QUICE®

19th ANNUAL REPORT 2009

Quice Food Industries Limited

QUICE®

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Muhammad Atif	**Chief Executive**
Mr. Sardar Iftikhar	
Mr. Siraj Khan	
Mr. Munawwar Bhatti	
Mr. Muhammad Riaz	
Mr. Akhtar Rasool	
Mr. Jawed Yamin	

COMPANY SECRETARY:
Mr. Iqbal Shahid

BANKERS:
United Bank Ltd
Meezan Bank

AUDITORS:
M/s. Ibrahim, Shaikh & Co.
Chartered Accountants,
259-260 Panorama Centre, Fatima Jinnah Road
Karachi

AUDIT COMMITTEE

Mr. Sardar Iftikhar Ahmed	**Chairman**
Mr. Siraj Khan	Member
Mr. Jaweed Yamin	Member

LEGAL ADVISOR:
Ahmed & Qazi
Advocates & Legal Consultants
403,404 Clifton Centre, Clifton
Karachi.

SHARE TRANSFER OFFICE:
PLOT No.15, Phase III,
Hattar Industrial Estate,
N.W.F.P.

REGISTERED OFFICE & FACTORY
PLOT No.15, Phase III,
Hattar Industrial Estate,
N.W.F.P.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 19th. Annual General Meeting of the shareholders of Quice Food industries Limited will be held at Registered Office of the Company Plot No.15, Phase III, Hattar Industrial Estate, Hattar, NWFP on Monday, January 18, 2010 at 09:30 a.m to transact the following business:

1 To confirm the minutes of the 18th Annual General Meeting held on January 19, 2009

2 To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2009 together with the Directors' and Auditors' reports thereon.

3 To appoint Auditors for the year ending June 30, 2010 and fix their remuneration. M/s. Ibrahim Shaikh & Company, Chartered Accountants have retired and are eligible to offer themselves for re-appointment.

4 To transact any other business with the permission of the Chair.

By order of the Board

Karachi
December 26, 2009

sd/-

IQBAL SHAHID
Company Secretary

NOTES:

(i) The Share Transfer Book of the Company will remain closed from 11-01-2010 to 18-01-2010 (both days inclusive).

(ii) A member entitled to attend and vote at the Meeting may appoint a proxy. Proxies, in order to effective, must be received at the Registered Office of the Company duly signed, stamped and witnessed not latter than 48 hours before the Meeting. A proxy needs not to be a member of the Company.

(iii) Members are requested to communicate to the Company any change in their addresses.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Annual Report and Audited Financial Statements of the Company for the year ended June 30, 2009.

	2009 Rupees	2008 Rupees
Financial Results		
Profit / (Loss) for the year after taxation	(101,644,755)	5,960,572
Unappropriated loss brought forward	(29,333,879)	(35,294,451)
	(130,978,634)	(29,333,879)
Appropriation		
Dividend	Nil	Nil
Unappropriated Loss carried forward	(130,978,634)	(29,333,879)
Basic loss per share	**(9.51)**	**0.56**

The Board of Directors has recommended NIL dividend for the year ended June 30, 2009 due to loss made by the Company.

PERFORMANCE REVIEW

In spite of facing serious financial problems, the management has succeeded to overcome them.

The Company has made an operating profit of Rs. 0.380 million as compared to operating profit of Rs.6.377 million arose last year.

Present Director of the Company are hopeful to steer to Company in the best possible way to meet the aspiration of all the stockholders. On December 31, 2008 the company had entered into settlement agreement by vertue of this agreement amicable and beneficial restrucring has been made with the bank in respect of outstanding liabilities.

The new management anticipation further growth in sales and revenues in future and expects that bank liabilities will be repaid out of operating cash flows generated by the Company and personal resources of directors.

The present Chief Executive and present Directors had given their consent to sub-ordinate their loans Rs.48.40 million given to the company. The loans are unsecured except that the Chief Executive has given personal guarantee against loans obtained from directors.

The Present Directprs are making continuous efforts to recoup the accumulated losses, which is evident from the financial results.

AUDITORS QUALIFICATION

Points raised by Auditors are explained as under:

1. Regarding the outstanding amount of Allied Bank Limited towards the Company, the bank realizing our difficulties had rescheduled our entire liability vide their settlement agreement, dated December 31,2008. We are confident that we will make the repayment of loan in accordance with the agreement. We are also sure to avail the opportunity of writing off Rs.14.91 million as well a waiver of interest for Rs.48.761 million.

2. The physical verification of Stores, Spares and Stock in Trade could not be carried out due to the horrible law and order condition in Swat Even our access to the factory at swat had become impossible.

DIRECTORS' REPORT TO THE SHAREHOLDERS

3. Whereas the filing of income Tax and Sales Tax returns concern, this is a fact that our Hattar factory is still not in function and there is an exemption from the government to Swat regarding Income Tax and Sales Tax..

4. Provision for gratuity has not been made on the bases of Actuarial Valuation as required by International Accounting Standard-19(employees benefit) because at the moment, we have only selected staff comprising only five, employees, for which there is no significant difference in the value of gratuity. Therefore , the quantum of same cost benefit analysis do not justify it to pay for an actuary.

5. The current ratio has been improved from 0.81 to 1.02 and during the year, the company has been making the regular payments to Allied Bank Ltd. Towards the loan. Therefore, the question of doubt for Company's going concern does not arise. It has further been integrated that entire bank loan will be settled with the help of financial assistance provided by the directors.

6. The Fixed Assets Register was being maintained and kept at Swat office/factory. During the unrest in Swat, more than once the mobs entered the premises and destroyed/looted everything they found there. We did inform the competent authorities regarding the loss. Now, we have begun to maintain the said Register once again.

7. As the matter of cash payments concerns, We are developing a new system in this regard and in the future this discrepancy will be rectified.

Compliance with the Code of Corporate Goverance

As required under the Code of Corporate Governance, the Directors are pleased to confirm that:

The financeial statements of the Company, prepared by the management, present fairly its state of affairs, the results of its operations, cash flows and the changes in equity.

Proper books of account have been maintained by the Company.

Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures, if any, have been adequately disclosed.

The system of internal control is design and has been effectively implemented and monitored.

Pattern of Shareholding

A statement showing the pattern of holding of Shares as at June 30, 2009 is attached.

