

4th

ANA AIRPORT

    LIMITED



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## 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 Mr. Haroon Shafiq Chaudhry Mr. Omar Shafiq Chaudhry Miss Mahnoor Chaudhry Mr. Rafi Uz Zaman Awan Mr. Syed Muhammad Adnan Raza Naqvi Mr. Rehan Mobin	Chairman Chief Executive Director Director Director Director Director
Audit Committee	Mr. Rafi Uz Zaman Awan Mr. Yunus Shafiq Chaudhry Mrs. Saadia Omer	Chairman Member Member
Chief Financial Officer & Company Secretary	Mr. Muhammad Shafique	
Auditors	Aslam Malik & Co. Chartered Accountants	
Bankers	Allied Bank Limited Samba Bank Limited Bank Al Habib Limited Meezan Bank Limited Bankislami Pakistan Limited	
Share Registrar	F.D. Registrar Services (SMC-Pvt.) Limited 17 <sup>th</sup> 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, KotLakhpat, Lahore	
Email	<a href="mailto:info@bunnys.com.pk">info@bunnys.com.pk</a>	
Website	<a href="http://www.bunnys.com.pk">www.bunnys.com.pk</a>	

### **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 Wednesday, 28 November 2018 at 12:00 PM, at 105/A, Quaid-e-Azam, Industrial Estate, Kot Lakhpat, Lahore to transact the following Ordinary Business:

1. To receive, consider and adopt the Chairman's Review Report, the Reports of Directors and Auditors together with Audited Annual Financial Statements for the year ended 30 June 2018.
2. To approve, as recommended by the Board of Directors, the payment of final cash dividend of Re. 1.00 per share (i.e., @10.0%) for the year ended 30 June 2018.
3. 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

BY ORDER OF THE BOARD  
**Muhammad Shafique**  
Company Secretary

Lahore: 07 November, 2018

#### **Notes:**

##### **1. Book Closure:**

The Share Transfer Books of the Company will remain closed from **November 21, 2018 to November 28, 2018** (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, 17<sup>th</sup> Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi at the close of business hours on November 21, 2018, 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 of 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. Tax Deductions from Filers and Non-Filers**

The deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:

S.No	Nature of Shareholders	Rate of deduction
1	Filers	15.0%
2	Non- Filers	20.0%

Tax deduction will be made on the basis of Active Tax Payers List provided on the website of Federal Board of Revenue.

Members seeking exemption from deduction of tax on dividend payment or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Folio/CDC Account No.	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal/Joint Shareholder
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#### 8. 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.

#### 9. 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.

#### 10. 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 2018 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: [www.bunnys.com.pk](http://www.bunnys.com.pk)

**By order of the Board**

**Company Secretary**

#### Registered Office:

105/A, Quaid-e-Azam, Industrial Estate,  
Kot Lakhpat, Lahore

Dated: November 7, 2018

## **Chairman's Review Report**

I am pleased to present this report to the members of Bunny's Limited with regard to the the overall performance of the Board and the effectiveness of its role in achieving Company's objectives.

The Committees of the Board had performed their duties and responsibilities carefully and contributed to the governance structure of the Company as per the best practices in light of the applicable legal framework. The Audit Committee has focused on control of risks associated with the food business. The Human Resource and Remuneration Committee has worked within the realm of its term of reference and ensured that the HR policies including performance management, HR staffing, compensation and benefits are market driven and are aligned to the company's performance, stakeholders' interests and the long-term success of the Company

The Company has developed a mechanism for the evaluation of performance of the Board of Directors and its Committees. During the year, a self-evaluation was carried out, as required. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. For the financial year ended June 30, 2018, the Board's overall performance and effectiveness has been assessed as satisfactory. This assessment is based on an evaluation of various integral components, including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

On an overall basis, I believe that the strategic direction of the Company is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of Company's objectives are commendable and have helped tremendously in ensuring the smooth and efficient running of the Company's business.

The Company is striving to further improve the working conditions of its employees to provide safe, healthy and comfortable working environment.

The Company was merged with and into the Moonlite (Pak) Limited a listed company and subsequent its named was changed to Bunny's Limited with the approval of the registrar, SECP. The Company is pursuing restoration of listed status and hope that soon the shares of the Company will resume trading on the only stock exchange of Pakistan, the Pakistan Stock Exchange Limited.

I wish to acknowledge the contributions of our employees, suppliers, customers, bankers and other stakeholders for their confidence and support.

We look forward to the fiscal 2019 with confidence and hope to meet the challenges ahead.

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**Yunus Shafiq Chaudhry**  
Chairman

**BUNNY'S LIMITED**  
**DIRECTORS REPORT TO THE SHAREHOLDERS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Dear Shareholders,

In the name of ALLAH the most gracious and most merciful, your Directors are pleased to present Directors' Report and Audited Financial Statements of the Company for the year ended June 30, 2018.

**FINANCIAL PERFORMANCE**

The financial results of the Company for the year

	2018	2017
Sales	2,314,220,166	2,181,081,219
Gross profit	673,909,289	601,220,996
Operating expenses	455,533,857	382,624,744
Operating profit	218,375,431	218,596,252
Financial charges	63,549,653	39,222,983
Other (loss) / income	854,018	-
Profit before taxation	155,679,797	179,373,269
Taxation	17,515,682	42,089,279
Profit after taxation	138,164,115	137,283,990
Earning per share	2.69	2.67

During the year under review, sales increased by 6.10%. This led to an increase of 12.09% in gross margins, a 1.12% decrease in operating profits and 13.21% decrease in pre-tax profits. The decrease in pre-tax profits is mainly due to the merger expenses incurred during the year which are of non-recurring nature. The Company Management expect better operating results in the ensuing years.

**DIVIDEND**

The Board is pleased to propose a final dividend of Re. 1 per share for the year ended June 30, 2018 for approval of the members at the Annual General Meeting to be held on November 28, 2018.

**STATUTORY PAYMENTS**

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

## **MERGER WITH MOONLITE (PAK) LIMITED**

During the year 2018, all the merger formalities and compliances have been completed and the financial statements for the year 2018 represent the merged accounts of both the companies. The name has been changed to Bunny's Limited and the registered office has also been shifted to Lahore. The manufacturing facilities of the Company are also situated in Lahore.

These merged financial statements give much better breakup value for the previous shareholders of Moonlite (Pak) Limited.

## **BUNNY'S LIMITED**

Bunny's Limited is one of the leading companies in 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 followed 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

The Company Management is very hopeful that this merger will allow the Company to expand and give a better return to its stakeholders.

## **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 director will be framed in the upcoming board meeting. For information on remuneration of directors, please refer note to the financial statements.

