			1,019,015	1,114,845

15.1.8 The following amounts have been recognised in the profit and loss account in respect of the staff retirement gratuity:

	Current service cost	588,467	423,299
	Net Interest cost	430,548	691,546
	Expenses	1,019,015	1,114,845

Note

2018 2017
 <-----Rupees----->

15.1.9 Net remeasurement for the year comprises of the following:

	Actuarial gains due to changes in demographic assumptions	151,240	94,146
	Actuarial losses due to experience adjustments	-	-
	Amount chargeable to other comprehensive income	151,240	94,146

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

Impact on defined benefit obligation			
	Change in assumptions	Increase in assumption	Increase in assumption
	<-----Rupees----->		
Discount rate	1%	6,539,383	5,509,883
Salary growth rate	1%	7,671,411	6,536,226

15.1.11 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous method

Based on actuary's advice the expected charge to profit and loss account for the year ending June 30, 2017 amounts to Rs. 1.115 million.

Historical information	2018	2017	2016	2015	2014	2013
	-----Rupees-----					
Present value of defined benefit obligation	7,062,902	5,984,547	9,538,566	7,938,720	6,965,942	6,011,081
Experience adjustment on obligation	151,240	94,146	507,978	(12,964)	42,081	(1,226,920)

15.2 Deferred taxation

2018

2017

Deferred tax liability arising on taxable temporary differences due to: temporary differences due to:

Restated

Accelerated tax depreciation	28,543,422	32,499,275
Revaluation surplus on property, plant and equipment	-	-
Remeasurement of defined benefit obligations	-	-
Provision for gratuity	(2,118,871)	(1,855,210)

Deferred tax assets arising on deductible temporary differences due to:

Provision against doubtful trade debts	(77,494)	-
	<u>26,347,058</u>	<u>30,644,065</u>

16 SHORT TERM RUNNING FINANCE - SECURED

Habib Metropolitan Bank Limited

This represents unutilized short-term running finance facility from Habib Metropolitan Bank Limited with sanctioned limit of Rs. 10 million. The finance is secured against hypothecation charge over stocks and receivables duly insured in bank's favor and carries mark-up rate @ 3 months KIBOR + 0.75% per annum.

17 TRADE AND OTHER PAYABLES

Note

<-----Rupees----->

Accrued expenses		493,939	456,726
Other liabilities		4,930	4,630
Other creditors		-	2,266,951
Benefits due but not paid		-	4,763,010
Workers profit participation fund	17.1	564,373	359,509
Workers welfare fund	17.2	344,240	344,240
		<u>1,407,482</u>	<u>8,195,066</u>

17.1 Workers' Profit Participation Fund

Balance at the beginning of the year	359,509	223,786
Provision for the year	204,864	135,723
Interest on funds utilised in the company's business	-	-
	<u>564,373</u>	<u>359,509</u>
Less: Payments during the year	-	-
Balance at end of the year	<u>564,373</u>	<u>359,509</u>

17.2 Workers' Welfare Fund	2018	2017
Balance at the beginning of the year	344,240	195,463
Provision for the year	-	148,777
	344,240	344,240
Less: Payments during the year	-	-
Balance at end of the year	344,240	344,240
18 UNCLAIMED DIVIDEND		
Unclaimed dividend	1,682,370	1,558,208

19 CONTINGENCIES AND COMMITMENTS

19.1 CONTINGENCIES

In 2017, a suit no. 264/2017, was filed by the Company against a supplier for the compensation of damages claim against project of designing, fabricating, providing and installation of R.O Plant system of drinking water as well as training of Goodluck Industries Limited. The Management believes that the outcome of the litigation case will be in favour of the Company.

19.2 COMMITMENTS

There are no commitments as at balance sheet date. (2017 : Nil)

	Note	2018 ←-----Rupees-----→	2017
22.1	AUDITORS' REMUNERATION		
	Audit fee	310,000	310,000
	Review of half yearly accounts	91,800	64,800
		401,800	374,800
23	OTHER OPERATING EXPENSES		
	Workers Profit Participation Fund	204,864	135,723
	Workers Welfare Fund	-	148,777
		204,864	284,500
24	FINANCE COST AND BANK CHARGES		
	Bank charges	18,410	3,554
		18,410	3,554
25	TAXATION		Restated
	Current	4,353,348	2,224,344
	Prior	355,766	-
	Deferred	(3,290,654)	902,462
		1,418,459	3,126,806
25.1	Provision against tax in the financial statements for the years 2017, 2016 and 2015 amounts to PKR 2.259 million, PKR 3.064 million and PKR 4.092 million as against the assessed tax of PKR 2.216 million, PKR 3.065 million and PKR 4.077 million respectively. The tax provisions for these years are thus sufficient and adequately covers the assessed / declared position.		
25.2	Reconciliation between tax expense and accounting profit		
	Accounting profit for the year	3,892,414	2,429,960
	Tax at the applicable tax rate of 30 % / 31%	1,167,724	753,288
	Tax effect of amounts / expenses that are inadmissible for tax purpose	3,417,136	391,723
	Tax effect of amounts / expenses that are admissible for tax purpose	(231,543)	(45,395)
	Tax effect of depreciation allowance for tax purpose	-	1,124,728
	Effect of prior year current and deferred tax charge	(3,290,624)	902,462
	Effect of prior year tax charge	355,766	-
		1,418,459	3,126,806
25.3	Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 5% on every public company other than a scheduled bank or modaraba, that derives profits for a tax year but does not distribute atleast 20% of its after tax profits within 6 months of the end of the tax year through cash or bonus share.		

