



23rd
ANNUAL REPORT
30 JUNE 2013

Quice Food Industries Limited

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CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. Muhammad Atif
Mr. Muhammad Siraj
Mr. Jawed Yamin
Mr. Munawwar Ali Bhatti
Mr. Muhammad Riaz
Mr. Qazi Imran
Mr. Sardar Iftikhar Ahmed

Chief Executive

Director
Director
Director
Director
Director
Director

COMPANY SECRETARY:

Mr. Iqbal Shahid

BANKERS:

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
United Bank Limited

AUDITORS:

M/s. Aslam Malik & Co.
Chartered Accountants,
Suit # 18-19, 1st Floor, Central Plaza,
Civic Centre, New Garden Town,
Lahore, Pakistan.

AUDIT COMMITTEE:

Mr. Sardar Iftikhar Ahmed
Mr. Muhammad Siraj
Mr. Jawed Yamin

Chairman
Member
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:

WS7, Mezanine Floor, Madina Palace,
Faran Co-operative Housing Society,
Dhoraji Colony, KARACHI.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23rd Annual General Meeting of the shareholders of Quice Food Industries Limited will be held at Registered Office of the Company-WS-7, Madina Palace, Faran C.H.S., Dhoraji Colony, Karachi on Saturday, November 30, 2013 at 9:00am to transact the following business:

Ordinary Business

1. To confirm the minutes of the 22nd. AGM held on October 30, 2012.
2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2013 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors for the year ending June 30, 2014 and to fix their remuneration. M/s. Aslam Malik & Co., Chartered Accountants will retire and are eligible to offer themselves for re-appointment.
4. To transact any other business with the permission of the Chair.

Place: Karachi

By Order of the Board

Date: November 09, 2013

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IQBAL SHAHID
Company Secretary

NOTES:

- I) The Share Transfer Books of the Company will remain closed from 23.11.2013 to 30.11.2013 (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 later than 48 hours before the Meeting. A proxy not to be a member of the Company.
- III) Member are requested to communicate to the Company any change in their addresses

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of your Company feel pleasure in presenting the annual report together with audited financial statements for the year ended 30 June 2013.

1. Financial Results

The Company made a Pre tax Profit of Rs. 310,640 after charging costs, expenses and provisions for the year.

	Rupees June 30, 2013	Rupees June 30, 2012
Pre Tax Profit for the year	310,640	34,217,510
Taxation	-	-
Profit after taxation	134,848	34,217,510
Accumulated Loss brought forward	(213,357,539)	(117,578,435)
Effect of Discount on Issue of shares without right	(58,350,000)	(131,916,000)
Effect of Incremental depreciation arising due to surplus on revaluation of fixed assets	3,646,833	1,919,386
Accumulated Loss carried to Balance Sheet	<u>(267,750,066)</u>	<u>(213,357,539)</u>

2. Auditors

The present auditors Messrs Aslam Malik & Co, Chartered Accountants retire and being eligible to offer themselves for re-appointment. The Board of Directors on the suggestion of Audit Committee has recommended the appointment of Messrs Aslam Malik & Co, Chartered Accountants as statutory auditors of the company till the conclusion of next Annual General Meeting.

2.1 Auditors' Qualification

Points raised by auditors are explained as under:

- The stock taking was carried out by the factory staff and the results were duly endorsed by the executive management. However, the visit of audit team for observing stock taking process could not be arranged due to improper law and order situation at Swat.

DIRECTORS' REPORT TO THE SHAREHOLDERS

- A comprehensive physical verification was carried out by M/s. Sipra & Company (Pvt.) Ltd regarding the existence of fixed assets and their net book values were adjusted accordingly. The valuation report dated December 31, 2011 was made available to auditors for review.

3. Review of financial Affairs and Future Prospects

The Board of Directors of the company endorses the contents of the Chief Executive's Review, which is deemed to be the part of directors' report.

4. Pattern of Shareholding

The statement of pattern of shareholding of the company as at June 30, 2013 is annexed. This statement is prepared in accordance with Code of Corporate Governance.

5. Earning per share

The earning per share for the period under review is 0.007 (2012: 2.22)

6. Statement pursuant to clause XIX of Corporate Governance

- a) The financial statements of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International accounting standards as applicable in Pakistan have been followed in the preparation of financial statements. The departure there-from (if any) is disclosed adequately.
- e) The system of internal control is sound in design and is being consistently monitored by the internal audit department and through other such monitoring procedures. The process of monitoring internal controls will continue as an on-going process with the objective to further strengthen the controls and eliminate the weaknesses in the system, if any.
- f) The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance as detailed in listing regulations.
- h) Although the company is in profit for the year under review, the accumulated losses have prevented the company from declaring dividend or issuing the bonus shares.
- i) Information about taxes and levies is given in the notes to the financial statements.
- j) Transactions with Related Parties have been approved by the Audit Committee and the Board of Directors.

DIRECTORS' REPORT TO THE SHAREHOLDERS

- k) The company operates unfunded gratuity scheme for its eligible employees. The carrying value of liability as at June 30, 2013 was Rupees 1.739 million.
- l) Attendance at 9 meetings of the Board of Directors held during the year under review were as under:

NAME OF DIRECTOR	MEETINGS ATTENDED
Mr. Muhammad Atif - CEO	09
Mr. Muhammad Siraj	06
Mr. Jawed Yamin	06
Mr. Sardar Iftikhar Ahmed	04
Mr. Munawwar Bhatti	03 (appointed in January 2013)
Mr. Muhammad Riaz	03 (appointed in January 2013)
Mr. Muhammad Hafizuddin	04 (resigned in January 2013)
Mr. Akhtar Rasool	06 (resigned in April 2013)
Mr. Abu Bakar Rehmani	04 (resigned in January 2013)

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS,



MUHAMMAD ATIF
Chief Executive

KARACHI: November 09, 2013

CHIEF EXECUTIVE'S REVIEW

It is my pleasure to welcome you to the 23rd Annual General Meeting of Quice Food Industries Limited and to present the financial statements of the Company for the year ended June 30, 2013.