### 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.

### 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

There were no related party transaction during the year.

### 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 2017, 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. Our statements on corporate and financial reporting are as follows:

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 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 review 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.

#### **EMPLOYEES STOCK OPTION SCHEME**

The Company is in the process of devising employee stock option schemes

#### **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, 2018 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, 2018.

#### **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: November 06, 2018**

**CHAIRMAN**

**Statement of Compliance with the Listed Companies  
(Code of Corporate Governance) Regulations, 2017**

Name of Company                      Bunny's Limited  
Year ending                              June 30, 2018

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. Other Non-Executive Directors                      03
- c. Executive Directors                      02
- d. 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 five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 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 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 new directors appointed during the current financial year will duly comply with the requirement of Listed Companies (Code of Corporate Governance) Regulations, 2017 with respect of Directors' Training Program.
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	NIL
b) HR and Remuneration Committee	NIL

All of the directors are appointed during the year due to merger of the company. However, the above committees will follow the regulations regarding the convene of the meetings.



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 ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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. The company secretary and chief financial officer are the same persons; however, the company will appoint different persons for these positions
19. We confirm that all other requirements of the Regulations have been complied with.

For **BUNNY'S LIMITED**

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Chairman

Lahore : November 06, 2018

## **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 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 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 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 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 2018.

Further, we highlight below instances of noncompliance with the requirements of the Regulations as reflected in the paragraph reference where it is stated in the statement of compliance:

Paragraph Reference	Description
14	No meetings of Audit Committee and HR Committee were held during the year.
18	Company secretary and chief financial officer are the same person

Place: Lahore  
 Date: November 06, 2018

(Aslam Malik & Co.)  
 Chartered Accountants  
 Mohammad Aslam Malik

## **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, 2018**, 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, 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 *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	<p><b>New Requirement under Companies Act, 2017:</b></p> <p>(Refer note 3.4 to the financial statements)</p> <p>The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements.</p> <p>The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company.</p> <p>As part of this transition to the requirements, the management performed a gap analysis to identify differences, between the previous and the current financial reporting framework and as a result certain changes were made in the Company's annexed financial statements.</p> <p>In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.</p>	<p>We reviewed and understood the requirements of the Fourth schedule to the Act. Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>i. Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements.</li> <li>ii. Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence.</li> <li>iii. Verified on test basis the supporting evidence for the additional disclosure and ensured appropriateness of the disclosures made.</li> </ul>



<p><b>2</b></p>	<p><b>BUSINESS COMBINATION</b></p> <p>(Refer note 2.1 to the financial statements)</p> <p>A scheme of arrangement was filed in the Honourable 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").</p> <p>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.</p> <p>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.</p> <p>Summarizing, 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.</p> <p>The scheme has been approved by the Honourable Lahore High Court and merger has been sanctioned effectively from July 01, 2015.</p> <p>Accordingly, the comparative amounts have been restated to give affect that the company was merged with effect from July 01, 2015.</p>	<p>Our audit procedures to assess the scheme of arrangement/ merger, amongst others, included the following</p> <p>We obtained and review the:</p> <ol style="list-style-type: none"> <li>1. Scheme of arrangement filled by the Company to the Honourable Lahore High Court.</li> <li>2. Copy of Form 3 issued by Securities and Exchange Commission of Pakistan for issuance of shares of 49,229,083.</li> <li>3. Copy of BOD Minutes of Meeting for the issuance of shares and allotment of 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.</li> <li>4. Copy of minutes of meeting of 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.</li> <li>5. Copy of Honourable Lahore High Court Order stating that 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 and the scheme has been approved by the Honourable Lahore High Court and merger has been sanctioned effectively from July 01, 2015.</li> </ol>
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	In view of the extensive impacts in the annexed financial statements we considered it as a key audit matter.	
3	<p><b>ACCOUNTING TREATMENT, REPORTING OF MERGER AND GOODWILL.</b></p> <p>(Refer note 2.2 and 2.3 to the financial statements)</p> <p>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.</p> <p>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 goodwill arising from merger is Rs <b>76,672,382</b></p> <p>In view of the extensive impacts in the annexed financial statements we considered it as a key audit matter.</p>	<p>Our audit procedures to assess the recognition of Goodwill and its impairment testing by management of Bunny's, amongst others, included the following</p> <p>We obtained and reviewed the calculation of fair value of shares of the company by the Independent firm of Chartered Accountants.</p> <p>We recalculated the calculation of Goodwill in light of IFRS 3.</p> <p>Ensure the appropriateness of disclosure in accordance with the IFRS 3</p> <p>Obtained Impairment test document from management.</p>

### **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, 2018.

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

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

### **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash



flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) 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 Mohammad Aslam Malik.

Place: Lahore  
Date: November 06, 2018

(Aslam Malik & Co.)  
Chartered Accountants

**BUNNY'S LIMITED (FORMERLY MOONLITE (PAK) LIMITED)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2018**

AS AT JUNE 30, 2018			Restated 2017	Restated 2016
	Note	2018	2017	2016
----- Rupees -----				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Operating fixed assets	5.1	1,636,069,940	1,620,722,042	1,610,393,279
Capital work in progress	5.3	89,405,305	35,168,197	-
Property, plant and equipment	5	<b>1,725,475,245</b>	<b>1,655,890,239</b>	<b>1,610,393,279</b>
Intangible assets	6	76,800,647	76,832,713	76,872,796
Long term investment		1,815,000	1,815,000	1,815,000
Long term security deposits		6,602,138	5,522,668	5,522,668
		<b>1,810,693,030</b>	<b>1,740,060,620</b>	<b>1,694,603,743</b>
<b>Current assets</b>				
Stores, spares and loose tools		15,273,221	16,359,929	13,998,945
Stock-in-trade	7	241,751,180	218,901,128	210,711,449
Trade debts - unsecured	8	211,276,255	221,474,634	202,198,271
Advances, deposits and prepayments	9	85,192,803	87,635,566	84,391,452
Cash and bank balances	10	5,023,651	17,067,358	2,816,655
		<b>558,517,109</b>	<b>561,438,615</b>	<b>514,116,772</b>
<b>Total assets</b>		<b>2,369,210,139</b>	<b>2,301,499,235</b>	<b>2,208,720,514</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Authorized share capital		<b>540,000,000</b>	<b>540,000,000</b>	<b>540,000,000</b>
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		441,011,571	305,372,715	268,439,663
		<b>1,416,748,658</b>	<b>1,281,109,802</b>	<b>1,244,176,750</b>
<b>Non-current liabilities</b>				
Long term finances - secured	13	174,995,996	279,071,934	80,201,930
Liabilities against assets subject to finance lease - secured	14	38,301,764	14,846,421	6,666,672
Long term advances - unsecured	15	13,417,980	13,005,138	11,670,848
Deferred liabilities	16	188,656,140	189,426,208	165,608,412
		<b>415,371,880</b>	<b>496,349,701</b>	<b>264,147,862</b>
<b>Current liabilities</b>				
Trade and other payables	17	280,894,234	347,787,248	481,408,896
Accrued mark-up on secured loans	18	10,729,965	2,476,058	3,141,172
Short term borrowings	19	162,207,541	94,224,958	150,256,944
Current portion of long term finances and leases - secured		82,595,279	61,118,479	53,485,708
Provision for taxation - net		662,582	18,432,988	12,103,182
		<b>537,089,601</b>	<b>524,039,731</b>	<b>700,395,902</b>
<b>Contingencies and commitments</b>	20			
<b>Total equity and liabilities</b>		<b>2,369,210,139</b>	<b>2,301,499,235</b>	<b>2,208,720,514</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