The Board of Directors in their meeting held on September 14, 2018 has recommended sufficient cash dividend for the year ended June 30, 2018 (refer note 35) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been recognised in these financials statements for the year ended June 30, 2018.

26 EARNING PER SHARE - BASIC

Profit after taxation	<u>2,473,955</u>	(696,845)
	(Number of shares)	
Weighted average number of ordinary shares	<u>300,000</u>	300,000
	(Rupees)	
Earnings per share - basic	<u>8.25</u>	(2.32)

There is no dilutive effect on basic earnings per share of the company.

27 UNAVAILED CREDIT FACILITY

Short term running finance	<u>10,000,000</u>	10,000,000
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Terms and conditions are mentioned in note 16.

28 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

	2018			2017*		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Numbers		Rupees	Numbers		Rupees
Meeting fee	-	-	-	-	-	-
Managerial remuneration	-	-	-	-	-	-
Basic Salary	-	-	-	-	-	-
House rent	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Conveyance	-	-	-	-	-	-
Others	-	-	-	-	-	-
	-	-	-	-	-	-
Number of person	<u>1</u>	<u>8</u>	-	<u>1</u>	<u>8</u>	-

*The definition of executive has been changed as per the Companies Act, 2017. The Company has no executive as per the new definition as at the year end.

In order to improve financial position of the company, the directors of the Company have decided to forgo fees, remuneration and other perquisites.

29 CAPACITY AND PRODUCTION

The tentative capacity recognized by the Food Department, Government of Sindh is 257,500 Kgs per day on working of 24 hrs basis.

The actual production was as under:

Products	2018	2017
	<----- Kgs ----->	
Maida I	<u>4,529,700</u>	3,410,350
Maida II	<u>1,490,550</u>	1,027,400
Atta	<u>7,897,750</u>	6,511,650
Katta - Polythene bags	<u>5,752,740</u>	7,278,590
Bran	<u>4,549,166</u>	3,294,192
Refraction - by product	<u>84,330</u>	75,360
	<u>24,304,236</u>	21,597,542

The production Increased by about 3,989 tons during the period compared to the last year production.

The company could not utilize its full capacity due to:

- a) Non-availability of sufficient quantity of wheat in open market as Govt food department imposed ban on movement of wheat from one province to other and one district to other from time to time.
- b) Fixation of wheat quota by the Food Department.
- c) Shortage of wheat during off season.
- d) Less production of wheat crops in Pakistan and Sindh in particular, which added to the shortage of wheat.

30 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURE

30.1 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Loans and receivables at amortized cost

	2018	2017
		<-----Rupees----->
Long term security deposits	360,782	360,782
Trade debts	19,155,691	25,328,174
Advances, deposits & other receivables	585,392	585,392
Cash & bank balances	5,386,084	4,002,449
	25,487,949	30,276,797

Financial liabilities

Financial liabilities at amortized cost

Trade and other payables	1,407,482	8,195,065
Unclaimed dividend	1,682,370	1,558,208
	3,089,852	9,753,273

30.2 FINANCIAL RISK MANAGEMENT

The company has exposure to the following risks from its use of financial instruments

- Credit Risk
- Liquidity Risk
- Market Risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. There board is also responsible for developing and monitoring the company's risk management policies.

30.3 Credit risk and concentration of credit risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures, limiting transaction with specific counterparties and continuously assessing the credit worthiness of counterparties.