It is hard to exaggerate the severity of current economic conditions but if sincere efforts are made in accomplishing the Company's objectives then the results are favorable for the Company and its members. Here are some of the steps which company took during the year showing that the Company delivered a good performance while working hard to build a platform for Long Term Growth.

The ratio of current year's cost of sales to the total sales has shown a steady trend comparing with the prior year. However, profit from operations has significantly declined. Distribution expenses have increased by Rs.14 million due to substantial amount incurred on marketing of the company's new and upcoming products. Similarly, administrative expenses also increased by Rs.19 million due to occurrence of some non-recurring events during the year. The Company's BOD is quite optimistic that the profits will revert back to its trend.

The company settled the outstanding director's loan by issuing ordinary shares other than right at discount. The Company ensured before making such payments that this big outflow must not affect the liquidity of the company in running its operations. Further 30% Right issue was also made to general public during the year.

During the year, Company has made investment in Ketchup processing plant and Pickle plant. The company will therefore be launching new products in the near future that will further strengthen its market share as well as exploring new customer markets.

I would like to thank all our stakeholders on behalf of the Board of Directors for their continued support and wish for your future support to the Company.

KARACHI
November 09, 2013



MUHAMMAD ATIF
Chief Executive Officer

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 endeavor.

A handwritten signature in black ink, appearing to read "Muhammad Atif".

MUHAMMAD ATIF
Chief Executive Officer

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, and 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

QUICE FOOD INDUSTRIES LIMITED

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

Name of Company
Year ended

Quice Food Industries Limited
June 30, 2013

This statement is being presented to comply with the Code of Corporate Governance contained in Listing Regulation No.35 of the 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 directors representing minority interests on its Board of Directors. The board comprises of following directors:

Executive Directors: Mr. Muhammad Atif (Chief Executive)
 Mr. Qazi Muhammad Imran
 Mr. Muhammad Siraj

Non Executive Directors: Mr. Jawed Yamin
 Mr. Munawar Bhatti
 Mr. Muhammad Riaz
 Mr. Sardar Iftikhar Ahmed

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 on more than seven 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 NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange
4. Casual vacancy occurred due to resignation of two existing directors of the Company and was duly filled in by the newly appointed directors for the position.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the Director's and Employees of the Company.
7. 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.
8. 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 and non-executive directors, have been taken by the Board/shareholders.
9. 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.
10. The Board has not so far arranged any orientation courses for its directors during the year to apprise them of their duties and responsibilities.
11. 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.
12. The CFO and Head of Internal Audit are duly qualified in terms of clause xiii and xiv of the Code of Corporate Governance, for the purpose of holding the positions in the Company.

QUICE FOOD INDUSTRIES LIMITED
STATEMENT OF COMPLIANCE WITH THE CODE OF
CORPORATE GOVERNANCE TO THE MEMBERS

13. 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.
14. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
15. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of the shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code.
17. The Board has formed an Audit Committee. It comprises three members, and all of them are non-executive directors.
18. 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 and as required by the CCG. The term of reference of the committee have been framed and advised to the committee for compliance.
19. 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.
20. 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.
21. The 'close period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The related party transactions have been placed before the audit committee and approved by the Board of Directors along with pricing methods for transactions carried out on terms equivalent to those that prevail in the arm's length transactions.
24. 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 Officer

KARACHI: November 09, 2013

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, 2013 and the related profit and loss account, statement of comprehensive income, 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 we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose 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 statement in conformity with the approved accounting standards and the requirements of 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) we could not observe the physical stocktaking of stores and spares of Rupees 662,900 and stock-in-trade of Rupees 24,909,085/- as at June 30, 2013 due to law and order situation in Swat area.
- (b) the company had its building, plant and machinery revalued and a valuation report dated December 31, 2011 is available. Reliance was made on the valuation report submitted by M/s Sipra & Company (Pvt) Ltd Karachi regarding the existence of fixed assets and their corresponding valuation figures.

Except for the effects of matter referred to in preceding paragraphs (a) and (b), if any, we report that:

- (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) 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 accounts and are further in accordance with the accounting policies consistently applied, except for the changes as Note 2.1(d) with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

QUICE FOOD INDUSTRIES LIMITED

AUDITORS' REPORT TO THE MEMBERS

- (e) 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming parts 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, 2013 and of the profit, its comprehensive income, 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 Ushr Ordinance, 1980 (XVIII of 1980).

A handwritten signature in black ink, appearing to read "Aslam Malik".

ASLAM MALIK & CO.
Chartered Accountants

Mohammad Aslam Malik

KARACHI: November 09, 2013

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 (the statement) with the best practices contained in the code of Corporate Governance (the code) for the year ended June 30, 2013 prepared by the Board of Directors of Quice Food Industries Limited (the Company) to comply with the Listing Regulation of the Karachi and Islamabad Stock Exchanges respectively where the company is listed.

The responsibility for compliance with code 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 reflects the status of Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the 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 are not required to consider whether the Board's statement on internal control covers all risk and control, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, Listing regulations of Karachi and Islamabad Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval related party transaction 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 and have ensured Compliance of requirement to the extent of approval of related party transactions by the Board 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 we report that:

- a) The company has not submitted timely the quarterly and half yearly financial reports to the Securities and Exchange Commission of Pakistan;
- b) We have not been provided the evidence of placement of related party transactions before the audit committee and board of directors for approval; and
- c) The professional standards and corporate values have not been put in place in the form of 'Code of Conduct' by the Board of Directors of the Company.

