QUICE®

20th ANNUAL REPORT 2010

Quice Food Industries Limited

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS:

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

COMPANY SECRETARY:
Mr. Iqbal Shahid

BANKERS:
Allied Bank Limited
MCB Bank Limited

AUDITORS:
M/s. Abdan & Co.
Chartered Accountants,
2/37, 39, Arkay Square, (Main)
Shahrah-e-Liaquat, Karachi.

AUDIT COMMITTEE

Mr. Sardar Iftikhar Ahmed	**Chairman**
Mr. Muhammad Siraj	Member
Mr. Jawed Yamin	Member

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

SHARE TRANSFER OFFICE:
M/s. Technology Trade (Pvt.) Ltd.
Dagia House, 241-C, Block-2, P.E.C.H.S.,
Off: Shahrah-e-Quaideen, Karachi.

REGISTERED OFFICE & FACTORY
Plot No.15, Phase III,
Hattar Industrial Estate,
Khyber Pakhtunkhwa.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 20th 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, Khyber Pakhtunkhwa on Monday, February 07, 2011 at 10:00 am to transact the following business:

1. To confirm the minutes of the 19th Annual General Meeting held on January 18, 2010.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2010 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors for the year ended June 30, 2011 and to fix their remuneration. M/s. Abdan & Co., Chartered Accountants have retired and are eligible to offer themselves for re-appointment.
4. To obtain the approval of the members for selling out the property of the Company situated at Hattar.
5. To obtain the approval of the members to transfer the Factory and Registered Office of the Company to Plot No. 13/4, Phase III, Hattar Industrial Estate, Khyber Pakhtunkhwa.
6. To transact any other business with the permission of the Chair.

By order of the Board

KARACHI: January 12, 2011

sd/-

IQBAL SHAHID
Company Secretary

NOTES:

(i) The Share Transfer Books of the Company will remain closed from February 01, 2011 to February 07, 2011 (both days inclusive).

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

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, 2010.

	2010 Rupees	2009 Rupees
Financial Results		
Profit / (Loss) for the year after taxation	4,717,663	(101,644,755)
Unappropriated loss brought forward	(130,978,634)	(29,333,879)
	(126,260,971)	(130,978,634)
Appropriation		
Dividend	Nil	Nil
	(126,260,971)	(130,978,634)
Basic Earning / (loss) per share	0.44	(9.51)

The Board of Directors has recommended Nil Dividend for the year ended June 30, 2010 due to accumulated loss 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.0.967 million as compared to operating profit of Rs.0.380 million arose last year. The Current ratio has been improved from 1.02 to 1.52.

Present Directors of the Company are hopeful to steer the Company in the best possible way to meet the aspiration of all the stakeholders. On December 31, 2008 the company had entered into settlement agreement by virtue of this agreement amicable and beneficial restricting has been made with the Bank in respect of outstanding liabilities. During the year we have paid Rs.15.00 million to the Bank against the loan and our payments have been regular.

The new management anticipation further growth in sales and revenue 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 59.90 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 Directors 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. 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.

QUICE FOOD INDUSTRIES LIMITED

VISION STATEMENT

We aim to offer high quality Jam, Jelly, Syrups, Custard Powder, Pickles, Essence, Juices and Aerated drinks and its Allied Products both in Pakistan and abroad by continuously improving our products quality by keeping the most technologically advanced production machinery.

MISSION STATEMENT

We strive to achieve market leadership through technological edge, distinguished by quality and customer satisfaction, and emphasis on employees long term welfare and ensure adequate return to shareholders.

We further wish to contribute to the development of the economy and the country through harmonized endeavour.

DIRECTORS' REPORT TO THE SHAREHOLDERS

2. 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.

Compliance with the Code of Corporate Governance

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

The financial 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 accounts 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 designed and has been effectively implemented and monitored.