Auditors

The Present Auditors. Messrs. Ibrahim, Shaikh & Co., Chartered Accountants unwilling to act as an Auditors of the Company for the year ended June 30, 2010.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

KARACHI
DATE: December 26, 2009

MUHAMMAD ATIF
Chief Executive

QUICE FOOD INDUSTRIES LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE TO THE MEMBERS

Name of Company	**QUICE FOOD INDUSTRIES LTD**
Year ended	June 30, 2009

This statement is being presented to comply with the code of corporate governance contained in regulation No.37 listing regulations of Karachi stock exchange (Guarantee) limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The company encourages representation of independent non-executive directors and director representing minority interests on its Board of Director. At present the Board includes at least four independent non-executive directors and no directors representing minority shareholders.

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI.

4. No casual vacancy occurred in the Board during the year except for one director.

5. Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the Director's and Employees of the Company.

6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decision on material transaction, including appointments and determinations of remuneration and term and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chief Executive and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notice of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

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

10. The Board has approved appointment of CEO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the silent matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold and interest in the shares of the company other than that disclosed in the pattern of the shareholding.

QUICE FOOD INDUSTRIES LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE TO THE MEMBERS

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of 3 members who are non-executive directors including the chairman of the committee. The term of reference of the committee have been framed and advised to the committee for compliance.

16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final result of the Company as required by the Code.

17. An effective internal audit function inexistence as required by the Code.

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

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.

20. The related party transactions have been placed before the audit committee and approved by the Board of Directors alongwith pricing methods for transactions carried out on terms equivalent to those that prevail in the arm's length transactions.

21. We confirm that all other material principles contained in the Code have been complied with.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

MUHAMMAD ATIF
Chief Executive / Director

QUICE FOOD INDUSTRIES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of M/S. QUICE FOOD INDUSTRIES LIMITED, as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that except for the matters described in paragraph (b), (c), (d), (e) and (f) below. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

(a) As per balance conformation received from Allied Bank Limited the principal outstanding is Rs. 61,002,000/-. However the company has recorded the principal at Rs.46,100,000/- in accordance with settlement agreement with Allied bank limited dated 31st December, 2008 according to which after repayment the balance outstanding as on 30, June 2009 is Rs. 37,100,000/-. The bank has however stipulated that subject to the recovery of entire settlement amount of Rs. 46,100,000/- the remaining principal will be written off.

Further as per balance conformation mark up outstanding as on 30 June, 2009 amounted to Rs.48,761,192/-which was outstanding at the time of settlement agreement and will be waived off having receipt of entire settlement amount. Had the provision been made the loss for the year and accumulated loss would have been increased by Rs.48,761,192/-.

(b) Stores & spares and stock in trade as disclosed in note no. 8 and 9 amounting to Rs. 632,195/- and 251,268/- respectively were not physically verified by us because of prevailing law and order situation in swat. These are valued as per the information provided by the management.

(c) The Company has not filed its Income Tax and Sales tax returns and accordingly failed to pay income tax and sales tax liability as required under the respective laws and further it has not deducted withholding tax at the time of making payments as required by the Income Tax Ordinance, 2001.However , in note 29 to the financial statements the management has disclosed that, By virtue of clause 118-C of the 2nd Schedule to the repealed Income Tax Ordinance, 1979 the company was qualified for tax exemption for a period of 8 years from the date of its commercial production from January 1991 and currently exemption is only available at Swat unit under Article 247 of the constitution of Islamic Republic of Pakistan.

(d) Provision of gratuity has not been made on the basis of actuarial valuation as required by the International Accounting Standard 19.

(e) We have observed that major payments on account of purchases and expenditures are recorded in cash which indicate weakness in internal control system of the company and also in violation of Income Tax Ordinance, 2001.

(f) Fixed assets register has not been maintained by the Company. Further physical verification of operating fixed assets amounting to Rs.30,931,740/- at the year end could not be carried out by the Company because of prevailing law and order situation in swat.

(g) Except for the effect of matters referred in paragraphs (d), (e) and (f), in our opinion, proper books of account have been kept by the company as required by the companies ordinance 1984 .

(h) in our opinion:

(i) Except for the effects of the matters referred to in paragraphs (a) to (f) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

QUICE FOOD INDUSTRIES LIMITED

AUDITORS' REPORT TO THE MEMBERS

(ii) Except for the effects of the matters referred to in paragraph (e) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) Except for the effects of the matters referred to in paragraph (e) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(i) Because of the significance of the matters referred to in paragraphs (a) to (f) above, in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively do not give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended; and

(j) in our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Without further qualifying our opinion we draw attention that:

(i) The Company's has incurred net loss of Rs.101,644,755/-. Accumulated loss is increase to Rs.130,978,634/- as at June, 30th 2009 which exceed the capital by Rs.17,228,634/-. Currently only Swat Unit is under operation and Hattar unit has been closed since August 2001, However, during the year operation of the Company are temporally suspended off with effect from January 2009 due to prevailing situation in swat and will become operational as soon as the situation improves. These conditions along with other matters as set forth in note 1.1 & 1.2, indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, due to the mitigating factors discussed in the said notes these financial statements have been prepared using going concern assumption.

(ii) Financial statements for the year ended June 30, 2008 were audited by another auditor who has issued adverse opinion on those financial statements.

IBRAHIM, SHAIKH & CO.
CHARTERED ACCOUNTANTS

KARACHI:
DATED: DECEMBER 26, 2009
AUDIT ENGAGEMENT PARTNER ZAKI AHMAD SHAIKH

QUICE FOOD INDUSTRIES LIMITED

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of M/S QUICE FOOD INDUSTRIES LIMITED, to comply with the Listing Regulation No.37 of the Karachi Stock Exchange (Guarantee) Limited and Listing Regulation No.36 of Islamabad Stock Exchange (Guarantee) Limited where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, following observations were made.

(a) We could not verify that,

- The Board has set-up an effective internal audit function.
- Each directors of the company have National Tax Number (NTN) as required by the Code of Corporate Governance.
- Written notice of the Board meetings, along with agenda and working papers were circulated at least seven days before meetings.
- The company has prepared a 'Statement of Ethics and business practices'.
- The Board has develop a vision / mission statement, overall corporate strategy and significant polices of the company.
- The term of reference of the audit committee.
- Minutes of the meeting of the audit committee.
- The related party transactions have been placed before the audit committee.