We hereby conclude that except for the matters referred in paragraph (a) (b) and (c) above, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of 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, 2013.

A handwritten signature in black ink, appearing to read "Aslam Malik".

ASLAM MALIK & CO.
Chartered Accountants

Mohammad Aslam Malik

KARACHI: November 09, 2013

QUICE FOOD INDUSTRIES LIMITED
BALANCE SHEET
AS AT JUNE 30, 2013

ASSETS	NOTE	2013 Rupees	2012 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	3	88,442,880	56,142,090
Capital work in progress - plant and machinery		45,763,936	5,263,936
		134,206,816	61,406,026
CURRENT ASSETS			
Stores and spares	4	662,900	662,900
Stock-in-trade	5	24,909,085	25,222,475
Trade debts	6	101,125,268	118,700,546
Loans and advances		985,803	10,950,755
Accrued profit		35,162	-
Advance income tax		20,185	20,185
Cash and bank balances	7	29,559,881	4,922,026
		157,298,284	160,478,887
TOTAL ASSETS		291,505,100	221,884,913
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
52,600,000 (2012: 42,600,000) ordinary shares of Rupees 10 each		526,000,000	426,000,000
Issued, subscribed and paid up share capital	8	522,005,500	326,735,000
Reserves	9	(267,750,066)	(213,357,539)
Total equity		254,255,434	113,377,461
Surplus on revaluation of property, plant and equipment		32,821,500	36,468,333
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	10	-	67,736,998
Staff retirement benefits	11	1,739,403	1,237,416
		1,739,403	68,974,414
CURRENT LIABILITIES			
Trade and other payables	12	2,688,763	3,064,705
TOTAL LIABILITIES		4,428,166	72,039,119
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		291,505,100	221,884,913

The annexed notes 1 to 28 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, 2013

	Note	2013 Rupees	2012 Rupees
CONTINUING OPERATIONS			
SALES		202,772,839	182,381,665
COST OF SALES	14	<u>(127,473,881)</u>	<u>(119,385,506)</u>
GROSS PROFIT		75,298,958	62,996,159
DISTRIBUTION COST	15	<u>(23,121,602)</u>	<u>(8,472,190)</u>
ADMINISTRATIVE EXPENSES	16	<u>(30,396,840)</u>	<u>(10,905,924)</u>
OTHER OPERATING EXPENSES		<u>-</u>	<u>(91,980)</u>
		<u>(53,518,442)</u>	<u>(19,470,094)</u>
		21,780,516	43,526,065
EFFECT OF FAIR VALUE ADJUSTMENT OF LONG TERM FINANCING		<u>(23,863,002)</u>	<u>(9,674,962)</u>
OTHER OPERATING INCOME		<u>2,509,341</u>	<u>361,492</u>
		<u>(21,353,661)</u>	<u>(9,313,470)</u>
		426,855	34,212,595
FINANCE COST	17	(292,007)	(63,505)
Exchange Gain/(Loss) on currency revaluation		175,792	68,420
PROFIT BEFORE TAXATION		<u>310,640</u>	<u>34,217,510</u>
PROVISION FOR TAXATION	18	-	-
PROFIT AFTER TAXATION FROM CONTINUED OPERATIONS		<u>310,640</u>	<u>34,217,510</u>
		<u>310,640</u>	<u>34,217,510</u>
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	19	<u>0.007</u>	<u>2.22</u>

The annexed notes 1 to 28 form an integral part of these financial statements.



Muhammad Atif
Chief Executive



Muhammad Siraj
Director

QUICE FOOD INDUSTRIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	Rupees	Rupees
PROFIT AFTER TAXATION	310,640	34,217,510
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>310,640</u></u>	<u><u>34,217,510</u></u>

The annexed notes 1 to 28 form an integral part of these financial statements.

A handwritten signature in black ink, appearing to read "Muhammad Atif".

Muhammad Atif
Chief Executive

A handwritten signature in black ink, appearing to read "Muhammad Siraj".

Muhammad Siraj
Director

QUICE FOOD INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
Profit before taxation		310,640	34,217,510
Adjustments for non-cash charges and other items:			
Depreciation		8,003,630	4,153,981
Assets written off		-	6,205
Deficit on revaluation of property, plant and equipments		-	85,775
Provision for taxation		-	-
Imputed Interest Income under IAS-39		23,863,002	9,674,962
Provision for gratuity		501,987	486,973
		<u>32,368,619</u>	<u>14,407,896</u>
Net cash flow from operations before working capital changes		32,679,259	48,625,406
Working capital changes			
(Increase) / decrease in current assets			
Stock-in-trade		313,390	(6,929,676)
Trade debts		17,575,278	(70,484,443)
Loans and advances		9,964,952	(3,842,475)
Accrued profit		(35,162)	-
Advance income tax		-	-
		<u>27,818,458</u>	<u>(81,256,594)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		(375,942)	897,052
		<u>60,121,775</u>	<u>(31,734,136)</u>
Net cash flow / (used in) from operating activities		60,121,775	(31,734,136)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(80,804,420)	(3,574,700)
Net cash used in investing activities		(80,804,420)	(3,574,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained during the year		-	53,200,000
Long term financing repaid during the year		(91,600,000)	(16,600,000)
Share issue other than right		97,250,000	-
Right share		98,020,500	-
Discount		(58,350,000)	-
		<u>45,320,500</u>	<u>36,600,000</u>
Net cash flow from financing activities		45,320,500	36,600,000
Net increase in cash and cash equivalents		24,637,855	1,291,164
Cash and cash equivalents at the beginning of the year		4,922,026	3,630,862
Cash and cash equivalents at the end of the year	21	29,559,881	4,922,026

The annexed notes 1 to 28 form an integral part of these financial statements.