DIVIDEND

The Directors of the Company have not proposed dividend due to accumulated losses. The Earning per share for the year was Rs.0.44

AUDITORS

The present auditors, M/s. Abdan & Co. have resigned and are eligible to offer themselves for reappointment.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,

KARACHI: January 12, 2011

MUHAMMAD ATIF
Chief Executive

QUICE FOOD INDUSTRIES LIMITED

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Quice Food Industries Limited conducts its operations in accordance with highest business ethical consideration complying with all statutory regulations and best accepted standards of good corporate citizen. This policy applies to all directors and employees of the Company. The Company's core values are Merit, Integrity, Teamwork, Safety, Dedication and Innovation. It is towards the end of fostering these core values in the Corporate culture of Quice Food Industries Limited that the Company has adopted this Code of Ethics and Business Practices (the Code).

The Code implies as follows:

1. The directors and employees of the Company seek to protect the Company's assets. The Company's assets and services are used solely for legitimate business purposes of the Company. The use of Company's funds for political contributions to any organization or to any candidate for public office is prohibited.

2. The directors and employees adhere in letter and spirit to all laws and conform to the accepted standards of good corporate governance and avoid conflict of interest. The conflict of interest, if any must be notified to the Company in writing immediately.

3. The Company respects the interests of all the stakeholders and enters into transparent and fairly negotiated contracts.

4. The Company is an equal opportunity employer.

5. The directors and employees reject corruption in all forms direct, indirect, public or private and do not directly or indirectly engage in bribery, kick-backs, payoffs, or any other corrupt business practices.

6. Quice Food Industries Limited respects the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise. Employees maintain confidentiality of the Company's and its customers' confidential information which is disclosed to them.

7. The directors and employees shall not place themselves in a position where their loyalty to the Company becomes divided for any reason including their direct or indirect financial interest in a competitor, supplier, consultant of customer.

8. The directors and employees may not take advantage of the Company information or property, or their position with the Company, to develop inappropriate personal gains or opportunities. They may, however, receive gifts of token value or accept invitations only if such gifts or invitations have no influence on their decision making and are as per Company policy.

9. Employees may offer tips, gratuity or hospitality of a customary amount or value for routine services or courtesies received as per Company policy.

All directors and employees of Quice Food Industries Limited and its subsidiaries are responsible for the continuing enforcement of and compliance with this policy, including necessary distribution to ensure employee knowledge and compliance. Non-compliance with this policy will result in disciplinary action.

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, 2010

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,

KARACHI: January 12, 2011

MUHAMMAD ATIF
Chief Executive

QUICE FOOD INDUSTRIES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of QUICE FOOD INDUSTRIES LIMITED, as at June 30, 2010 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 (a) and (b) 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) Stores & spares and stock in trade as disclosed in note no.8 and 9 amounting to Rs.662,900/- and 408,424/- 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.

b) Physical verification of operating fixed assets amounting to Rs.27,980,502/- at the year end could not be carried out by the company because of prevailing law and order situation in Swat.

c) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance 1984:

d) in our opinion:

i) Except for the effects of the matters referred to in paragraphs (a) and (b) 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;

(ii) the expenditures incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investment made and the expenditures incurred during the year were in accordance with the objects of the Company.

e) In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters referred in paragraphs (a) and (b) above the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2010 and of the Profit, its cash flows and changes in equity for the year then ended; and

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

QUICE FOOD INDUSTRIES LIMITED

AUDITORS' REPORT TO THE MEMBERS

Without further qualifying our opinion we draw attention that:

i) The Company has shown accumulated loss of Rs.126,260,971/- as at June 30, 2010 which exceed the capital by Rs.12,510,971/- Currently only swat unit is under operation and Hattar unit has been closed since August 2001. 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 mitigation 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, 2009 were audited by another auditor who has issued adverse opinion on those financial statements.