Except as disclosed in Para (a), nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

KARACHI:
DATED: DECEMBER 26, 2009

IBRAHIM, SHAIKH & CO.
CHARTERED ACCOUNTANTS

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QUICE FOOD INDUSTRIES LIMITED

BALANCE SHEET
AS AT JUNE 30, 2009

	NOTE	2009	2008
		------------------Rupees------------------	
ASSETS			
PROPERTY AND ASSETS			
NON CURRENT ASSETS			
Property plant and equipment			
(at cost less accumulated depreciation)	6	30,931,740	34,254,809
Intangible Assets	7	-	100,000,000
		30,931,740	134,254,809
CURRENT ASSETS			
Stores and spares	8	632,195	1,888,456
Stock in trade	9	251,268	13,086,841
Trade debts	10	19,783,988	23,970,456
Advances and other receivables	11	228,728	223,643
Cash and bank balances	12	13,249	215,221
		20,909,428	39,384,617
		51,841,168	**173,639,426**
EQUITY AND LIABILITES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized capital			
20,000,000(2008: 20,000,000)Ordinary shares of Rs.10/-each		**200,000,000**	**200,000,000**
Issued, Subscribed and paid-up capital			
10,687,500 (2008: 10,687,500)			
ordinary shares of Rs,10 each	13	106,875,000	106,875,000
Premium on issue of shares		6,875,000	6,875,000
Accumulated loss		(130,978,634)	(29,333,879)
		(17,228,634)	84,416,121
NON CURRENT LIABILITIES			
Long term loans			
From Banking Companies-secured	14	**19,100,000**	-
Subordinated Loans	15	29,377,967	38,900,000
		48,477,967	38,900,000
Deferred liabilities			
Provision for gratuity		149,500	1,965,500
CURRENT LIABILITIES			
Provision for taxation		1,489,475	1,489,475
Trade and other payables	16	952,860	768,330
Current and overdue portion of long term loans	14	18,000,000	46,100,000
		20,442,335	48,357,805
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		**51,841,168**	**173,639,426**

The annexed notes form an integral part of these financial statements

Muhammad Atif
Chief Executive

Sardar Iftikhar
Director

QUICE FOOD INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	NOTES	2009	2008
		------------------Rupees	-------------
SALES		29,252,925	53,458,720
COST OF SALES	**18**	23,934,759	39,612,845
GROSS PROFIT		**5,318,166**	**13,845,875**
Operating expenses			
General & Administrative Expenses	**19**	3,565,085	5,218,140
Selling & Distribution Expenses	**20**	1,372,746	2,250,608
		4,937,831	7,468,748
Operating profit		**380,335**	**6,377,127**
Financial Charges	**21**	4,940	14,668
Other Charges	**22**	120,542,183	134,593
		120,547,123	149,261
Imputed Intrest Income on subordinated loans		(18,522,033)	-
Profit/(loss) before taxation		**(101,644,755)**	**6,227,866**
Provision for taxation		-	267,294
Profit(loss) after taxation		**(101,644,755)**	**5,960,572**
(Loss) / Earning per shares - Basic and diluted	**23**	**(9.51)**	**0.56**

The annexed notes form an integral part of these financial statements

Muhammad Atif
Chief Executive

Sardar Iftikhar
Director

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QUICE FOOD INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
	------------------Rupees	------------------
A . Cash flow from operation activities		
Net (Loss) / Profit before taxation	(101,644,755)	6,227,866
Adjustment for		
Depreciation	3,323,069	3,693,219
Provision for slow moving items Stores & Spasres	632,195	-
Imputed Intrest Income on subordinated loans	(18,522,033)	-
Intangible Assets Written Off	100,000,000	-
Provision for bad and doubtfull debts	19,909,988	-
Provision for gratuity	77,500	213,000
	105,420,719	3,906,219
	3,775,964	10,134,085
(Increase) / Decrease in current assets		
Stores and spares	624,067	(538,067)
Stock in trade	12,835,573	(5,034,690)
Trade debtors	(15,723,520)	(4,665,590)
Advances, deposits & Prepayments	-	3,198,493
	(2,263,880)	(7,039,854)
Increase /(Decrease) in current liabilities		
Creditors.accrued & Others	184,529	(3,757,061)
Payment of Gratuity	(1,893,500)	-
	(1,708,971)	(3,757,061)
Cash gererated from operations	**(196,887)**	**(662,830)**
Taxes paid	(5,085)	(850)
Net cash use in Operating activities	**(201,972)**	**(663,680)**
B. Cash flow from financing activities		
Long term loans-secured	(9,000,000)	(8,900,000)
Subordinated Loans	9,000,000	8,900,000
	-	-
Net decrease in cash and cash equivalents (A+B)	(201,972)	(663,680)
Cash and Cash equivalents at the beginning of the year	215,221	878,901
Cash and Cash equivalents at the ent of the Year	**13,249**	**215,221**

Muhammad Atif
Chief Executive

Sardar Iftikhar
Director

QUICE FOOD INDUSTRIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

DESCRIPTION	Paid up capital Rupees	Premium on issue of shares Rupees	Accumulated Profit/ (Loss) Rupees	Total Rupees
Balance as at June 30, 2007	106,875,000	6,875,000	(35,294,451)	78,455,549
Profit for the year	-	-	5,960,572	5,960,572
Balance as at June 30, 2008	106,875,000	6,875,000	(29,333,879)	84,416,121
Loss for the year	-	-	(101,644,755)	(101,644,755)
Balance as at June 30, 2009	**106,875,000**	**6,875,000**	**(130,978,634)**	**(17,228,634)**

The annexed notes form an integral part of these account

Muhammad Atif
Chief Executive

Sardar Iftikhar
Director

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1 NATURE AND STATUS OF BUSINESS

1.1 The Company was incorporated in Pakistan on March 12, 1990 as a Private Limited Company and was converted into Public Limited Company on December 13, 1993. Company was listed on Karachi and Islamabad Stock Exchange(s) on August 2, 1994 and on July 18, 1995 respectively. Principal activities of the Company are to manufacture and sale of Jam, Jelly, Syrups, Custard powder, Pickles, Essence, Juices and Aerated drinks and its Allied Products at Hattar and Swat. Currently only Swat Unit is under operation and Hattar unit has been closed since August 2001, However, during the year the operation of the company are temorally suspended off with effect from January 2009 due to prevailing situcation in swat and will become operational as soon as the situation improves. Under section 247 of the constitution of Pakistan Swat area is exempted from all taxes. The tax authority exempted the Swat unit from tax.