Muhammad Atif
Chief Executive



Muhammad Siraj
Director

QUICE FOOD INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

PARTICULARS	SHARE CAPITAL	RESERVES			TOTAL	SHAREHOLDERS' EQUITY
		CAPITAL		REVENUE		
		Premium on issue of share capital	Discount on issue of share capital	Accumulated loss		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2011	106,875,000	6,875,000	-	(124,453,435)	(117,578,435)	(10,703,435)
Issue of shares - other than right	219,860,000	-	-	-	-	219,860,000
Incremental depreciation transferred to retained earnings	-	-	-	1,919,386	1,919,386	1,919,386
Discount on Issue of right shares	-	-	(131,916,000)	-	(131,916,000)	(131,916,000)
Comprehensive income for the year ended June 30, 2012	-	-	-	34,217,510	34,217,510	34,217,510
Balance as at June 30, 2012	326,735,000	6,875,000	(131,916,000)	(88,316,539)	(213,357,539)	113,377,461
Issue of right shares	98,020,500	-	-	-	-	98,020,500
Issue of shares - other than right	97,250,000	-	-	-	-	97,250,000
Incremental depreciation transferred to retained earnings	-	-	-	3,646,833	3,646,833	3,646,833
Discount on Issue of right shares	-	-	(58,350,000)	-	(58,350,000)	(58,350,000)
Comprehensive income for the year ended June 30, 2013	-	-	-	310,640	310,640	310,640
Balance as at June 30, 2013	522,005,500	6,875,000	(190,266,000)	(84,359,066)	(267,750,066)	254,255,434

The annexed notes 1 to 28 form an integral part of these financial statements.



Muhammad Atif
Chief Executive



Muhammad Siraj
Director

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

1. THE COMPANY AND ITS OPERATIONS

- 1.1 The Company was incorporated in Pakistan on 12 March 1990 as a Private Limited Company and was converted into Public Limited Company on 13 December 1993. The Company was listed on Karachi and Islamabad Stock Exchange(s) on 02 August 1994 and on 18 July 1995 respectively. Its registered office has been transferred to Karachi with effect from 15 November 2011. Principal activities of the Company are manufacturing and sale of Jam, Jelly, Syrups, Custard powder, Pickles, Essence, Juices and Aerated drinks and its Allied Products. Currently, the production activities are carried out only at the Swat unit. Under section 247 of the constitution of Pakistan Swat area is exempted from all taxes. The Company discontinued its Hattar unit from August 2001.

The plant and machinery that was uninstalled from Hattar unit in previous year is now being transferred to Karachi for the purpose of recommissioning. During the year, the Company has obtained a rented premises for such recommissioning of the plant and machinery. The management expects that the recommissioning would be completed and production would start at Karachi during the next year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of Preparation

a) Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

b) Accounting convention

These financial statements have been prepared under the historical cost convention except for staff retirement benefits which have been determined under actuarial valuation calculations.

c) Critical accounting estimates and judgments

The preparation of financial statements is in conformity with the approved accounting standards and requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on conditions existing at balance sheet date.

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Taxation

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Provision for doubtful debts

The Company reviews its receivable against any provision required for any doubtful balances on an ongoing basis. The provision is made while taking into consideration expected recoveries, if any.

d) Amendments to published approved standards that are effective in current period and are relevant

The following amendments to published approved standards are mandatory for the Company's accounting periods beginning on or after 01 July 2011:

International Accounting Standard (IAS) 1 (Amendment), 'Presentation of Financial Statements', now requires an entity to present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The company has preferred to present this analysis in the statement of changes in equity.

IFRS 7 (Amendments), 'Financial Instruments', emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

IAS 24 (Revised), 'Related Party Disclosures', issued in November 2009. It supersedes IAS 24, 'Related Party Disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

e) Interpretations and amendments to published approved standards that are effective in current period but not relevant

There are other new interpretations and amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2011 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

f) Standards and amendments to published approved standards that are not yet effective but relevant

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after 01 January 2013). IFRS 9 is the first step in the process to replace IAS 39 'Financial Instruments: Recognition and Measurement'. It requires that all equity investments are to be measured at fair value while eliminating the cost model for unquoted equity investments. Certain categories of financial instruments available under IAS 39 will be eliminated. Moreover, it also amends certain disclosure requirements relating to financial instruments under IFRS 7 'Financial Instruments: Disclosures'. The management of the Company is in the process of evaluating impacts of the aforesaid standard on the Company's financial statements.

IFRS 13, 'Fair value measurement'. This standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The standard is not applicable until 01 July 2013 but is available for early adoption.

IAS 1, 'Financial statement presentation' (Amendment). The main change resulting from this amendment is the requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. The company will apply these amendments from 01 July 2013.

IAS 12, 'Income Taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment Property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes – recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The company will apply these amendments from 01 July 2012.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

e) Interpretations and amendments to published approved standards that are effective in current year but not relevant to the company

There are other new interpretations and amendments to the published approved standards that are mandatory for accounting periods beginning on or after 01 July 2011 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

g) Standards, interpretations and amendments to published approved standards that are not yet effective and not considered relevant to the Company

There are other standards, amendments to published approved standards and new interpretations that are mandatory for accounting periods beginning on or after 01 July 2012 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2.2 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 based 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 1% 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 balance sheet 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.

However, no provision for taxation has been made in these financial statement since the Swat Unit is exempt from all taxes (Note 18).