ABDAN & CO.
CHARTERED ACCOUNTANTS'
IQBAL AHMAD ABDAN

KARACHI: January 12, 2011

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.35 of the Karachi Stock Exchange (Guarantee) Limited and Listing Regulation No.35 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 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,

- 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.

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, 2010.

ABDAN & CO.
CHARTERED ACCOUNTANTS'
IQBAL AHMAD ABDAN

KARACHI: January 12, 2011

QUICE FOOD INDUSTRIES LIMITED

BALANCE SHEET
AS AT JUNE 30, 2010

	NOTE	2010	2009
		------------------Rupees------------------	
ASSETS			
PROPERTY AND ASSETS			
NON CURRENT ASSETS			
Property plant and equipment			
(at cost less accumulated depreciation)	6	27,980,502	30,931,740
Intangible Assets	7	-	-
		27,980,502	30,931,740
CURRENT ASSETS			
Stores and spares	8	662,900	632,195
Stock in trade	9	408,424	251,268
Trade debts	10	23,089,332	19,783,988
Advances and other receivables	11	176,965	228,728
Cash and bank balances	12	110,099	13,249
		24,447,720	20,909,428
		52,428,222	**51,841,168**
EQUITY AND LIABILITES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorized capital			
20,000,000(2009: 20,000,000)Ordinary shares of Rs.10/-each		**200,000,000**	**200,000,000**
Issued, Subscribed and paid-up capital			
10,687,500 (2009: 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 Profit / (loss)		(126,260,971)	(130,978,634)
		(12,510,971)	(17,228,634)
NON CURRENT LIABILITIES			
Long term loans			
From Banking Companies-secured	14	7,100,000	19,100,000
Subordinated Loans	15	41,513,705	29,377,967
Deferred liabilities			
Provision for gratuity	16	309,938	149,500
CURRENT LIABILITIES			
Provision for taxation		-	1,489,475
Trade and other payables	17	1,015,550	952,860
Current and overdue portion of long term loans	14	15,000,000	18,000,000
		16,015,550	20,442,335
CONTINGENCIES AND COMMITMENTS	18		-
TOTAL EQUITY AND LIABILITIES		**52,428,222**	**51,841,168**
		-	-

The annexed notes form an integral part of these financial statements

Muhammad Atif
Chief Executive

Muhammad Siraj
Director

QUICE FOOD INDUSTRIES LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2010

	NOTES	2010	2009
		------------------Rupees	-------------
SALES		56,604,356	29,252,925
COST OF SALES	**19**	46,658,983	23,934,759
GROSS PROFIT		**9,945,373**	**5,318,166**
Operating expenses			
General & Administrative Expenses	**20**	(4,968,046)	(3,565,085)
Selling & Distribution Expenses	**21**	(4,010,139)	(1,372,746)
		(8,978,185)	(4,937,831)
Operating profit		**967,188**	**380,335**
Financial Charges	**22**	(50,531)	(4,940)
Other Charges	**23**	(52,731)	(120,542,183)
		(103,262)	(120,547,123)
Imputed Interest Income / (loss) on subordinated loans		(135,738)	18,522,033
Other Income	**24**	2,500,000	-
Profit/(loss) before taxation		**3,228,188**	**(101,644,755)**
Provision for Taxation - Prior years	**25**	1,489,475	-
		4,717,663	(101,644,755)
Profit(loss) after taxation		**4,717,663**	**(101,644,755)**
Earning per shares - Basic and diluted	**26**	**0.44**	**(9.51)**