**BUNNY'S LIMITED (FORMERLY MOONLITE (PAK) LIMITED)**  
**STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018 ----- Rupees -----	Restated 2017
Sales - net	21	2,314,220,166	2,181,081,219
Cost of sales	22	(1,640,310,877)	(1,579,860,224)
<b>Gross profit</b>		<b>673,909,289</b>	<b>601,220,996</b>
<b>Operating expenses</b>			
Administrative and general	23	162,578,508	122,890,472
Selling and distribution	24	281,918,391	246,330,108
		<b>(444,496,900)</b>	<b>(369,220,580)</b>
<b>Operating profit</b>		<b>229,412,389</b>	<b>232,000,416</b>
Other operating expenses	25	(11,036,958)	(13,404,164)
Other income		854,018	-
Finance cost	26	(63,549,653)	(39,222,983)
		<b>(73,732,593)</b>	<b>(52,627,147)</b>
<b>Profit before taxation</b>		<b>155,679,797</b>	<b>179,373,269</b>
Taxation	27	(17,515,681)	(42,089,279)
<b>Profit for the year</b>		<b>138,164,115</b>	<b>137,283,990</b>
<b>Earning per share - basic &amp; diluted</b>	28	<b>2.69</b>	<b>2.67</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

\_\_\_\_\_  
 Chief Executive

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Chief Financial Officer

**BUNNY'S LIMITED (FORMERLY MOONLITE (PAK) LIMITED)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	2018	Restated 2017
	----- Rupees -----	
Profit after taxation	138,164,115	137,283,990
<b>Other comprehensive income</b>		
<i>Items that may not be subsequently reclassified to profit or loss</i>		
Remeasurement of post employee benefit obligation	(3,459,260)	(1,455,978)
Impact of deferred tax	934,000	(436,793)
	(2,525,260)	(1,892,771)
<b>Total comprehensive income for the year</b>	<b>135,638,855</b>	<b>135,391,218</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

\_\_\_\_\_  
 Chief Executive

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Chief Financial Officer



**BUNNY'S LIMITED (FORMERLY MOONLITE (PAK) LIMITED)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Note	2018	Restated 2017
		Rupees	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	29	240,546,994	136,150,831
Financial charges paid		(73,589,568)	(52,347,543)
Income tax paid		(19,954,016)	(7,925,571)
Staff gratuity paid		(13,201,546)	(6,250,645)
Workers' (profit) participation fund paid		(9,688,283)	(8,084,191)
Net increase in long term advances		412,842	1,334,290
Net increase in security deposits		(1,079,470)	-
		(117,100,041)	(73,273,660)
		<b>123,446,953</b>	<b>62,877,171</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Sale proceeds from disposal of fixed assets		1,000,000	555,281
Fixed capital expenditure		(145,329,447)	(107,755,152)
		<b>(144,329,447)</b>	<b>(107,199,871)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds less repayment of long term loans		(102,079,782)	197,251,035
Proceeds less repayment of lease liabilities		42,935,987	15,812,520
Net decrease in short term finances		67,982,583	(56,031,986)
Dividend paid during the year		-	(98,458,166)
		<b>8,838,788</b>	<b>58,573,403</b>
<b>Net cash generated from / (used in) operating activities</b>			
Net Increase /(decrease) in cash and cash equivalents		(12,043,707)	14,250,703
Cash and cash equivalents at the beginning of the year		17,067,358	2,816,655
<b>Cash and cash equivalents at end of the year</b>	30	<b>5,023,651</b>	<b>17,067,358</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer



**BUNNY'S LIMITED (FORMERLY MOONLITE (PAK) LIMITED)**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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, 2015		492,290,830	412,136,727	-	412,136,727	218,735,469		1,123,163,026
Shares issued during the year		21,595,860	-	49,713,670	49,713,670	-		71,309,530
Profit for the year		-	-	-	-	131,611,493		131,611,493
Other comprehensive loss		-	-	-	-	(679,312)		(679,312)
Dividend paid	31	-	-	-	-	(81,227,987)		(81,227,987)
<b>Balance as at June 30, 2016 - Restated</b>		<b>513,886,690</b>	<b>412,136,727</b>	<b>49,713,670</b>	<b>461,850,397</b>	<b>268,439,663</b>		<b>1,244,176,750</b>
Profit for the year		-	-	-	-	137,283,990		137,283,990
Other comprehensive loss		-	-	-	-	(1,892,771)		(1,892,771)
Interim Dividend paid	31	-	-	-	-	(98,458,166)		(98,458,166)
<b>Balance as at June 30, 2017 - Restated</b>		<b>513,886,690</b>	<b>412,136,727</b>	<b>49,713,670</b>	<b>461,850,397</b>	<b>305,372,715</b>		<b>1,281,109,802</b>
Profit for the year		-	-	-	-	138,164,115		138,164,115
Other comprehensive loss		-	-	-	-	(2,525,260)		(2,525,260)
Interim Dividend paid		-	-	-	-	-		-
<b>Balance as at June 30, 2018</b>		<b>513,886,690</b>	<b>412,136,727</b>	<b>49,713,670</b>	<b>461,850,397</b>	<b>441,011,571</b>		<b>1,416,748,658</b>

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive

Director

Chief Financial Officer

**BUNNY'S LIMITED (FORMERLY MOONLITE (PAK) LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**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 Ordinance, 1984) and was later on converted into a Public 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:

**Consideration effectively transferred**  
 (2,159,586 x Rs. 33.02 / share)

**Net assets as at the date of acquisition**

Non current assets classified as held for sale  
 Advances deposits, prepayments and other receivables  
 Cash and bank balances  
 Less:  
 Trade and other payables

**July 01, 2015**  
**Rupees**  
**71,309,530**

204,800
9,042,270
727,475
(15,337,397)
<b>(5,362,852)</b>

**BUNNY'S LIMITED (FORMERLY MOONLITE (PAK) LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**76,672,382**

**Goodwill**

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. The fair valuation exercise of the recorded assets and liabilities will be completed within the period specified under IFRS - 3. However, management does not expect the fair values of the assets and liabilities transferred to be materially different from the carrying values.