1.2 The management has entered into restructured agreement with Allied Bank Limited dated December 31, 2008. Entire loan has been settled at Rs.46,100,000/- with no future markup. It is repayable by March 31, 2012 in quarterly installments of Rs.3,000,000/-.

The accumulated loss of the company as on balance sheet date is Rs.130.98 million (2008 : Rs.29.33 million) and as on that date current assets and current liabilities of the company are Rs.20.90 million (2008: Rs.39.38 million) and Rs.20.44 million (2008: Rs.48.35 million) respectively. These conditions indicate the existence of material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. However, these financial statements have been prepared using going concern assumption based on following mitigating factors:

Current ratio has been improved from 0.81 to 1.02

During the year the directors have paid Rs.9.00 million out of their personal resources to partly settle the bank liability. It has further been indicated that entire bank loan will be settled with the help of financial assistance provided by the directors. After repayment of loan out of personal resources of directors, which will be credited to long term subordinated loan, the current and quick ratios of the company will be significantly increased and liquidity position of the company will be significantly improved.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance 1984. Approved accounting standards comprise of such International Financial Reporting Standards

(IFRS) as notified under the provisions of the Companies Ordinance 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

3 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards , as applicable in Pakistan, requires the use of certain accounting estimates. It also require management to exercise its judgment in the process of applying the company's policies. The areas involving a higher degree of judgment or complexity, or area where assumptions and estimates are significant to the financial statements are as follows:

(a). Assumptions and estimations used in determining the residual values and useful lives of property, plant and equipment;
(b) Assumptions and estimations used in calculation of income tax;
(c). Assumptions and estimations used in writing down items of stock-in-trade to their net realisable value
(d) Disclosure of contingencies
(e) Provision for obsolete stores and spares
(f) Provision for doubtful debts.

4 NEW ACCOUNTING STANDARDS

New Standards, interpretations and amendments to published approved International Financial Reporting Standards not yet effective

The International Accounting Standards Board has published following standards, interpretations and amendments that are not yet effective and have not been applied in preparing these financial statements.

IFRS 8 - Operating Segments

This standard introduces the "management approach" to segment reporting. IFRS 8 is effective for periods beginning on or after 01 January 2009, however, it is not expected to have any impact on the Company's financial statements.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

IAS 23 - Borrowing Costs (Revised 2007)

The revised standard removes the option to expense borrowing costs and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of that assets. The revised IAS 23 is effective for periods beginning on or after 01 January 2009. However, it is not expected to have any impact on the Company's financial statements, since the Company already has the policy of capitalizing such borrowing costs under the allowed alternative treatment of superseded standard.

IAS 1 - Presentation of Financial Statements (Revised 2007)

The revised standard introduces the term "Total Comprehensive Income", which represents changes in equity during a period other than those resulting from transactions with owners in their capacity as owners. The revised standard is effective for periods beginning on or after 01 January 2009. The standard will have a significant impact on the presentation of Company's financial statements.

Amendments to IAS 32 - Financial Instruments: Presentation and IAS - Presentation of Financial Statements, regarding Puttable Financial Instruments and Obligations Arising on Liquidation

These amendments require puttable instruments, and instruments that impose on the entity on obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. These amendments are effective for periods beginning on or after 01 January 2009 with retrospective application required. However these are not expected to have any impact on the Company's Financial Statements.

Amendments to IFRS 2 - Share Based Payments regarding vesting conditions and cancllations.

These amendments clarify the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancllations. These amendments are effective for periods beginning on or after 01 January 2009 with retrospective application. No impact is expected on the financial statements of the Company.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

IFRIC 11 IFRS 2 - Group and Treasury Share Transactions

This interpretation requires share-based payment arrangements in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction, regardless of how the equity instruments are obtained. The interpretation is effective for the periods beginning on or after 01 January 2008, with retrospective application required. However, it is not expected to have any impact on the Company's financial statements.

IFRIC 12 Service Concession Arrangements

This interpretation provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. The interpretation is effective for the periodsbeginning on or after 01 January 2008, with retrospective application required. However, it is not expected to have any impact on the Company's financial statements.

Amended IAS - 27 Consolidated and Separate Financial Statements.

Amended IAS - 27 Consolidatd and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transactions. When the group losses controls of subsidiary, any interest retained in the former a subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the company's financial statements.

Amendment to IAS - 39 Financial Instruments

Amendment to IAS - 39 Financial Instruments: Recognition and Measurement - Eligible hedged items (effective for annual periods beginning on or after 01 July 2009) clarifies the application of existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment is not likely to have an effect on the company's financial statements.

IFRS 3 - Business Combinations (Revised 2008) and Amendments IAS 27 - Consolidated and Separate Financial Statements.

The revised standards and amendments are not relevant to the Company's operations since the Company does hold investments in or control of any other Company.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

Amendments to IAS - 39 and IFRIC - 9 Embedded derivatives

Amendment to IAS - 39 and IFRIC - 9 Embedded derivatives (effective for annual periods beginning on or after 01 January 2009). Amendments require entities to assess whether they need to separate an embedded derivative from a hybrid (combined) financial instruent when financial assets are reclassified out of the fair value. The amendments are not likely to have an effect on company's financial statements.

IFRS - 4 Insurance Contracts

IFRS - 4 Insurance Contracts (effective for annual periods beginning on or after 01 January 2009). The IFRS makes limited improvements to accounting for insurance contracts until the Board completes the second phase of its project on insurance contracts. The standard also requires that an entity issuing insurance contracts (an insurer) to disclose information about those contntracts.The standard is not aplicable to the company's operations.