The annexed notes form an integral part of these financial statements

Muhammad Atif
Chief Executive

Muhammad Siraj
Director

QUICE FOOD INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	Rupees	
A . Cash flow from operation activities		
Net (Loss) / Profit before taxation	4,717,663	(101,644,755)
Adjustment for :		
Depreciation	2,990,428	3,323,069
Provision for slow moving items Stores & Spares	52,731	632,195
Provision for Taxation	(1,489,475)	-
Imputed Intrest Income on subordinated loans	135,738	(18,522,033)
Intangible Assets Written Off	-	100,000,000
Provision for bad and doubtfull debts	(2,500,000)	19,909,988
Provision for gratuity	160,438	77,500
	(650,140)	105,420,719
	4,067,523	3,775,964
(Increase) / Decrease in current assets		
Stores and spares	(83,436)	624,067
Stock in trade	(157,156)	12,835,573
Trade debtors	(805,344)	(15,723,520)
Advances, deposits & Prepayments	51,763	-
	(994,173)	(2,263,880)
Increase /(Decrease) in current liabilities		
Creditors.accrued & Others	62,690	184,529
Payment of Gratuity	-	(1,893,500)
	62,690	(1,708,971)
Cash gererated from operations	**3,136,040**	**(196,887)**
Taxes paid	-	(5,085)
Net cash inflows from operating activities	**3,136,040**	**(201,972)**
B. Cash flow from Investing activities		
Fixed assets acquired	(39,190)	-
Net Cash outflows in Investing activities	**(39,190)**	**-**
C. Cash flow from financing activities		
Long term loans-secured	(15,000,000)	(9,000,000)
Subordinated Loans	12,000,000	9,000,000
Net Cash outflows from financing activities	**(3,000,000)**	**-**
Net increase / (decrease) in cash and cash equivalents (A+B)	96,850	(201,972)
Cash and Cash equivalents at the beginning of the year	13,249	215,221
Cash and Cash equivalents at the ent of the Year	**110,099**	**13,249**

Muhammad Atif
Chief Executive

Muhammad Siraj
Director

QUICE FOOD INDUSTRIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2010

DESCRIPTION	Paid up capital Rupees	Premium on issue of shares Rupees	Accumulated Profit/ (Loss) Rupees	Total Rupees
Balance as at June 30, 2008	106,875,000	6,875,000	(29,333,879)	84,416,121
Income / (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)
Income / (Loss) for the year	-	-	4,717,663	4,717,663
Balance as at June 30, 2010	**106,875,000**	**6,875,000**	**(126,260,971)**	**(12,510,971)**

The annexed notes form an integral part of these account

Muhammad Atif
Chief Executive

Muhammad Siraj
Director

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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. 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.126.26 million (2009 : Rs.130.98 million). 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 1.02 to 1.52

Sales has been increased i.e 56.60 million (2009 : 29.25 million) and operating profi has increased to 0.97 million (2009 : 0.38 million) . Further during the year the directors have paid Rs.12 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 financial assistance of the directors, which will be credited to long term subordinated loan, the current and quick ratios of the company will be singnificantly increased and liquidity position of the company will be singnificantly 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

4.1 Standards, interpretations and amendments to published approved accounting standards

4.1.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

IAS - 1; Presentation of financial statements (Revised 2007). The revised standard has brought about terminology changes, and changes in format and content of the financial statements. A new term "Comprehensive Income", which represents changes in equity during a period other than those resulting from transactions with shareholders in their capacity as shareholders, has been introduced, along with new titles for the financial statements.. Certain requirements of the standard, including change of titles for financial statements, that are in conflict with the Companies Ordinance, 1984 and the Rules and Regulations made there under, have not been applied in presenting these financial statements. The application of this standard has resulted in presentation of all non-owner changes in equity, other than profit after taxation, which is presented in profit and loss account, separately from owner changes, in 'Statement of Other Comprehensive Income'. There are no adjustments in current or prior periods, however the removal of above mentioned inconsistencies and conflicts in future, will cause further changes in content and format of these financial statements.

IAS 23 (Amendment), "Borrowing costs" requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing borrowing costs has been removed. Further, the definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 "financial Instrument: Recognition and measurement". The application of the standard does not to have an effect on the company's financial statements.

Amended IAS - 27 Consolidated 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 does not to have any effect on the company financial statement.

IAS - 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost methods from IAS - 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The application of the standard does not to have an effect on the company's financial statements.