**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**

The fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time for the preparation of these financial statements. The Act (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst other, prescribes the nature and content of disclosures in relation to various elements of the financial statements.

The Act has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes include change in nomenclature of primary financial statements. Further, the disclosure requirements contained in the Fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

Specific additional disclosures and changes to the existing disclosures as a result of this change are stated in notes 1.2, 3, 5.4, 8.1, 9.1, 27.1, 27.2, 33, 34 and 35.

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.

**BUNNY'S LIMITED (FORMERLY MOONLITE (PAK) LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Description		Effective Date (annual reporting periods beginning on or after)
IAS 19	Employee benefits (Amendments)	January 01, 2019
IAS 28	Investment in Associates and Joint Ventures (Amendments)	January 01, 2019
IAS 40	Investment Property (Amendments)	January 01, 2018
IFRS 2	Share-based Payment (Amendments)	January 01, 2018
IFRS 4	Insurance Contracts (Amendments)	January 01, 2018
IFRS 9	Financial Instruments	July 01, 2018
IFRS 15	Revenue from contracts with customers	July 01, 2018
IFRS 16	Leases	January 01, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23	Uncertainty Over Income Tax	January 01, 2018

The management anticipates that, except as stated below, adoption of above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures. The management is in the process of assessing the impact of changes laid down by the IFRS 9, 15 and 16 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

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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.

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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 requirements.

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.

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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**

Revenue is recognized when it is probable that economic benefits associated with the transaction will flow to the Company and the amount of revenue and the associated cost incurred or to be incurred can be measured reliably.

Sale of goods is recognized when the goods are delivered and the risks and rewards of ownership have passed to the customer;

Revenue from export of goods, if any, is recognized at the time of issuance of bill of lading.

**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.

**4.16 Impairment**

**a. Financial assets**

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.



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**b. Non- financial assets**

The carrying amount of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the statement of profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**4.17 Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to setoff the recognized amounts and the Company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

**4.18 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.

**4.19 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.

**4.20 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.

**4.21 Restatement**

Under the Lahore High Court approved 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. Subsequent to the balance sheet date, 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.



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**5 PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets  
 Capital work in progress

**5.1 Operating fixed assets**

Cost	(Amounts in Rupees)									
	Land - freehold	Building on freehold land	Plant and machinery	Electric installation and appliances	Office equipment	Furniture and fixtures	Motor vehicles	Total Owned	Leased Assets Plant and machinery	Motor vehicles
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
Additions during the year	-	1,829,299	57,562,611	1,203,337	1,295,824	952,475	13,518,132	76,361,878	50,000,000	14,730,461
Disposals during the year	-	-	(57,685,087)	-	-	-	(1,451,000)	(59,136,087)	-	(59,136,087)
<b>Balance as at June 30, 2018</b>	<b>530,000,000</b>	<b>630,240,768</b>	<b>856,478,912</b>	<b>15,158,080</b>	<b>13,347,359</b>	<b>9,673,330</b>	<b>47,025,319</b>	<b>2,091,923,968</b>	<b>50,000,000</b>	<b>51,129,846</b>
Balance as at July 01, 2016	530,000,000	617,951,041	816,816,475	10,574,504	10,975,680	8,065,197	32,569,220	2,026,955,117	-	15,204,490
Additions during the year	-	460,428	39,784,913	3,380,239	1,263,355	655,658	5,847,467	51,392,060	-	23,357,895
Disposals during the year	-	-	-	-	(190,500)	-	(3,458,500)	(3,649,000)	-	(2,163,000)
<b>Balance as at June 30, 2017</b>	<b>530,000,000</b>	<b>618,411,469</b>	<b>856,601,388</b>	<b>13,954,743</b>	<b>12,051,535</b>	<b>8,720,855</b>	<b>34,958,187</b>	<b>2,074,698,177</b>	-	<b>36,399,385</b>
<b>Depreciation</b>										
Balance as at July 01, 2017	-	130,607,608	311,438,608	3,919,909	9,018,927	3,420,812	26,661,654	485,087,518	-	5,288,002
Charge for the year	-	24,420,129	28,481,503	1,064,013	1,092,430	580,300	3,862,570	59,501,546	2,292,191	7,206,348
Depreciation on Disposals	-	-	(1,086,712)	-	-	-	(1,305,018)	(2,391,730)	-	-
<b>Balance as at June 30, 2018</b>	<b>-</b>	<b>155,027,737</b>	<b>338,833,399</b>	<b>4,983,922</b>	<b>10,111,357</b>	<b>4,001,612</b>	<b>29,219,306</b>	<b>542,197,324</b>	<b>2,292,191</b>	<b>12,494,350</b>
Balance as at July 01, 2016	-	104,957,487	283,817,450	3,097,239	8,100,525	2,862,519	27,205,368	430,040,988	-	1,725,340
Charge for the year	-	25,649,721	27,641,158	822,670	1,008,300	558,293	1,312,612	57,192,754	-	4,342,859
Disposals during the year	-	-	-	-	(89,898)	-	(2,056,326)	(2,146,224)	-	(780,197)
<b>Balance as at June 30, 2017</b>	<b>-</b>	<b>130,607,608</b>	<b>311,438,608</b>	<b>3,919,909</b>	<b>9,018,927</b>	<b>3,420,812</b>	<b>26,661,654</b>	<b>485,087,518</b>	-	<b>5,288,002</b>
<b>Rate of depreciation</b>										
Net book value as at June 30, 2018	530,000,000	465,213,031	517,635,513	10,174,358	3,236,002	5,671,718	17,806,013	1,549,726,634	47,707,809	38,535,496
Net book value as at June 30, 2017	530,000,000	487,803,861	545,142,780	10,034,834	3,032,608	5,300,043	8,296,533	1,589,610,659	-	31,111,383

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

Cost of sales  
 Administrative and general expenses  
 Selling and distribution

**5.3 Capital work in progress**

Opening balance  
 Additions during the year  
 Transfers (Plant and machinery)  
 Closing balance

**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)
85,86,87 & 105 Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore	Production unit	21.4
		Appro. Covered Area (In sq. ft.) 50,510