2.3 Change in accounting policy - Property, plant and equipment

Property, plant and equipment except plant and machinery and lease hold improvements are stated at cost less accumulated depreciation and accumulated impairment losses (if any). From the current period, the Company has changed its accounting policy regarding the measurement of Leasehold Improvements (at Swat) and Plant and Machinery that is now stated under revaluation model. Previously, these were stated at cost less accumulated depreciation and accumulated impairment in value, if any. Had there been no revaluation, the value of these assets would have been lower by Rupees 38.021 million. Surplus arising on revaluation is credited to surplus on revaluation of property plant and equipment. The surplus of revaluation of property plant and equipment to the extent of incremental depreciation charged on the related asset is transferred to retained earnings / loss through statement of changes in equity. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss account during the period in which they are incurred.

Capital work in progress is stated at cost less any recognized impairment loss.

Depreciation

Depreciation on property, plant and equipment is charged to profit and loss account applying the reducing balance method so as to write off the cost / appreciated value of the assets over their estimated useful lives at the rates given in Note 3. The Company charges the depreciation on additions from the month in which the asset is available for use and on deletions up to the month in which the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2.4 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated with reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss account.

2.5 Inventories

Inventories, except for stock in transit are stated at lower of cost and net realizable value. Cost is determined as follows:

a) Stock in trade

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.

b) Stores and spares

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon till the reporting date.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.6 Revenue recognition

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

2.7 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.

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2.8 Financial instruments

Financial instruments carried on the balance sheet include investments, deposits, trade debts, loans and advances, other receivables, cash and bank balances, long-term financing, liabilities against assets subject to finance lease, short-term borrowings, accrued mark-up and trade and other payables etc. Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of instrument. Initial recognition is made at fair value plus transaction costs directly attributable to acquisition, except for “financial instrument at fair value through profit or loss” which is measured initially at fair value.

Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial asset. The Company loses such control if it realizes the rights to benefits specified in contract, the rights expire or the Company surrenders those rights. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on subsequent measurement and de-recognition is charged to the profit or loss currently.

a) 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.

b) Trade and other payables

Creditors, accrued 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.

c) 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.

2.9 Related party transaction

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

2.10 Provisions

Provisions are recognized when the company has a 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.

2.11 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. The benefit is calculated on following basis:

Length of service	Benefit calculation
Less than one year	No benefits
One year or more	Last drawn gross salary for each completed year of service

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

2.12 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.

2.13 Offsetting of financial instruments

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.

2.14 Share Capital

Ordinary shares are classified as equity.

2.15 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cheques in hand and deposit with banks net off short term finances/borrowings maturing within one year from the date of acquisition, if any.

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

3. PROPERTY PLANT AND EQUIPMENT - OPERATING ASSETS

	Owned						Total
	Lease hold land	Building	Plant and machinery	Vehicles	Computers & office equipments	Furniture and fixtures	
As at 30 June 2011							
Cost	-	13,415,267	71,460,953	4,896,201	76,300	2,342,320	92,191,041
Accumulated depreciation	-	(10,588,135)	(54,477,505)	(3,989,557)	(1,964)	(1,728,248)	(70,785,409)
Net book amount	-	2,827,132	16,983,448	906,644	74,336	614,072	21,405,632
As at 30 June 2012							
Opening net book amount	-	2,827,132	16,983,448	906,644	74,336	614,072	21,405,632
Surplus/(Deficit) on revaluation	-	(85,775)	38,387,719	-	-	-	38,301,944
Additions	-	-	537,000	-	10,200	47,500	594,700
Disposals	-	-	-	-	-	-	-
Cost	-	-	-	3,981,201	-	-	3,981,201
Accumulated depreciation	-	-	-	3,974,996	-	-	3,974,996
	-	-	-	(6,205)	-	-	(6,205)
Depreciation charge	-	(271,357)	(3,614,796)	(180,639)	(25,361)	(61,828)	(4,153,981)
Closing net book amount	-	2,470,000	52,293,371	719,800	59,175	599,744	56,142,090
Cost	-	13,329,492	110,385,672	915,000	86,500	2,389,820	127,106,484
Accumulated depreciation	-	(10,859,492)	(58,092,301)	(195,200)	(27,325)	(1,790,076)	(70,964,394)
Net book amount	-	2,470,000	52,293,371	719,800	59,175	599,744	56,142,090
As at 30 June 2013							
Opening net book amount	-	2,470,000	52,293,371	719,800	59,175	599,744	56,142,090
Surplus/(Deficit) on revaluation	-	-	-	-	-	-	-
Additions	-	-	38,350,000	1,725,000	216,420	13,000	40,304,420
Disposals	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge	-	(247,000)	(7,426,837)	(230,210)	(39,283)	(60,300)	(8,003,630)
Closing net book amount	-	2,223,000	83,216,534	2,214,590	236,312	552,444	88,442,880
Cost	-	13,329,492	148,735,672	2,640,000	302,920	2,402,820	167,410,904
Accumulated depreciation	-	(11,106,492)	(65,519,138)	(425,410)	(66,608)	(1,850,376)	(78,968,024)
Net book amount	-	2,223,000	83,216,534	2,214,590	236,312	552,444	88,442,880
	-	10%	10%	20%	30%	10%	

3.1 Depreciation for the year has been allocated as follow:

	30 June 2013	30 June 2012
Cost of sales	Rupees 7,726,934	Rupees 3,903,410
Administrative expenses	276,696	250,571
	<u>8,003,630</u>	<u>4,153,981</u>