Amendments to IAS - 32 Financial Instruments : Presentation and IAS - 1 Presentation of Financial Statements (effective for annual period beginning on after 01 January 2009) - Puttable Financial Instruments and Obligations Arising on Liquidations requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which requires retrospective application, does not have any impact on the company's financial statements.

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 does not have an effect on the company's financial statements.

Amendments 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 instrument when financial assets are reclassified out of the fair value. The amendment does not have an effect on company's financial statements.

Amendment to IFRS - 2 Share-based Payment - Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies 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 cancellations. The application of this standard does not have any effect on the company's financial statements.

Amendment to IFRS - 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions (effective for annual periods beginning on or after 01 January 2010). The amendments resolve diversity in practice regarding attribution of cash-settled share-based payment transactions and require an entity receiving goods or services in either an equity-settled or a cash-settled payment transactions to account for the transaction in its separate or individual financial statements. The application of this standard does not have any effect on the company's financial statements.

Revised IFRS - 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognized in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. The application of this standard does not have an effect on the company's financial statements.

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 contracts. The standard is not applicable to the company's operations.

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 about the relative reliability of fair value measurements.

IFRS - 8 Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS - 8 requires a change in the presentation and disclosure of segment information based on the internal reports that is regularly reviewed by the company's "chief operating decision maker" in order to asses each segment's performance and to allocate resources to them. The company determines and presents operating segments based on the information that internally provided to CEO, who is the company chief operating decision maker. The application of this standard does not have any effect on the company's financial statements.

IFRIC - 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 construction is complete. The IFRIC is not relevant to the company's operations.

IFRIC - 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 translation 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 is not relevant to the company's operations.

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 asset is distributed, the difference between the carrying amount and fair value 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 Transfers 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.

4.1.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, interpretations and amendments of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or are not expected to have significant impact on the company's financial statements other than increased disclosures in certain cases.

IFRS 2 (Amendments), "Group cash settled and share based payment transactions", is effective for the accounting period beginning on or after January 1, 2010. In addition to incorporating IFRIC 8, "Scope of IFRS 2" and IFIRC 11, IFRS 2 - "Group and treasury share transactions", the amendments expand on the guidance in IFRC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not to have impact on the company's financial statements.

IFRS 8 (Amendment), "Disclosure of information about segment assets" (effective for the accounting period beginning on or after January 1, 2010). This amendment clarifies that an entity is required to disclose a measure of segment assets only if that measure is regularly reported to the chief operating decision maker. The new guidance is not expected to have impact on the company's financial statements.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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.

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.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

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 . The Company have made provision for gratuity on the basis of actuarial valuation as required by IAS 19.

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, 2010

6- FIXED ASSETS

2010

Description	Cost as at 01 July 2009	Addition/ (Disposal)	Cost as at 30 June 2010	Accumulated depreciation as at July 01,2009	Depreciation charge for the year	Accumulated Depreciation as at June 30,2010	Book value as at June 2010
	-------	-------	-------	-------Rupees-------	-------	-------	-------
Land Leasehold	1,057,224		1,057,224	**-**	-	-	1,057,224
Building	33,800,118		33,800,118	**25,166,134**	863,398	26,029,532	7,770,586
Plant and Machin	71,260,953		71,260,953	**50,518,014**	2,074,294	52,592,308	18,668,645
Furniture & Fixture	2,103,130	39,190	2,142,320	**1,632,025**	47,438	1,679,463	462,857
Vehicles	3,981,201	-	3,981,201	**3,954,713**	5,298	3,960,011	21,190
2010	**112,202,626**	**39,190**	**112,241,816**	**81,270,886**	**2,990,428**	**84,261,314**	**27,980,502**

2009

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

6.1 Depreciation for the year has beeen allocated as follows:

	2010 (RUPEES)	**2009 (RUPEES)**
Cost of sales	2,935,103	3,261,590
Administrative expenses	55,325	61,479
	2,990,428	**3,323,069**