The company is exposed to credit risk on trade debtors, advance payment, trade deposits, other receivables and balances with banks. The company believes that it is not exposed to major part of these receivables comprises of receivable from institutions, suppliers and customers. To manage exposure to credit risk, the company applies limits to its customers.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancement. The maximum exposure to the credit risk at the reporting date is :

	2018	2017
	<-----Rupees----->	
Trade debts	19,155,691	25,328,174
Long term deposits	360,782	360,782
Advance, deposits and other receivables	585,392	585,392
Cash and Bank balances	5,386,084	4,002,449
	25,487,949	30,276,797

30.4 Liquidity Risk

Liquidity risk is the risk that company will not be able to meet its financial obligation as they due. Management closely monitor the company's liquidity and cash flow position. Prudent liquidity risk management implies maintaining sufficient cash, marketable securities and availability of funding to an adequate amount of committed credit facilities. The company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The company is not materially exposed to liquidity risk as the all obligations / commitments of the company are being fulfilled on timely basis.

The following are the contractual maturities of the financial liabilities:

	2018		
	Carrying amount	Next Twelve months	More than one year
	<----- Rupees ----->		
Financial Liabilities			
Running finance	-	-	-
Trade and other payables	1,407,482	1,407,482	-
Unclaimed dividend	1,682,370	1,682,370	-
Deferred liabilities	33,409,960	-	33,409,960
	36,499,811	3,089,852	33,409,960
	2017		
	Carrying amount	Next Twelve months	More than one year
	<----- Rupees ----->		
Financial Liabilities			
Running finance	-	-	-
Creditors, accrued and other liabilities	8,201,228	8,201,228	-
Dividends	1,558,208	1,558,208	-
Deferred liabilities	66,096,136	-	66,096,136
	75,855,571	9,759,436	66,096,136

30.5 Market Risk

Market risk is the risk that changes in market price, such as foreign exchange rate, interest rate and equity prices will affect the company's income or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company has short term as well as long term rupee based loans at variable rates. Rates on short term finances are disclosed in relevant notes.

30.6 Yield / mark - up rate exposure

Yield / mark - up rate risk is the risk that the value of financial instrument due to change in market yield / mark - up rates. Sensitivity to yield / mark - up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The company manages these mismatches through risk managements strategies where significant changes in gap position can be adjusted. The company is exposed to yield / mark - up rate in respect of the following:

	2018	2017	2018	2017
	Effective rate of markup / profit		Carrying Amount	
	<-----%----->		<-----%----->	
Financial assets				
Cash and bank balances	-	-	5,386,084	4,002,449
Financial liabilities				
Short term financing	-	3 months	-	-
	-	KIBOR+0.75%		
Total yield / markup rate risk sensitivity gap			<u>5,386,084</u>	<u>4,002,449</u>

30.7 Exposure to currency risk

Currency risk is the risk that the financial instrument will fluctuate due to changes in foreign exchange rates. In appropriate cases, the management takes out forward contract to mitigate the risk.

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of all the financial instruments reflected in the financial statements approximates to their fair values.

32 CAPITAL RISK MANAGEMENT

The company' s prime objective when managing capital structuring is to safe guard its ability to continue as a going concern in order to provide adequate returns for share holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

33 ENTITY-WIDE INFORMATION

33.1 The Company constitutes of a single reportable segment, the principal classes of products of which are Personal Care, Home Care and Others.

33.2 Information about products

The Company's principal classes of products accounted for the following percentages of sales:

	2018	2017
	Percentage	
Maida I	26%	20%
Maida II	7%	5%
Atta	32%	29%
Katta Packings	24%	36%
Bran	12%	10%
Refraction	0%	0%
	<u>100%</u>	<u>100%</u>

33.3 Information about geographical areas

The Company does not hold non-current assets in any foreign country. Revenues from external customers attributed to foreign countries in aggregate are not material in the overall context of these financial statements.

33.4 Information about major customers

The Company does not have transactions with any external customer which amount to 10 percent or more of its revenues.

2018 2017
<----- Number ----->

34 NUMBER OF EMPLOYEES

No of employees

Average number of employees during the year
Average number of factory employees during the year
Number of employees as at June 30
Number of factory employees as at June 30

<u>35</u>	<u>33</u>
<u>14</u>	<u>14</u>
<u>34</u>	<u>33</u>
<u>15</u>	<u>15</u>

35 NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Director have proposed a final dividend for the year ended June 30, 2018 for Rs. 3.40 (2017: Rs: 3.36/-) per share, amounting to Rs. 1,020,000/- (2017: Rs. 1,008,000/-) at their meeting held on September 14, 2018. The proposed dividend will be approved in the forthcoming annual general meeting of the Company.

These financials statements do not reflect the proposed dividend, which will be accounted for in the statement of changes of equity as appropriation from unappropriated profit in the year ending June 30, 2018.

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.

37 DATE OF AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue on **14th Septemebr 2018** by the board of directors of the company.

38 GENERAL

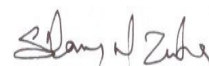
Figures have been rounded off to the nearest rupee.



CHIEF EXECUTIVE



CHIEF FINANCIAL OFFICER



DIRECTOR