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

4. STORES AND SPARES		2013	2012	
		Rupees	Rupees	
Store and spares		1,347,825	1,347,825	
Provision for slow moving Items		(684,925)	(684,925)	
		662,900	662,900	
5. STOCK IN TRADE				
Raw and Packing materials		8,342,735	9,629,825	
Finished goods		16,566,350	15,592,650	
		24,909,085	25,222,475	
6. TRADE DEBTS - UNSECURED				
Considered good		101,125,268	118,700,546	
Considered bad and doubtful		69,458,591	69,458,591	
		170,583,859	188,159,137	
Provision for bad and doubtful debts		69,458,591	69,458,591	
		101,125,268	118,700,546	
6.1	As per management's estimate, an amount of Rupees 69.459 million (30 June 2012: Rupees 69.459 million) is doubtful.			
7. CASH AND BANK BALANCES				
Cash in hand		90,246	104,576	
Cash at bank-current accounts		29,469,635	4,817,450	
		29,559,881	4,922,026	
8. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL				
	(NUMBER OF SHARES)			
4,954,366	4,954,366	Ordinary shares of Rs.10 each fully paid in cash	49,543,660	49,543,660
433,888	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	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	1,722,822	Ordinary shares of Rs.10 each issued as bonus shares	17,228,220	17,228,220
21,986,000	21,986,000	Ordinary shares of Rs.10 each issued at a discount of Rs. 4 per Share issued to Convert Part of the Directors Loan into Fully Paid Shares	219,860,000	219,860,000
9,802,050	-	Ordinary shares of Rs.10 each fully paid in cash to general public	98,020,500	-
9,725,000	-	Ordinary shares of Rs.10 each issued at a discount of Rs. 4 per Share issued to Convert part of the director loan into fullypaid shares.	97,250,000	-
	52,200,550		522,005,500	326,735,000

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

8.1 During the year SECP approved an issue of 9,725,000 shares to Mr. Furqan Hussain (Sponsor) at the discounted price of Rupees 4 each against director's loan of Rupees 38,900,000.

8.2 Capital risk management policies and procedures

The company's objective when managing the capital are:

-to safeguard its ability to continue as a going concern so that it can continue to provide return to shareholders and benefits other stakeholders ; and

- to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure by monitoring return on net assets and to maintain optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends to shareholders, issue new shares and adopt other means commensuration to the circumstances.

9 RESERVES	2013	2012
Composition of reserves is as follows:	Rupees	Rupees
Capital		
Premium on issue of share capital (Note 9.1)	6,875,000	6,875,000
Discount on issue of share capital	(190,266,000)	(131,916,000)
Revenue		
Accumulated loss	(84,359,066)	(88,316,539)
	<u>(267,750,066)</u>	<u>(213,357,539)</u>

9.1 This reserve can be utilized by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

10. LONG TERM FINANCING

From banking companies - secured	10.1	-	-
From directors - non-interest bearing - unsecured	10.2	-	67,736,998
		<u>-</u>	<u>67,736,998</u>

10.1 From banking companies - secured

Demand finance	-	16,100,000
Repaid during the period	-	(16,100,000)
	-	-
Current portion	-	-
Overdue	-	-
	<u>-</u>	<u>-</u>

10.2 From directors - non-interest bearing - unsecured

As at 30 June	-	91,600,000
Fair value adjustment under IAS-39	-	(23,863,002)
	<u>-</u>	<u>67,736,998</u>

10.2.1 The Chief Executive Officer 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. Fair value of long-term financing from directors has been estimated under IAS-39 "Financial Instruments: Recognition and Measurement" at the present value of all future cash flows discounted using estimated open market rate of 13 % per annum. As the loan has been fully repaid, therefore the fair value adjustment was recognised in the financial statements.

10.2.2 Pursuant to the approval by board of directors of the Company in their meeting dated 24 March 2011, the members of the Company in their extra ordinary general meeting dated 25 April 2011, have resolved that the Company may issue 31,711,000 ordinary shares having face value of Rupees 10 each under the provisions of section 84 and 86 of the Companies Ordinance, 1984 subject to the approval of Securities and Exchange Commission of Pakistan(SECP) at the discounted price of Rupees 4 each against the long term financing of directors amounting to Rupees 126,844,000. However, last year, SECP approved the issue of 21,986,000 shares at the discounted price of Rupees 4 each against term financing of Rupees 87,944,000. During the current year, SECP approved further issue of 9,725,000 shares at the discounted price of Rupees 4 each against term financing final outstanding balance of Rupees 38,900,000.

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

	2013	2012
	Rupees	Rupees
11. STAFF RETIREMENT BENEFITS		
Staff gratuity scheme -unfunded		
Present value of defined benefit obligation	2,219,203	1,034,756
Add: Unrecognized actuarial gain / (loss)	(479,800)	202,660
	1,739,403	1,237,416
11.1 General description		
The scheme provides for retirement benefits for all permanent employees who complete qualifying period of services with the company at varying percentages of last drawn salary. The percentage depends on the number of service years with the company. Annual provision is based on actuarial valuation, which was carried out as on 30 June 2013.		
11.2 Movement in present value of defined benefit obligation		
Balance at beginning of the year	1,034,756	715,942
Current service cost	376,486	386,741
Interest cost	134,518	100,232
Actuarial (gain) / loss	673,443	(168,159)
Balance as at end of the year	2,219,203	1,034,756
11.3 Movement in balances		
Balance at beginning of the year	1,237,416	750,443
Expense during the year	501,987	486,973
	1,739,403	1,237,416
11.4 Charge for the year		
Current service cost	376,486	386,741
Interest cost	134,518	100,232
Actuarial (gain) / loss	(9,017)	-
	501,987	486,973
11.5 Experience Adjustments		
Experience adjustment arising on plan liabilities (gains) / losses	673,443	(168,159)
Present value of defined benefits obligation	2,219,203	1,034,756
11.6 Principal actuarial assumption		
Following principal actuarial assumptions were used for the valuation:	2013	2012
Estimated rate of increase in salary of the employees	9.5% per annum	12% per annum
Discount rate	10.5% per annum	13% per annum
12. TRADE AND OTHER PAYABLES		
	Rupees	Rupees
Accrued Liabilities	477,580	1,545,234
Other liabilities	2,211,183	1,519,471
	2,688,763	3,064,705

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

13.1.1 Securities and Exchange Commission of Pakistan (SECP) has fined the company and all the directors for Rupees 0.785 million under sections 155, 233, & 245 and 74 and 476 respectively of the Companies Ordinance, 1984. No provision has made in these financial statements for such penalty. Directors and company have filed appeal before SECP and expect a favorable outcome.