7- INTANGIBLE ASSETS

Goodwill of Quice Brands	-	100,000,000
Intangible Assets de-recognized	-	(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 in the last year

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

		Note	2010	2009
			Rupees	
8	**STORES AND SPARES**			
	Store and spares		1,347,825	1,264,389
	Provision for slow moving Items		(684,925)	(632,194)
	Store and spares		**662,900**	**632,195**
9	**STOCK IN TRADE**			
	Raw and Packing materials		202,298	251,268
	Finished goods		206,126	-
			408,424	**251,268**
10	**TRADE DEBTS - UNSECURED**			
	Considered good		23,089,332	19,783,988
	Considered bad and doubtful		69,458,591	71,958,591
			92,547,923	91,742,579
	Provision for bad and doubtful debts		69,458,591	71,958,591
			23,089,332	**19,783,988**

In the opinion of the management an amount of Rs.69.459 million (2009 :Rs.71.959 million) is doubtful. Rest of the amount is considered good by the management of the company.

			2010	2009
11	**ADVANCES AND OTHER RECEIVABLE-UNSECURED**			
	Advance - Considereded good to supplier		156,780	208,543
	Advance Income Tax		20,185	20,185
			176,965	**228,728**
12	**CASH AND BANK BALANCES**			
	Cash in hand		101,533	13,249
	Cash at bank-current accounts		8,566	-
			110,099	**13,249**
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, 2010

14 LONG TERM LOANS-SECURED

	Note	2010	2009
		Rupees	
From banking companies			
Demand finance	14.1	37,100,000	46,100,000
Paid during the year		(15,000,000)	(9,000,000)
		22,100,000	37,100,000
Current maturity		12,000,000	12,000,000
Overdue portion		3,000,000	6,000,000
		15,000,000	18,000,000
		7,100,000	**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 of the project.
* Floating charge on the current assets of the company.
* Personal guarntees and properties of the directors.

15 SUB-ORDINATED LOANS

Non-interest bearing

	2010	2009
Loans From		
Chief executive	40,450,000	28,450,000
Directors	19,450,000	19,450,000
	59,900,000	47,900,000
Imputed Intrest Income	(18,386,295)	(18,522,033)
	41,513,705	**29,377,967**

15.1 The Chief Executive and Directors had given their consent to sub-ordinate their loans given to the Company.

16 PROVISION FOR GRATUITY

The Company have adopted during the year actuarial valuation basis for Valuing gratuity and have used following assumptions:

Dsicount rate	12% Per Annum
Expected rates of Salary Increase in future years	11% Per Annum
Average remaining working life time (Years)	10

	Note	2010	2009
		Rupees	
Staff retirement gartuity - note 16.1		309,938	149,500

16.1 Reconciliation of payable to/ (receivable from defined benefit plans)

Staff retirement gartuity	384,714
Less: Fair value of Plan assets	-
Plus:un-recognised actuarial gain / (Loss)	(74,776)
	309,938

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		------------------Rupees----------------	
16.2 Reconciliation of present value of defined benefit obligations			
Present value of obligations as at July 1, 2009		70,847	
Current Service Cost for the Year		230,589	
Interest cost for the year		8,502	
Actuarial (gain) / loss on PVDBO		74,776	
Present value of obligations as at June, 2010		384,714	
16.3 Changes in Acturial (gain) / losses			
Unrecognised Gain (loss) as on 30-06-2009		-	
Gain (Loss) recognised during the year		-	
Total Gain (Loss) arising in the year		(74,776)	
Unrecognised Gain (loss) as on 30-06-2010		(74,776)	
16.4 Changes in Net Liablity			
Liablity as on 30-06-2009		149,500	
Expenses Charged during the year		160,438	
Company contribution paid during the year		-	
		309,938	

17 TRADE AND OTHER PAYABLES

	Note	2010	2009
Accrued Liabilities		408,680	666,817
Other liabllity		606,870	286,043
			-
		1,015,550	**952,860**

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

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.