Amendment to IFRS - 7 Improving disclosures about Financial Instruments

Amendment to IFRS - 7 Improving disclosures about Financial Instruments (effective for annual periods beginning on or after 01 January 2009). These amendments have been made to bring the disclosure requirements of IFRS-7 more closely in line with US standards. The amendments introduce a three-level hierarchy for fair value measurement disclosures and require entities to provide additional disclosures abour the relative reliability of fair value measurements.

The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the company's 2010 financial statements. These amendments are unlikely to have an impact on the company's financial statements.

The International Accounting Standards Board made certain amendments to existing standards as part of its second annual improvements project.The effective dates for these amendments vary by standard and most will be applicable to the company's 2010 financial statements. These amendments are unlikely to have an impact on the company's financial statements.

IFRS - 8 Operating Segments

IFRS - 8 Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS - 8 will require a change in the presentation and disclosure of segment information based on the internal reports that a regularly reviewed by the company's "chief operating decision maker" in order to asses each segment's performance and to allocate resources to them.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

IFRS - 15 Agreement for the Construction of Real Estate

IFRS - 15 Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, off-plan; that is, before constrution is complete. The IFRIC is not relevant to the company's operations.

IFRS - 16 Hedge of Net Investsment in a Foreign Operation

IFRS - 16 Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency transaction adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The IFRIC in not relevant to the company's operations.

IFRIC - 17 Distributions of Non-cash Assets to Owners

IFRIC - 17 Distributions of Non-cash Assets to owners (effective for annual periods beginning on or after 01 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognized in equity. When the non cash assets is distributed, the difference between the carrying amount and fair values is recognized in the income statement. As the company does not distribute non cash assets to its shareholders, this interpretation has no impact on the company's financial statements.

IFRIC - 18 Transfer of Assets from Customers

IFRIC - 18 Transfer of Assets from Customers (to be applied prospectively to transfers of assets from customers received on or after 01 July 2009). This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). The interpretation is not relevant to the company's operations.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

Adoption of new standards, interpretations and amendments to published approved accounting standards

The Company has adopted during the year the amendments to IAS 1 - Presentation of Financial Statements regarding "Capital Disclosures" issued in August 2005 which require an entity to disclose information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. These amendments were effective for periods beginning on or after 01 January 2007.

The Company has not adopted IFRS 7 - Financial Instruments Disclosures which is effective for the current period, since as per circular 08 of 2008 of the Institute of Chartered Accountants of Pakistan the standard will be effective for accounting periods beginning on or after the date of relevant notification (i.e. 28 April 2008) of the Securities and Exchange Commission of Pakistan vide which the IFRS 7 was adopted. The adoption of this standard would impact the financial statements of the Company to the extent of disclosures only.

IAS 29 - Financial Reporting in Hyper inflationary Economies has been notified by the Securities and Exchange Commission of Pakistan under section 234(3) of the Companies Ordinance, 1984, but the standard would not have any impect on the Company's financial statements in view of the fact the primary economic environment in which the Company operates is not hyper inflationary.

IFRIC - 13 Customer Loyalty Programmer (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operates or otherwise participate in customer loyalty programmes under which the customer can redeem credit for award such as free or discounted goods or services. The application of IFRIC - 13 did not affect the company's financial statements.

IFRIC - 14, IAS - 19 The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 01 January 2008). IFRIC - 14 clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on minimum funding requirements for such assets. The interpretation has no effect on company's financial statements.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

5 **SIGNIFICANT ACCOUNTING POLICIES**

5.1 **Basis of preparation**

These financial statements have been prepared under the historical cost convention.

5.2 **Taxation**

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to the tax payable in respect of previous years. Provision for current tax is baed on higher of the taxable income at current rates of taxation in pakistan after taking into account tax credits, rebates and exemptions available, if any, or 0.5% of turnover. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an assets.

Deferred

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

5.3 **Property, plant and equipment**

Operating property, plant and equipment are stated at cost less accumulated depreciation except land which is stated at cost. Depreciation is charged to profit and loss account applying the reducing balance method at the rates specified in note 6.

The cost of replacing part of an item of property, plant and equipment is recognized in the carring amount of the item if it is proviable that the future economy benefits embodied within the part will flow to the company and its cost can be measured reliabily. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

Depreciation is charged on additions from the month following in which an assets is put to use and upto the month immediately preceding the disposals.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact on depreciation is significant.

Gains and losses on disposal of property, plant and equipment are included in profit and loss acount.

5.4 **Assets subject to finance lease**

Assets under finance lease are stated at lower of present value of minimum lease payments under the agreements or the fair value of assets. The aggregate amounts of obligations relating to these assets are accounted for at net present value of liabilities. Depreciation on these assets is charged in line with normal depreciation policy adopted for assets owned by the company.

5.5 **Impairment**

The carrying amounts of the fixed assets of the company are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exist, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

5.6 **Trade Debts**

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

5.7 **Stock in trade**

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

Net realizable value signifies the selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

5.8 **Stores and spares**

These are stated at cost using moving average method except goods in transit which is stated at cost. Provision is made for the impairment, if any, in the value of stores and spares

5.9 **Revenue recognition**

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

5.10 **Foreign currency transactions**

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

5.11 **Financial instruments**

All financial assets and financial liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instruments. Any gain or loss on derecognition of financial assets and financial liabilities are taken to profit and loss currently.

5.12 **Related party transaction**

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

5.13 **Provisions**

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

5.14 **Staff retirement benefits**

The company operates an unfunded gratuity scheme covering all its employees and provision for gratuity is accounted for on liability method. Consequent to adoption of International Accounting Standards 19, no provision is made to convert the obligation on the basis of actuarial valuation, since the amount is immaterial.

5.15 **Trade and accrued liabilities**

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

5.16 **Borrowings**

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

5.17 **Derivative financial instruments**

The Company uses derivative financial instruments such as forward exchange contracts and interest rate swaps to hedge its risks associated with foreign currency borrowings and effects on cash flow of any fluctuations in interest rates. Such derivative financial instruments are stated at fair value.

The fair value of forward exchange contracts is estimated by reference to current forward exchange rates for contracts with similar maturity profile. The fair value of interest rate swap contracts is estimated by reference to estimated market value for similar instruments.

In relation to cash flow hedges which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity.

When the hedge commitment result in the recognition of an asset or a liability, then, the associated gains or losses previously recognized in equity are included in the initial measurement of the acquisition cost or other carrying amount of an asset or a liability. Effect of remaining period of hedge, if material, is taken to profit and loss account, being considered fair value hedge.