13.2 Commitments

There were no capital or other commitments at the balance sheet date (2012: Nil).

	2013	2012
	Rupees	Rupees
14. COST OF SALES		
Finished stock - opening	15,592,650	7,132,486
Add: Cost of goods manufactured	128,447,581	127,845,670
	144,040,231	134,978,156
Less: Finished stock - closing	16,566,350	15,592,650
	127,473,881	119,385,506
Cost of goods manufactured		
Raw material and packing material consumed (Note 14.1)	109,732,759	117,543,144
Salaries , wages and other benefits	6,471,405	4,739,841
Conveyance expenses	63,810	-
Communication expenses	57,750	-
Entertainment	188,984	-
Freight and octroi	1,408,839	751,139
Factory rent	180,000	120,000
Fuel and power	422,574	119,187
Water charges	248,400	53,411
Repair and maintenance	898,478	65,250
Stationary expenses	30,278	-
Utilities	545,067	-
Depreciation (Note 3)	7,726,934	3,903,410
Miscellaneous expenses	472,303	550,288
	128,447,581	127,845,670
14.1 Raw material and packing material consumed		
Opening stock	9,629,825	11,160,313
Add: Purchased during the year	108,445,669	116,012,656
	118,075,494	127,172,969
Less: Closing stock	8,342,735	9,629,825
	109,732,759	117,543,144
15. DISTRIBUTION COST		
Marketing expenses	7,752,346	-
Salaries and other benefits	8,106,613	7,081,873
Outward freight and handling	7,262,643	1,390,317
	23,121,602	8,472,190

QUICE FOOD INDUSTRIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

	2013 Rupees	2012 Rupees
16. ADMINISTRATIVE EXPENSES		
Directors remuneration (Note 26)	1,425,000	1,103,156
Salaries and other benefits	2,337,664	1,604,957
Conveyance expenses	232,744	130,350
Communication expenses	92,020	-
Claim Settlement / Legal expenses	17,000,000	228,000
Postage and Telegram	130,859	99,156
Rent	360,000	360,000
Printing and stationery	394,586	261,240
Repair and maintenance	192,035	167,957
Entertainment	248,509	341,990
Auditors' remuneration (Note 16.1)	450,000	450,000
Depreciation (Note 3.1)	276,696	250,571
Miscellaneous expenses	1,299,189	1,329,610
Advertisement and publicity	86,131	2,116,799
Fee and subscription	4,777,384	1,861,287
Fuel and petrol	186,703	51,080
Traveling expenses	907,320	549,771
	30,396,840	10,905,924
16.1 Auditors' remuneration		
Audit fee	375,000	375,000
Half yearly review	75,000	75,000
	450,000	450,000
17. FINANCE COST		
Bank charges and commission	292,007	63,505
18. PROVISION FOR TAXATION		
All the operations of the Company are in Swat. Under section 247 of the Constitution of Pakistan, Swat area is exempted from all taxes. Accordingly, no provision for current and deferred tax has been made.		
19. EARNINGS PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings per share which is based on:		
Profit attributable to ordinary shares	(Rupees) 310,640	34,217,510
Weighted average number of ordinary shares	(Numbers) 46,395,617	15,385,878
Earnings per share	(Rupees) 0.007	2.22
21. CASH AND CASH EQUIVALENTS		
Cash and bank balance	29,559,881	4,922,026
	29,559,881	4,922,026

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

22. TRANSACTIONS WITH RELATED PARTIES	2013	2012
	Rupees	Rupees
The related parties comprise directors, sales distributor and major suppliers..		
Long term financing from directors during the year	-	53,200,000
Long term financing repaid to directors during the year	91,600,000	700,000
		-
Sales	202,772,839	179,448,295
Purchases	108,445,669	116,012,656
Trade debts	97,947,686	115,698,756
Loans and advances	985,803	10,950,755

23. 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 days for syrup and HHP are in 300 days. The fact for under utilization is due to lack of sufficient funds and normal maintenance.

Capacity	2013	2012
Rated capacity		
Syrup		
Dozen bottles of 800 ml each-150 days per annum single shift	120,000	120,000
HHP		
Dozen bottles of 440 gm each-300 day per annum double shift	56,000	56,000
Actual Production		
Syrup		
Dozen bottles - 800 ml	66,250	66,250
HHP		
Dozen bottles - 440 gm	2,769	2,769

24. FINANCIAL RISK MANAGEMENT

24.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and manages financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

The company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the reporting date.