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.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

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.

	Note	2010	2009
18.2 Commitments			
There was no capital commitments at the balance sheet date.		------------------Rupees----------------	
19 COST OF GOODS SOLD			
Raw and Packing Material consumed	**19.1**	39,320,089	16,321,134
Store & Spares Consumed		794,696	624,067
Salaries , Wages & other benefits		851,747	1,053,000
Freight and Octroi		651,770	328,900
Fuel and power		287,540	298,638
Water Charges		177,428	84,113
Repair and Maintenance		1,581,054	150,182
Depreciation		2,935,103	3,261,590
Miscelleneous Expenses		265,682	45,035
Cost of Goods Manufactured		46,865,109	22,166,659
Opening Stock of Finished Goods		-	1,768,100
Closing Stock of Finished Goods		(206,126)	-
		(206,126)	1,768,100
Cost of Goods Sold		**46,658,983**	**23,934,759**
19.1 Raw and packing material consumed			
Purchase		39,271,119	5,253,661
Opening stock		251,268	11,318,741
Closing Stock		(202,298)	(251,268)
		48,970	11,067,473
		39,320,089	**16,321,134**
20 GENERAL AND ADMINISTRATION EXPENSES			
Directors Remuneration	**20.1**	300,000	300,000
Salaries & Other benefits		1,770,097	1,669,000
Provision for Grauity		160,438	77,500
Conveyance Expenses		45,351	114,346
Vehicle repair maintence		140,924	87,963
Legal Expenses		255,700	-
Postage and Telegram		15,863	52,952
Rent		300,000	300,000
Printing & Stationery		100,439	191,948
Repair and Maintence		223,544	137,735
Entertainment		160,155	210,182
Auditors Remuneration	**20.2**	250,000	250,000
Depreciation	**6**	55,325	61,479
Miscelleneous Expenses		210,245	111,980
Advertisement & Publicity		382,226	-
Fee & Subscription		470,000	-
Fuel & Petrol		18,224	-
Travelling Expenses		109,515	
		4,968,046	**3,565,085**

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

20.1 Remuneration of Chief Executive

Remuneration	51,000	51,000
House Rent	37,000	37,000
Utilities	12,000	12,000
	100,000	**100,000**
	1	2

Remuneration of Directors

Remuneration	136,000	136,000
House Rent	48,000	48,000
Utilities	16,000	16,000
	200,000	200,000
	7	8
	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.

	Note	2010	2009
20.2 Auditors Remuneration		------------------Rupees	----------------
Statutory Audit		250,000	250,000
		250,000	**250,000**

21 SELLING AND DISTRIBUTION EXPENSES

Salaries, Wages and other benefits	2,771,556	541,513
Travelling, conveyance and freight	125,442	290,303
Telephone	162,575	64,160
Advertisement & Sales Promotion Expenses	950,566	476,770
	4,010,139	**1,372,746**

22 FINANCIAL CHARGES

	-	
Bank Charges	50,531	4,940
	50,531	**4,940**

23 OTHER CHARGES

Provision for slow moving items Stores & Spares	52,731	632,195
Intangible Assets Written Off	-	100,000,000
Provision for bad and doubtfull debts		19,909,988
	52,731	**120,542,183**

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		------Rupees------	
24 OTHER INCOME	24.1	**2,500,000**	-

24.1 This amount represent the recovered amount of Bad Debts which were previously recognized being uncollectible.

	Note	2010	2009
25 PROVISION FOR TAXATION	25.1	**1,489,475**	-

25.1 In view of ITAT decisions in favor of the company provision for taxation have been reverted

26 BASIC EARNINGS PER SHARE

	2010	2009
Profit/ (Loss) for the year after taxation	4,717,663	(101,644,755)
Number for ordinery shares	10,687,500	10,687,500
Earnings per shares (Rupees)	**0.44**	**(9.51)**

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.