Hedge accounting is discontinued when the hedging instrument is expired or is sold, terminated or exercised, or no longer qualifies for special hedge accounting. At that point, any cumulative gain or loss on the hedging instrument recognized in equity is kept until the forecasted occurs. If a hedged transaction in no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to net profit or loss for the period.

5.18 **Borrowing Costs**

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

5.19 **Offsetting of financial assets and financial liabilities**

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

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

6- FIXED ASSETS

2009

Description	Cost as at 01 July 2008	Addition/ (Disposal)	Cost as at 30 June 2009	Accumulated depreciation as at July 01,2008	Depreciatio charge for the year	Additions / (Disposals)	Accumulated Depreciation as at June 30,2009	Book value as at June 2009	Depreciations Rate %
	---Rupees---								
Land Leasehold	1,057,224	-	1,057,224	-	-	-	-	1,057,224	0
Building	33,800,118	-	33,800,118	**24,206,802**	959,332	-	25,166,134	8,633,984	10
Plant and Machin	71,260,953		71,260,953	**48,213,243**	2,304,771	-	50,518,014	20,742,941	10
Furniture & Fixture	2,103,130	-	2,103,130	**1,579,680**	52,345	-	1,632,025	471,105	10
Vehicles	3,981,201	-	3,981,201	**3,948,094**	6,621	-	3,954,715	26,486	20
2009	**112,202,626**	**-**	**112,202,626**	**77,947,819**	**3,323,069**	**-**	**81,270,888**	**30,931,740**	

2008

Description	Cost as at 01 July 2007	Addition/ (Disposal)	Cost as at 30 June 2008	Accumulated depreciation as at July 01,2007	Depreciatio charge for the year	Additions / (Disposals)	Accumulated Depreciation as at June 30,2008	Book value as at June 2008	Depreciations Rate %
	---Rupees---								
Land Leasehold	1,057,224	-	1,057,224	-	-	-	-	1,057,224	0
Building	33,800,118	-	33,800,118	**23,140,878**	1,065,924	-	24,206,802	9,593,316	10
Plant and Machin	71,260,953		71,260,953	**45,652,386**	2,560,857	-	48,213,243	23,047,712	10
Furniture & Fixture	2,103,130	-	2,103,130	**1,521,519**	58,161	-	1,579,680	523,450	10
Vehicles	3,981,201	-	3,981,201	**3,939,817**	8,277	-	3,948,094	33,107	20
2008	**112,202,626**	**-**	**112,202,626**	**74,254,600**	**3,693,219**	**-**	**77,947,819**	**34,254,809**	

6.1 Depreciation for the year has beeen allocated as follows:

	2009 (RUPEES)	2008 (RUPEES)
Cost of sales	3,261,590	3,624,621
Administrative expenses	61,479	68,597
	3,323,069	**3,693,218**

7 INTANGIBLE ASSETS

Goodwill of Quice Brands	100,000,000	100,000,000
Intangible Assets de-recognized	(100,000,000)	-
	-	**100,000,000**

7.1 The valuation of goodwill of Quice Brand has been made by a well reputed professional valuer M/s. Crisis Management Services, Karachi.

The goodwill of Brands has been determined at Rs.100.00 Million vide their report dated June 25, 2005. This being internerly generated brands have been de-recognized as intangible assets during the year.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

		2009	2008
		---Rupees---	
8	**STORES AND SPARES**		
	Store and spares	1,264,389	1,888,456
	Provision for slow moving Items	(632,194)	-
	Store and spares	**632,195**	**1,888,456**
9	**STOCK IN TRADE**		
	Raw and Packing materials	251,268	11,318,741
	Finished goods	-	1,768,100
		251,268	**13,086,841**
10	**TRADE DEBTS - UNSECURED**		
	Considered good	19,783,988	23,970,456
	Considered bad and doubtful	71,958,591	52,048,603
		91,742,579	76,019,059
	Provision for bad and doubtful debts	71,958,591	52,048,603
		19,783,988	**23,970,456**

In the opinion of the management an amount of Rs.71.959 million (2008 :Rs.52.048 million) is doubtful. Rest of the amount is considered good by the management of the company.

		2009	2008
11	**ADVANCES AND OTHER RECEIVABLE-UNSECURED**		
	Advance - Considereded good to supplier	208,543	208,543
	Advance Income Tax	20,185	15,100
		228,728	**223,643**
12	**CASH AND BANK BALANCES**		
	Cash in hand	13,249	174,814
	Cash at bank-current accounts	-	40,407
		13,249	**215,221**
13	**ISSUED,SUBSCRIBED AND PAID-UP CAPITAL**		
	4,954,366 ordinary shares of Rs.10/-each fully paid in cash	49,543,660	49,543,660
	433,888 ordinary shares of Rs.10/-each fully paid in cash to NIT and ICP	4,338,880	4,338,880
	3,576,424 ordinary shares of Rs.10/-each fully paid in cash to general public	35,764,240	35,764,240
	1,722,822 ordinary shares of Rs.10/-each issued as bonus shares	17,228,220	17,228,220
		106,875,000	**106,875,000**

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
14 LONG TERM LOANS-SECURED		----Rupees----	
From banking companies			
Demand finance	14.1	46,100,000	55,000,000
Paid during the year		(9,000,000)	(8,900,000)
		37,100,000	46,100,000
Current maturity		12,000,000	-
Overdue portion		6,000,000	46,100,000
		18,000,000	46,100,000
		19,100,000	-

14.1 The outstanding liabilities towards loans and markup has been restructured with financial institution at Rs.46.1 million.It is repayable by March 31, 2012 in quarterly installments of Rs. 3.00 million.It carries no markup and secured by way of:

* First charged on the entire plant, land and building of the project.
* Floating charge on the current assets of the company.
* Personal guarntees and properties of the directors.