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	Note	2018	Restated 2017
		Rupees	
<b>6 INTANGIBLE ASSETS</b>			
Goodwill on acquisition	2.3	76,672,382	76,672,382
ERP Software	6.1	128,265	160,331
		<b>76,800,647</b>	<b>76,832,713</b>
<b>6.1 ERP Software</b>			
<b>Cost</b>			
Balance as at July 01, 2017		375,000	375,000
Additions during the year		-	-
Disposals during the year		-	-
<b>Balance as at June 30, 2018</b>		<b>375,000</b>	<b>375,000</b>
Balance as at July 01, 2016		375,000	375,000
Additions during the year		-	-
Disposals during the year		-	-
Balance as at June 30, 2017		375,000	375,000
<b>Amortization</b>			
Balance as at July 01, 2017		214,669	214,669
Charge for the year		32,066	32,066
Amortization on Disposals		-	-
<b>Balance as at June 30, 2018</b>		<b>246,735</b>	<b>246,735</b>
Balance as at July 01, 2016		174,586	174,586
Charge for the year		40,083	40,083
Amortization on Disposals		-	-
Balance as at June 30, 2017		214,669	214,669
Rate of amortization		20%	
<b>Net book value as at June 30, 2018</b>		<b>128,265</b>	<b>128,265</b>
Net book value as at June 30, 2017		160,331	160,331
<b>7 STOCK-IN-TRADE</b>			
Raw materials		163,562,535	150,587,887
Packing materials		55,119,025	51,176,947
Work-in-process		2,146,870	2,035,873
Finished goods		20,922,750	15,100,421
		<b>241,751,180</b>	<b>218,901,128</b>
<b>8 TRADE DEBTS - UNSECURED</b>			
Considered good	8.1	211,276,255	221,474,634
Considered doubtful		-	-
		<b>211,276,255</b>	<b>221,474,634</b>

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	Note	2018	Restated 2017
<b>Rupees</b>			
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.			
<b>9 ADVANCES, DEPOSITS AND PREPAYMENTS</b>			
Advances to staff against salary-Unsecured		4,832,267	792,436
Mobilization and other advances		78,345,791	84,968,569
Bank guarantee margin		966,597	966,597
Prepaid expenses		1,048,148	907,964
		<u>85,192,803</u>	<u>87,635,566</u>
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.			
<b>Rupees</b>			
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		3,336,776	7,856,916
Cash at bank (current accounts)		1,686,874	9,210,442
		<u>5,023,651</u>	<u>17,067,358</u>
<b>11 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>			
		<b>2018</b>	<b>2017</b>
		<b>Number of shares</b>	
2,159,586	2,159,586	Ordinary shares of Rs.10/- each fully paid in cash.	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
<u>51,388,669</u>	<u>51,388,669</u>		<u>513,886,690</u>
			<u>513,886,690</u>
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.			
<b>12 CAPITAL RESERVES</b>			
<b>Capital maintenance reserve</b>			
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.			
<b>Share Premium Reserve</b>			
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.			
<b>13 LONG TERM FINANCES - SECURED</b>			
<b>Privately placed term finance certificates (PPTFCs)</b>	13.1		
Principal		130,000,000	130,000,000
Capitalized markup		-	18,540,554
		<u>130,000,000</u>	<u>148,540,554</u>

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	Note	2018	Restated 2017
		Rupees	
Less:			
- Converted/ re-scheduled as finance from Orix Leasing		(4,170,000)	(4,170,000)
- Converted/ re-scheduled as finance from Askari Bank Limited		(18,500,000)	(18,500,000)
- Converted/ re-scheduled as finance from National Bank of Pakistan		(30,000,000)	-
- Recoverable from Koalman (Pvt.) Ltd.		(50,000,000)	(50,000,000)
- On account payments against PPTFCs		(27,330,000)	(8,673,620)
		(130,000,000)	(81,343,620)
		-	67,196,934
Askari Bank Limited		-	1,996,752
Orix Leasing Pakistan Limited		347,500	521,250
Samba Bank Limited	13.2	229,162,654	-
Syndicated Diminishing Musharika facility			
Pak Brunei Investment Company Limited		-	174,583,331
Awwal Modaraba Management Limited		-	87,291,669
		-	261,875,000
			Restated
		2018	2017
		Rupees	
		229,510,154	331,589,936
		(54,514,158)	(52,518,002)
Less: current portion shown under current liabilities		174,995,996	279,071,934

**13.1** These PPTFCs have been issued to the following financial institutions:

Orix Leasing Pakistan Limited  
 National Bank of Pakistan  
 Askari Bank Limited  
 Atlas Income Fund  
 Koalman (Pvt.) Limited - temporary parking  
 Invest Capital Investment Bank Ltd.

-	4,170,000
-	30,000,000
-	18,500,000
-	2,120,000
-	50,000,000
-	25,210,000
-	130,000,000

These PPTFCs have been fully redeemed during the year. However, the delisting of these PPTFCs from CDS is under process.

**13.2** This syndicated diminishing musharika facility has been swapped with a term finance from Samba Bank Limited during the year. The term finance facility carries markup at the rate of 3 month KIBOR + 2.5%. 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.

**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:

Future minimum lease payment	76,100,131	28,107,717
Less: Unamortized financial charges	(9,717,246)	(4,660,819)
Present value of minimum lease payments	66,382,885	23,446,898
Less: Current portion shown under current liabilities	(28,081,121)	(8,600,477)
	38,301,764	14,846,421

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	Note	2018	Restated 2017
		----- Rupees -----	
Payable within one year		28,081,121	8,600,477
Payable after one year		38,301,764	14,846,421
		<u>66,382,885</u>	<u>23,446,898</u>
<b>14.1</b> 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, 2017 : 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	2018	Restated 2017
		----- Rupees -----	
<b>15 LONG TERM ADVANCES - UNSECURED</b>			
Against vehicles from contractors		2,753,529	2,753,529
From contractors against recovery of sales proceeds		10,664,451	10,251,609
		<u>13,417,980</u>	<u>13,005,138</u>
<b>16 DEFERRED LIABILITIES</b>			
Deferred taxation	16.1	164,799,914	171,269,370
Staff retirement benefits - gratuity	16.2	23,856,226	18,156,838
		<u>188,656,140</u>	<u>189,426,208</u>
<b>16.1 Deferred taxation</b>			
Opening deferred tax liability		171,269,370	154,134,982
Deferred tax reversed to profit or loss	27	(5,535,456)	16,697,595
Deferred tax reversed to other comprehensive income		(934,000)	436,793
		<u>(6,469,456)</u>	<u>17,134,388</u>
Closing deferred tax liability	16.1.1	<u>164,799,914</u>	<u>171,269,370</u>
<b>16.1.1 Closing deferred tax liability</b>			
Deferred tax liability comprises of :			
Deferred tax liabilities in respect of taxable temporary differences:			
Accelerated tax depreciation		186,833,533	207,614,917
Liabilities against assets subject to finance lease		5,389,314	2,299,346
Intangible assets		34,632	48,099
		<u>192,257,478</u>	<u>209,962,362</u>
Deferred tax assets in respect of deductible temporary differences:			
Unused tax losses / credits		21,016,383	33,245,940
Provision for gratuity		6,441,181	5,447,051
		<u>27,457,564</u>	<u>38,692,991</u>
		<u>164,799,914</u>	<u>171,269,370</u>