27 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.

	2010	2009
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 - 680 ml	33,056	1,601
HHP Division		
Dozen bottles - 450 gm	26,358	2,341

Present capacity utilized based on single shift for syrup and HHP division.
The capacity attained for syrup 33.76 percent (2009: 2.24 percent)

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

	Interest / markup bearing			non Interest / markup bearing		
	Maturity up to one Year	Maturity after one Year	Sub total	Maturity up to one Year	Maturity after one Year	Sub total
	Rupees in thousand					
Financial Assets						
Trade debts		-	-	23,089,332	-	23,089,332
Advances deposits and						-
prepayments	-	-	-	156,780	-	156,780
Cash and bank balances	-	-	-	110,099	-	110,099
2010	-	-	-	**23,356,211**	-	**23,356,211**
2009	-	-	-	20,005,780	-	20,005,780
Financial Liabilities						
Long term loans				15,000,000	7,100,000	22,100,000
subordinated loan				-	59,900,000	59,900,000
Provision for gratuity				-	309,938	309,938
Creditors, accrued and other liabilities				1,015,550	-	1,015,550
2010				**16,015,550**	**67,309,938**	**83,325,488**
2009				18,952,860	67,149,500	86,102,360

28.1 Financial Risk Management

28.1.1 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.

28.2 Market Risk

28.2.1 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.

28.2.2 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.

28.2.3 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.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

28.3 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.23.356 million (2009: 20.005 million).

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, 2010, along with comparative is tabulated below:

	Note	2010	2009
		------------------Rupees----------------	
Financial Assets			
Trade debts		23,089,332	19,783,988
Advances deposits and prepayments		156,780	208,543
Cash and bank balances		110,099	13,249
		23,356,211	**20,005,780**

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

Universal Marketing	92,547,923	91,742,579
Provision for bad and doubtful debts	(69,458,591)	(71,958,591)
	23,089,332	**19,783,988**

28.4 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.

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

	Carrying Amount Contactual Cash Flows	Less Than 1 year	Between 1 to 2 years	Between 2 to 5 years
	Rupees			
Long term loans	22,100,000	15,000,000		7,100,000
subordinated loan	59,900,000	-	-	59,900,000
Provision for gratuity	309,938	-	-	309,938
Creditors,accrued and other liabilities	1,015,550	1,015,550	-	-
	83,325,488	**16,015,550**	**-**	**67,309,938**

28.5 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, 2010 the carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

29 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.

30 Related Party Transactions

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

	2010	2009
Subordinated loans from Chief Executive	12,000,000	9,000,000
		-

The amount of subordinated loan from directors and chief executive as on June 30, 2010 is Rs 59,900,000/- (2009 Rs 47,900,000/-) are disclosed in the relevent note.

31 Data of Authorization

These Financial Statement were authorized to issue by the Board of Directors of the company on January 12, 2011

32 General

by virtue of article 247 of the constitution of Islamic Republic of Pakistan the company was qualified for tax exemption

Due to exemption from tax there is no timiing difference arrises, therefore 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

Muhammad Siraj
Director

PATTERN OF SHARE HOLDING

No.of share Holders	Shareholding From	Shareholding To	Total Shares Held
120	1	500	18,345
1165	501	1,000	726,643
484	1,001	5,000	797,501
52	5,001	10,000	366,125
16	10,001	15,000	180,487
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
2	100,001	125,000	226,250
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
1871	**Total**		**10,687,500**

S 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	1839	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
	Total	**1,871**	**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 20th Annual General Meeting of the company to be held on February 07, 2011

As witness my/our hand this ________ day of ________ 2011

Signed by ______________________________

in presence of ______________________________

____

____

Signature and address of witness

Please 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, Khyber Pakhtunkhwa not less than 48 hours before the time of holding the meeting.