	2009	2008
15 SUB-ORDINATED LOANS		
Non-interest bearing		
Loans From		
Chief executive	28,450,000	19,450,000
Directors	19,450,000	19,450,000
	47,900,000	38,900,000
Imputed Intrest Income	(18,522,033)	-
	29,377,967	**38,900,000**

15.1 The Chief Executive and Directors had given their consent to sub-ordinate their loans given to the Company. The loans are unsecured and interest free the date of repayment is beyond one year

	2009	2008
16 TRADE AND OTHER PAYABLES		
Accrued Liabilities	666,817	420,500
Other Liabilities	286,043	347,830
	952,860	**768,330**

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

A guarantee has been issued by Messrs Muslim Commercial Bank in favor of Messers Sui Northern

Gas Company Limited on behalf of the company for a sum of Rs. 40,000 (2008:Rs.40,000).

Securities Exchange and Commission has fined to the company and all the directors for the Rs. 0.785 million under sections 155, 233, & 245 and 74 and 476 respectively of the Companies Ordinance 1984. No provision has made in the accounts. Directors and company has filed appeal before the Authority and expects the favorable outcome.

The contingent liability of Rs.14.91 Million against the Company regarding outstanding principal of Allied Bank Limited. Allied Bank Limited vide settlement agreement dated 31th December, 2008 restructured the principal amount at Rs.46.10 Million as against outstanding principal of Rs. 61.002 Million. However subject to the recovery of entire restructured amount of Rs. 46.10 Million the remaining principal of Rs.14.90 Million will be written-off.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

The remission of markup allowed by Allied Bank Limited amounting to Rs.48.761 Million was conditional to the payment of principal amount of restructured loan by March 31, 2012. Company is confident that it will avail the waiver there for no provision has been made in the accounts regarding this amount. Had the provision has been made the loss for the year and accumulated loss would have been increased by Rs.48.761 Million.

Income Tax Department has made various assessments under sections 86, 88, 108 and 110 of the repealed Income Tax Ordinance 1979 raising liability of R. 2.495 million. The company has filed appeals against the liability imposed by the department. The decision is still pending with the Appellate Authorities and the directors expects the favorable results.

Sales Tax Department has raised a liability amounting to Rs. 35.089 million, being principle amount of sales tax under Sales tax ACT 1990, against which the company has filed an appeal and director of the company expects the favorable results.

Various civil suits for recovery have been filed and executed against the company for Rs.20.00 Million. The company is confident that out come of the above cases expected to be in favour of the company.

17.2 Commitments

There was no capital commitments as the balance sheet date.

		Note	2009	2008
			Rupees	
18	**COST OF GOODS SOLD**			
	Raw and Packing Material consumed	**18.1**	16,321,134	31,704,561
	Store & Spares Consumed		624,067	508,670
	Salaries , Wages & other benefits		1,053,000	1,942,896
	Freight and Octroi		328,900	645,200
	Fuel and power		298,638	556,256
	Water Charges		84,113	140,526
	Repair and Maintenance		150,182	298,562
	Depreciation		3,261,590	3,624,621
	Miscelleneous Expenses		45,035	57,862
	Cost of Goods Manufactured		22,166,659	39,479,154
	Opening Stock of Finished Goods		1,768,100	1,901,791
	Closing Stock of Finished Goods		-	(1,768,100)
			1,768,100	133,691
	Cost of Goods Sold		23,934,759	39,612,845
18.1	**Raw and packing Consumed Material**			
	Purchase		5,253,661	36,872,942
	Opening stock		11,318,741	6,150,360
	Closing Stock		(251,268)	(11,318,741)
			11,067,473	(5,168,381)
			16,321,134	31,704,561
19	**GENERAL AND ADMINISTRATION EXPENSES**			
	Directors Remuneration	**19.1**	300,000	300,000
	Salaries & Other benefits		1,669,000	2,475,124
	Provision for Grauity		77,500	155,000
	Conveyance Expenses		114,346	182,859
	Vehicle repair maintence		87,963	175,926
	Leagal Expenses		-	36,100
	Postage and Telegram		52,952	37,544
	Rent		300,000	600,000
	Printing & Stationery		191,948	275,896
	Repair and Maintence		137,735	275,469
	Entertainment		210,182	220,365
	Auditors Remuneration	**19.2**	250,000	264,000
	Depreciation	**6**	61,479	68,597
	Miscelleneous Expenses		111,980	151,260
			3,565,085	**5,218,140**

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

		Note	2009	2008
19.1	**Remuneration of Chief Executive**		------------------Rupees	------------------
	Remuneration		37,000	37,000
	House Rent		51,000	51,000
	Utilities		12,000	12,000
			100,000	**100,000**
			2	1
	Remuneration of Directors			
	Remuneration		136,000	136,000
	House Rent		48,000	48,000
	Utilities		16,000	16,000
			200,000	200,000
			8	4
			300,000	**300,000**

In addition to the above , the chief executive and directors are provided with company owned and maintained car. This reflects one year remuneration for the Chief Executive and Directors of the company. Further to that all Directors have waived off their fees.

		2009	2008
19.2	**Auditors Remuneration**		
	Statutory Audit	250,000	150,000
	Out of pocket expenses	-	14,531
		250,000	**164,531**
20	**SELLING AND DISTRIBUTION EXPENSES**		
	Salaries, Wages and other benefits	541,513	780,141
	Provision for grauity	-	58,000
	Travelling, conveyance and freight	290,303	380,607
	Telephone	64,160	128,320
	Advertisement Expenses	476,770	903,540
		1,372,746	**2,250,608**
21	**FINANCIAL CHARGES**		
	Bank Charges	**4,940**	**14,668**
22	**OTHER CHARGES**		
	Workers profit participation fund	-	134,593
	Provision for slow moving items Stores & Spasres	632,195	-
	Intangible Assets Written Off	100,000,000	-
	Provision for bad and doubtfull debts	19,909,988	-
		120,542,183	**134,593**
23	**BASIC EARNINGS PER SHARE**		
	Profit/ (Loss) for the year after taxation	(101,644,755)	5,960,572
	Number for ordinery shares	10,687,500	10,687,500
	(Loss) / Earnings per shares (Rupees)	**(9.51)**	**0.56**

No fully diluted earning per share has been disclosed as the Company has not issued any instrument which would have an impact on earnings per share when excercised.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

24 Capacity and Production

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

	2009	2008
Capacity		
Rated capacity		
Syrup division		
Dozen bottles of 680 ml each-150 days per annum single shift	120,000	120,000
HHP Division		
Dozen bottles of 450 gm each-300 day per annum double shift	56,000	56,000
Actual Production		
Syrup division		
Dozen bottles	3,942	9,702
HHP Division		
Dozen bottles	-	-

Present capacity utilized based on single shift for syrup and HHP division.
The capacity attained for syrup 3.29 percent (2008: 8.09 percent)

25 Financial Instruments and Related Disciosures.

25.1 Financial Risk Management

25.1.1 The company's activities may expose it to a variety of financial risks: credit risk and liquidity risk. The company's overall risk management seeks to minimize potential adverse effects on the company's financial performance.