**16.2 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:



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			2018	Restated 2017
	Note		Rupees	
The movement in defined benefit obligation is as follows:				
Present value of defined benefit obligation at beginning			18,156,838	11,473,430
Current service cost			14,546,079	10,726,745
Interest cost			895,595	751,330
Amount recognized in profit and loss			15,441,674	11,478,075
Benefits paid			(13,201,546)	(6,250,645)
Actuarial losses from change in financial assumptions - amount recognized in other comprehensive income			3,459,260	1,455,978
Present value of defined benefit obligation - amount recognized in statement of financial position			23,856,226	18,156,838
16.2.5 Principal actuarial assumptions used in the actuarial valuations				
Financial assumptions				
Discount rate used for year end obligation			9.00%	7.75%
Expected rate of increase in salary			6.00%	4.75%
Demographic Assumptions				
Mortality rate			SLIC (2001-05)	SLIC (2001-05)
16.2.6 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			21,649,453	26,502,928
Increase in future salaries			26,557,253	21,572,859
			2018	Restated 2017
	Note		Rupees	
17 TRADE AND OTHER PAYABLES				
Trade Creditors - unsecured	17.1		189,289,453	246,776,423
Accrued expenses			68,364,425	52,910,565
Workers' welfare fund			2,743,821	3,641,061
Workers' (profit) participation fund	17.2		8,293,137	9,688,283
Advances from debtors - unsecured			12,203,399	34,770,915
			280,894,234	347,787,248
17.1 This does not include any amount payable to related party.				
17.2 Workers' (profit) participation fund				
Opening balance			9,688,283	8,084,191
Allocation for the period			8,293,137	9,688,283
			17,981,420	17,772,474
Less: Payment made during the period			(9,688,283)	(8,084,191)
			8,293,137	9,688,283

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	Note	2018	Restated 2017
		----- Rupees -----	
<b>18 ACCRUED MARK-UP ON SECURED LOANS</b>			
Long term finances and leases		5,570,140	958,490
Short term borrowings		5,159,825	1,517,568
		<u>10,729,965</u>	<u>2,476,058</u>
<b>19 SHORT TERM BORROWINGS</b>			
Allied Bank Limited - secured	19.1	73,452,666	74,962,666
Bankislami Pakistan Limited	19.2	86,000,000	-
Book overdraft	19.3	2,754,875	19,262,292
		<u>162,207,541</u>	<u>94,224,958</u>
<b>19.1</b> Running finance facility has been obtained from Allied Bank Ltd. against sanctioned limit of Rs. 100 million. (2017 : Rs. 100 million). It carries markup @ 3 months KIBOR + 2% per annum (2017: 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.			
<b>19.2</b> This murabahah finance facility has been obtained during the year 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.			
<b>19.3</b> This represents book overdraft of Meezan Bank Limited and Bank Al Habib Limited.			
<b>20 CONTINGENCIES AND COMMITMENTS</b>			
<b>20.1</b> Letter of guarantee amounting to Rs 2.552 million (2017: 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.			
<b>20.2</b> There are no major commitments outstanding as at balance sheet date.			
	Note	2018	Restated 2017
		----- Rupees -----	
<b>21 SALES - NET</b>			
Gross sales		2,398,219,589	2,246,516,905
Less: sales tax		(83,999,423)	(65,435,686)
		<u>2,314,220,166</u>	<u>2,181,081,219</u>
<b>22 COST OF SALES</b>			
<b>Raw materials consumed</b>			
Opening Inventory		150,587,887	147,756,325
Purchases - net		1,104,380,468	1,068,550,854
Closing Inventory		(163,562,535)	(150,587,887)
		<u>1,091,405,820</u>	<u>1,065,719,292</u>
Wages and salaries	22.1	225,444,588	199,969,654
Fuel and power		96,278,537	92,925,205
Repair and maintenance		17,977,464	17,975,234
Packing material consumed	22.2	149,023,748	139,120,817
Other indirect expenses		7,321,157	5,665,107
Insurance		2,535,053	1,975,983
Depreciation	4.2	56,257,836	54,113,549
		<u>329,393,795</u>	<u>311,775,895</u>
<b>Manufacturing cost</b>		<u>1,646,244,203</u>	<u>1,577,464,841</u>



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	Note	2018	Restated 2017
		----- Rupees -----	
<b>Work-in-process</b>			
Opening balance		2,035,873	1,548,924
Closing balance		(2,146,870)	(2,035,873)
		(110,997)	(486,949)
<b>Finished goods</b>			
Opening balance		15,100,421	11,258,635
Purchases		-	6,724,118
Closing balance		(20,922,750)	(15,100,421)
		(5,822,329)	2,882,332
<b>Cost of sales</b>		<u>1,640,310,877</u>	<u>1,579,860,224</u>
<b>22.1</b>	These include staff retirement benefits amounting to Rs. 4,393,834 (2017: Rs. 2,733,820)		
<b>22.2 Packing material consumed</b>			
Opening inventory		51,176,947	50,147,565
Purchases - net		152,965,825	140,150,200
Closing Inventory		(55,119,025)	(51,176,947)
Packing material consumed		<u>149,023,748</u>	<u>139,120,817</u>
<b>23 ADMINISTRATIVE AND GENERAL</b>			
Directors' remuneration		43,471,896	-
Salaries and benefits	23.1	41,213,745	55,155,626
Printing and stationery		3,031,809	2,496,109
Traveling and conveyance		1,965,357	6,627,310
Telephone, postage and telegram		4,366,163	4,035,821
Fee and subscription		2,454,987	14,981,379
Vehicle running, maintenance and insurance		13,100,743	12,834,418
Rent, rates and taxes		2,071,961	776,876
Insurance		1,912,297	2,507,903
Entertainment		8,673,929	7,285,134
Repair and maintenance		1,286,456	1,298,336
Charity and donation	23.2	3,692,035	1,672,300
Legal and professional		19,053,630	2,360,800
Auditors' remuneration	23.3	500,000	1,920,000
Newspaper and periodicals		446,043	79,927
Depreciation	4.2	12,742,248	6,903,168
Amortization of intangible assets	6	32,066	40,083
Miscellaneous expenses		2,563,143	1,915,283
		<u>162,578,508</u>	<u>122,890,472</u>
<b>23.1</b>	These include staff retirement benefits amounting to Rs. 5,340,861 (2017: Rs. 4,962,261)		
<b>23.2</b>	None of the directors or their spouses have any interest in the donee.		