Risks managed and measured by the company are explianed below.

25.2 Market Risk

25.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The company is not exposed to interest rate risk.

25.2.2 Currency Risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company is not exposed to currency risk.

25.2.3 Price Risk

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

25.3 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.

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include loans & advances, trade debts and other receivable. Out of the total financial assets, those that are subject credit risk amounted to Rs.20.005 million (2008: 24.394 million).

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

For trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilization of credit limit is reqularly monitored. Accordingly, the credit risk is minimal and the company also believes that it is not exposed to major concertation of credit risk.

In respect of other counter parties, due to the company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the company.

The maximum exposure to credit risk as at June 30, 2009, along with comparative is tabulated below:

Financial Assets	**2009** **Rupees**	**2008** **Rupees**
Trade debts	19,783,988	23,970,456
Advances deposits and prepayments	208,543	208,543
Cash and bank balances	13,249	215,221
	20,005,780	**24,394,220**

The maximum exposure to credit risk for trade debts as at the balance sheet date by type of counterparties was:

Universal Marketing	91,742,579	76,019,059
Provision for bad and doubtful debts	(71,958,591)	(52,048,603)
	19,783,988	**23,970,456**

Based on the past experience the company believes that provision of Rs.19,909,988/- is necessary during the year

25.4 Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market position. The company maintains flexibility in funding by maintaining availability under committed credit lines.

Financial liabilities in accordance with their contractual maturities are presented below: lines.

	Carrying Amount Contactual Cash Flows	**Less Than 1 year**	**Between 1 to 2 years**	**Between 2 to 5 years**
		Rupees		
Long term loans	37,100,000	18,000,000	12,000,000	7,100,000
subordinated loan	47,900,000	-	-	47,900,000
Provision for gratuity	149,500	-	-	149,500
Creditors,accrued and other liabilities	952,860	952,860	-	-
	86,102,360	**18,952,860**	**12,000,000**	**55,149,500**

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2009

25.5 Fair values of financial assets and liabilities

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

As at June 30, 2009 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

26 Capital Risk Management

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for share holders and benefits for the other stakeholders and to remain an optimal capital structure to red

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders,issue new certificate or sell assets to reduce that debt.

27 Related Party Transactions

The transaction with related party during the year are as under:

	2009 Rupees	2008 Rupees
Subordinated loans from Directors	-	4,450,000
Subordinated loans from Chief Executive	9,000,000	4,450,000

The amount of subordinated loan from directors and chief executive as on June 30, 2009 is Rs 47,900,000/- (2008 Rs 38,900,000/-) are disclosed in the relevent note.

28 Data of Authorization

These Financial Statement were authorized to issue by the Board of Directors of the company on December 26, 2009.

29 General

By virtue of clause 118-C of the 2nd Schedule to the Repealed Income Tax Ordinance, 1979 the company was qualified for tax exemption for period of 8 years from the data of its commercial production from January 1991. Currently exemption is only available

Due to exemption of taxable income there is no timiing difference arrises, there for no deferred liability / Assets has been recognized.

Company has no associated undertaking and holdings companies.

Figures have been rounded off to the nearest rupee.

Muhammad Atif
Chief Executive

Sardar Iftikhar
Director

PATTERN OF SHARE HOLDING

No.of share Holders	Shareholding From	To	Total Shares Held
124	1	500	21,545
1172	501	1,000	772,443
492	1,001	5,000	854,801
52	5,001	10,000	377,625
16	10,001	15,000	187,687
5	15,001	20,000	91,637
3	20,001	25,000	67,375
4	25,001	30,000	109,574
3	30,001	35,000	96,250
3	35,001	50,000	140,423
3	55,001	65,000	180,572
1	65,001	70,000	65,875
1	70,001	80,000	77,188
1	80,001	100,000	99,938
1	100,000	115,000	101,250
1	140,001	185,000	185,000
1	270,001	285,000	281,250
1	285,001	365,000	362,500
2	400,001	625,000	1,230,936
1	900,000	1,000,000	962,690
1	1,800,000	1,900,000	1,851,978
1	2,500,000	2,600,000	2,568,963
1	880,001	910,000	
1	910,001	1,045,000	
1891			**10,687,500**

Sl No.	Categories of Shareholders	No.of Shareholders	Total Shares Held	%
1	CEO	1	2,568,963	24.04
2	Directors	6	2,825,918	26.44
3	Sponsors And Family members	3	150,008	1.40
4	General Public	1859	3,225,799	30.18
5	Investment Companies	3	1,536,249	14.37
6	Insurance Companies	1	77,188	0.72
7	Sponsors	5	251,875	2.36
8	Employees	13	51,500	0.49
		1,891	**10,687,500**	**100.00**

QUICE®

PROXY FORM

I/We ____

of (full address) ______________________________________

being a member of QUICE FOOD INDUSTRIES LIMITED hereby appoint

______________________ of ______________________

______________________ (full address) or failing him/her

of ______________________ (full address)

as my/our Proxy to attend and vote for me/us and on my / our behalf at the 19th Annual General Meeting of the company to be held on January 18, 2010

As witness my/our hand this __________ day of __________ 2010

Signed by ______________________________________

in presence of ______________________________________

____

____

Signature and address of witness

Pleae affix
Rs. 5/- revenue
stamp

Signature of Member

Shareholder's Folio no. ______________________

Number of Shares held ______________________

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy to attend and vote instead of him;

2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorised. A proxy need not be a Member of the company.

3. The instrument appointing a proxy, together with the Power of Attorney if any under which it is signed or a notarially certified copy there of, should be deposited at the Registered Office Plot No.15, Phase III, Hattar Industrial Estate, Hattar, NWFP. not less than 48 hours before the time of holding the meeting.