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	Note	2018	Restated 2017								
		Rupees									
<b>23.3 Auditors' remuneration</b>											
		<table><tr><th colspan="2">2018</th></tr><tr><td>Aslam Malik &amp; Co.</td><td></td></tr></table>	2018		Aslam Malik & Co.		<table><tr><th colspan="2">2017</th></tr><tr><td>Javed &amp; Co.</td><td>Fazal Mehmood &amp; Co.</td></tr></table>	2017		Javed & Co.	Fazal Mehmood & Co.
2018											
Aslam Malik & Co.											
2017											
Javed & Co.	Fazal Mehmood & Co.										
Audit fee		450,000	300,000								
Other professional charges		-	1,070,000								
Out of pocket charges		50,000	250,000								
		<b>500,000</b>	<b>1,620,000</b>								
Total Auditors' remuneration		<b>500,000</b>	<b>300,000</b>								
<b>24 SELLING AND DISTRIBUTION</b>			<b>1,920,000</b>								
Salaries and benefits	24.1	44,038,966	41,592,330								
Vehicle running and maintenance		130,587,887	101,796,971								
Discounts and salesmen commission		94,694,727	91,079,798								
Advertisement		4,372,766	5,556,710								
Sales promotion expenses		8,224,045	5,785,403								
Depreciation	5.2	-	518,896								
		<b>281,918,391</b>	<b>246,330,108</b>								
<b>24.1</b>	These include staff retirement benefits amounting to Rs. 5,706,979 (2017: Rs. 3,741,994)										
<b>25 OTHER OPERATING EXPENSES</b>											
Loss on disposal of fixed assets		-	74,820								
Workers' welfare fund		2,743,821	3,641,061								
Workers' profit participation fund		8,293,137	9,688,283								
		<b>11,036,958</b>	<b>13,404,164</b>								
<b>26 FINANCE COST</b>											
Mark up on:											
-Long term finances		38,386,590	24,231,551								
-Short term finances		14,633,347	10,192,188								
Lease financial charges		5,374,201	2,714,903								
Bank charges and commission		5,155,515	2,084,340								
		<b>63,549,653</b>	<b>39,222,983</b>								
<b>27 TAXATION</b>											
Current tax expense		23,051,138	26,357,659								
Prior year's tax expense adjustment			(965,974)								
Deferred tax expense		(5,535,456)	16,697,595								
		<b>17,515,681</b>	<b>42,089,279</b>								
<b>27.1</b>	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.										
<b>27.2</b>	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:										



# BUNNY'S<sup>®</sup> LIMITED

Quality Is Our Major Ingredient!

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	Note	2018	Restated 2017
		Rupees	
	2017	2016	2015
	Rupees	Rupees	Rupees
Provision for Taxation	26,357,659	21,799,184	19,126,407
Tax assessed	26,357,659	21,799,184	19,126,407
<b>28 EARNING PER SHARE - BASIC &amp; DILUTED</b>			
Net profit after taxation	<b>Rupees</b>	138,164,115	137,283,990
Weighted average number of shares outstanding during the year	<b>Numbers</b>	51,388,669	51,388,669
Earning per share	<b>Rupees</b>	2.69	2.67
<b>29 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation and workers' welfare fund		155,679,797	179,373,269
Adjustments for:			
Depreciation		69,000,084	61,535,613
Financial charges		63,549,653	39,222,983
Provision for workers' (profit) participation fund		8,293,137	9,688,283
Provision for workers' welfare fund		2,743,821	3,641,061
Provision for gratuity - net		15,441,674	11,478,075
Amortization of intangible assets		32,066	40,083
(Gain) / Loss on disposal of fixed assets		(854,018)	74,820
		158,206,417	125,680,917
Operating profit before working capital changes		313,886,214	305,054,187
Effect on cash flows due to working capital changes			
(Increase)/ decrease in current assets:			
Stores, spares and loose tools		1,086,708	(2,360,984)
Stock-in-trade		(22,850,052)	(8,189,679)
Trade debts - unsecured		10,198,379	(19,276,364)
Advances, deposits and prepayments		2,442,763	(3,243,214)
(Decrease)/ increase in trade and other payables		(64,217,019)	(135,833,115)
		(73,339,220)	(168,903,355)
Cash generated from operations		240,546,994	136,150,831
<b>30 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		5,023,651	17,067,358
		5,023,651	17,067,358
<b>31 FINANCIAL RISK MANAGEMENT</b>			
<b>31.1 Financial instruments by category as per statement of financial position</b>			
Financial assets			
Security deposits		6,602,138	5,522,668
Trade debts		211,276,255	221,474,634
Short term advances		4,832,267	792,436
Other receivables		2,014,745	1,874,561
Cash and bank balances		5,023,651	17,067,358
		229,749,056	246,731,657

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THE YEAR ENDED JUNE 30, 2018		Restated	
	Note	2018	2017
		Rupees	
<b>Financial liabilities</b>			
Long term loans and finances - secured		174,995,996	279,071,934
Liabilities against assets subject to finance lease		38,301,764	14,846,421
Short term bank borrowings		159,452,666	74,962,666
Book overdraft - unsecured		2,754,875	19,262,292
Mark-up accrued on secured loans		10,729,965	2,476,058
Trade and other payables		280,894,234	347,787,248
		<u>667,129,500</u>	<u>738,406,619</u>
<b>Off balance sheet items</b>			
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	2018		
	Level 1	Level 2	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	5,023,651	-	5,023,651
	<u>229,749,056</u>	<u>-</u>	<u>229,749,056</u>

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THE YEAR ENDED JUNE 30, 2018

			2018	Restated 2017
	Note		Rupees	
TOTAL	2017 Restated			
	Level 1	Level 2	Level 3	
	Amount in rupees			
Security deposits	5,522,668	-	-	5,522,668
Trade debts	221,474,634	-	-	221,474,634
Short term advances	792,436	-	-	792,436
Other receivables	1,874,561	-	-	1,874,561
Cash and bank balances	17,067,358	-	-	17,067,358
	246,731,657	-	-	246,731,657

### 31.2 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;

	2018	Restated 2017
	Rupees	
Security deposits	6,602,138	5,522,668
Trade debts	211,276,255	221,474,634
Short term advances	4,832,267	792,436
Other receivables	2,014,745	1,874,561
Cash and bank balances	5,023,651	17,067,358
	<u>229,749,056</u>	<u>246,731,657</u>

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

### 31.3 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.

### 31.4 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:

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Note	2018	Restated 2017
	Rupees	

**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:

	2018	Restated 2017
	Rupees	
<b>Variable rate instruments</b>		
<b>Financial liabilities</b>		
Loan from various commercial banks	229,510,154	331,589,936*
Finance lease liability	66,382,885	23,446,898
Short term borrowings	162,207,541	94,224,958
	<u>458,100,580</u>	<u>449,261,792</u>

**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 4.492 million (2017: 4.575 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.

**31.5 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.

**32 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.



### 33 REMUNERATION OF DIRECTORS, CHIEF EXECUTIVE AND EXECUTIVES

	2018			2017		
	Chief Executive	Director	Executives	Chief Executive	Director	* Executives
Managerial remuneration	10,452,790	33,019,106	19,659,360	-	-	16,188,000
Housing	-	-	-	-	-	-
Medical allowance	-	-	-	-	-	-
Bonus	-	-	-	-	-	-
	<b>10,452,790</b>	<b>33,019,106</b>	<b>19,659,360</b>	<b>-</b>	<b>-</b>	<b>16,188,000</b>
No. of persons	<b>1</b>	<b>4</b>	<b>10</b>	<b>1</b>	<b>4</b>	<b>9</b>

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

33.2 No meeting fee has been paid to any director of the Company during the year (June 30, 2017: Nil).

\* Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.

### 34 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 33. There are no other significant related party transactions.

### 35 NUMBER OF EMPLOYEES

Average number of employees during the year

2018	2017
Number of Employees	

665 655

This includes 513 (2017: 501) number of factory employees.

Total number of employees at year end

652 691

This includes 510 (2017: 507) number of factory employees.

### 36 PRODUCTION CAPACITY

	2018	2018	2017	2017
	Maximum Capacity	Actual Production	Maximum Capacity	Actual Production
All units in Metric Tons				
- Bakery Division	13,500	10,965	13,500	10,625
- Snacks Division	1,800	455	1,800	470

36.1 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.

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

### 37 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.

### 38 DATE OF AUTHORIZATION FOR ISSUE

- These financial statements have been authorized for issue by the board of directors of the Company on **November 06, 2018**.

### 39 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

## MOONLITE (PAK) LTD.

### Pattern Of Share Holding - Form "34" Share Holders Statistics As At June 30, 2018

Number of Shareholders		Shareholdings		Total Shares Held	
1968	Shareholding From	1	To	100	59,374
185	Shareholding From	101	To	500	36,772
15	Shareholding From	501	To	1000	11,761
18	Shareholding From	1001	To	5000	32,621
1	Shareholding From	5001	To	10000	9,500
2	Shareholding From	10001	To	15000	20,863
1	Shareholding From	15001	To	20000	17,325
2	Shareholding From	20001	To	25000	45,000
4	Shareholding From	30001	To	35000	127,242
1	Shareholding From	45001	To	50000	48,500
1	Shareholding From	55001	To	60000	58,846
1	Shareholding From	115001	To	120000	115,477
1	Shareholding From	120001	To	125000	123,793
3	Shareholding From	125001	To	130000	381,288
2	Shareholding From	130001	To	135000	263,393
1	Shareholding From	145001	To	150000	146,437
1	Shareholding From	185001	To	190000	189,829
1	Shareholding From	230001	To	235000	234,318
1	Shareholding From	235001	To	240000	237,247
1	Shareholding From	1475001	To	1480000	1,476,871
1	Shareholding From	1965001	To	1970000	1,969,163
1	Shareholding From	2050001	To	2055000	2,051,150
3	Shareholding From	2460001	To	2465000	7,384,363
3	Shareholding From	2950001	To	2955000	8,861,235
1	Shareholding From	4895001	To	4900000	4,900,000
1	Shareholding From	4920001	To	4925000	4,922,908
1	Shareholding From	5355001	To	5360000	5,356,122
1	Shareholding From	12305001	To	12310000	12,307,271
<b>2222</b>				<b>51,388,669</b>	

### Categories Shareholders as on June 30, 2018

S. No.	Categories Shareholders	Shares Held	Total
1	Directors and their spouse(s) and minor children	24,132,250	46.96
	Mr. Omer Shafiq Chaudhry	12,307,271	
	Mr. Yunus Shafiq Chaudhry	2,461,454	
	Mrs. Saadia Omer	2,461,454	
	Miss Mahnoor Chaudhry	4,922,908	
	Mr. Haroon Shafiq Chaudhry	2,500	
	Ms. Amira Haroon - Spouse of Haroon shafiq Chaudhry	1,969,163	
	Mr. Muhammad Rafi Uz Zaman Awan	2,500	
	Mr. Syed Muhammad Adnan Raza Naqvi	2,500	
	Mr. Rehan Mobin	2,500	
2	Associate Companies, Undertakings and related parties	-	-
3	NIT and ICP	115,477	0.22
4	Banks, Development Finance Institutions, Non-Banking Finance Institutions	10,335,524	20.11
5	Insurance Companies	-	-
6	Modarabas and Mutual Fund	2,051,150	3.99
8	Others	11,294	0.02
7	General Public	14,742,974	28.69
	<b>Total</b>	<b>51,388,669</b>	<b>100.00</b>

### Shareholders Holding 10% or More In The Company

	Number of Shares	%
Pak Brunei Investment Company Limited	5,356,122	10.42
Omer Shafiq Chaudhry	12,307,271	23.95

**BUNNY'S<sup>®</sup> LIMITED**

Quality Is Our Major Ingredient!

**Proxy Form[RS1]**

I/We \_\_\_\_\_ of \_\_\_\_\_ a member/members of **Bunny's Limited** and holder of = \_\_\_\_\_ = shares as per Registered Folio/CDC Investor Account No./CDC Sub-Account No # \_\_\_\_\_ do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ who is also member of the Company vide Registered Folio \_\_\_\_\_ /CDC Investor Account No./CDC Sub-Account No Folio # \_\_\_\_\_ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 28 November, 2018 at 12:00 a.m. at \_\_\_\_\_, Lahore and at any adjournment thereof.

As witness my hand this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Witness's Signature

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC # \_\_\_\_\_

Affix Revenue  
Stamp of Rs. 5/-

Witness's Signature

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC # \_\_\_\_\_

Member's Signature

Date: \_\_\_\_\_

Place: Lahore

CNIC #

Note:

1. The Form of Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.