Sensitivity analysis

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and financial liabilities at the reporting date.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Company to fair value interest rate risk. As at reporting date, there were no interest bearing borrowings. Therefore, there was no interest rate risk.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2013	2012
	Rupees	Rupees
Trade debts	101,125,268	118,700,546
Loans and advances	985,803	10,950,755
Bank balances	29,469,635	4,817,450
	131,580,706	134,468,751

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2013	2012
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
MCB Bank Limited	A1+	AA+	PACRA	24,420	24,420
Allied Bank Limited	A1+	AA	PACRA	15,585,666	1,936,513
Habib Bank Limited	A1+	AA+	JCR-VIS	2,995,418	2,850,517
Meezan Bank Limited	A1+	AA	JCR-VIS	1,460,801	-
National Bank of Pakistan	A1+	AAA	JCR-VIS	5,000	5,000
United Bank Limited	A1+	AA+	JCR-VIS	9,398,330	1,000
				29,469,635	4,817,450

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

The Company's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 8.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2013 the Company had Rupees 24.962 million (2012: Rupees 4.922 million) cash and bank balances. The Company is in a very good working capital position at the year end, management believes the liquidity risk to be low considering the nature of individual items in the working capital position. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2013

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	-	-	-	-	-	-
Trade and other payables	2,688,763	2,688,763	1,792,509	896,254	-	-
	<u>2,688,763</u>	<u>2,688,763</u>	<u>1,792,509</u>	<u>896,254</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2012

	Carrying Amount	Contractual Cash Flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term financing	91,600,000	91,600,000	-	-	-	91,600,000
Trade and other payables	3,064,705	3,064,705	2,043,137	1,021,568	-	-
	<u>94,664,705</u>	<u>94,664,705</u>	<u>2,043,137</u>	<u>1,021,568</u>	<u>-</u>	<u>91,600,000</u>

24.2 Fair values of financial assets and liabilities

Fair value is an amount for which an asset 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 fair value estimates.

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

24.3 Financial instruments by categories

As at 30 June 2013

Assets as per balance sheet

	Loans and receivables	Total
	Rupees	Rupees
Trade debts	101,125,268	101,125,268
Loans and advances	985,803	985,803
Cash and bank balances	29,559,881	29,559,881
	131,670,952	131,670,952

Liabilities as per balance sheet

	Rupees
Long term financing	-
Trade and other payables	2,688,763
	2,688,763

As at 30 June 2012

Assets as per balance sheet

	Loans and receivables	Total
	Rupees	Rupees
Trade debts	118,700,546	118,700,546
Loans and advances	10,950,755	10,950,755
Cash and bank balances	4,922,026	4,922,026
	134,573,327	134,573,327

Liabilities as per balance sheet

	Rupees
Long term financing	91,600,000
Trade and other payables	3,064,705
	94,664,705

25. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 09 November 2013 by the Board of Directors of the Company.

26. CHIEF EXECUTIVE OFFICER'S, DIRECTORS' AND EXECUTIVES' REMUNERATION

Chief Executive Officer

Managerial remuneration and other benefits	540,000	474,000
House rent and utilities	60,000	43,916
	600,000	517,916
Number	1	1

Directors

Managerial remuneration	643,500	480,000
Housing and utilities	181,500	105,240
	825,000	585,240
Number	2	2

QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

26.1 The chief executive officer is provided with free use of company maintained cars. Two (2012: Two) other directors are also provided with the company maintained car.

27. CORRESPONDING FIGURES

No significant reclassification / rearrangement of corresponding figures has been made during the year.

28. GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

A handwritten signature in black ink, appearing to read "Muhammad Atif".

Muhammad Atif
Chief Executive

A handwritten signature in black ink, appearing to read "Muhammad Siraj".

Muhammad Siraj
Director

PATTERN OF SHARE HOLDING As On 30th June 2013

No. Of Share Holders	Shareholding		Total Shares Held
	From	To	
334	1	100	14,340
979	101	500	281,628
1092	501	1,000	835,958
1186	1,001	5,000	3,437,195
400	5,001	10,000	3,421,323
117	10,001	15,000	1,521,318
103	15,001	20,000	1,950,306
87	20,001	25,000	2,096,912
44	25,001	30,000	1,272,650
20	30,001	35,000	680,367
17	35,001	40,000	664,860
8	40,001	45,000	337,500
49	45,001	50,000	2,436,310
5	50,001	55,000	264,600
11	55,001	60,000	644,475
7	60,001	65,000	444,750
6	65,001	70,000	415,600
5	70,001	75,000	365,370
5	75,001	80,000	390,688
4	80,001	85,000	333,500
3	85,001	90,000	262,000
2	90,001	95,000	190,000
20	95,001	100,000	1,991,500
2	100,001	105,000	203,000
2	105,001	110,000	215,000
3	120,001	125,000	375,000
1	125,001	130,000	129,000
1	140,001	145,000	144,000
3	145,001	150,000	450,000
1	150,001	155,000	155,000
1	170,001	175,000	171,800
1	175,001	180,000	179,000
1	185,001	190,000	190,000
5	195,001	200,000	1,000,000
1	215,001	220,000	220,000
1	225,001	230,000	225,200
3	245,001	250,000	750,000
1	255,001	260,000	256,400
4	295,001	300,000	1,200,000
1	310,001	315,000	314,000
1	325,001	330,000	327,000
1	345,001	350,000	350,000
3	395,001	400,000	1,200,000
1	425,001	430,000	430,000
2	455,001	460,000	920,000
1	495,001	500,000	500,000
1	595,001	600,000	600,000
1	630,001	635,000	634,000
1	955,001	960,000	959,000
1	1,145,001	1,150,000	1,150,000
1	2,195,001	2,200,000	2,200,000
1	12,495,001	12,500,000	12,500,000
4,551	Total		52,200,550

S.No.	Categories Of Shareholders	No. of Shareholders	Total Shares Held	%
1	CEO	1	500	0.00
2	Directors	6	11,250	0.02
3	General Public	4488	21,312,209	40.83
4	Sponsors And Family Members	3	25,954,450	49.72
5	Investment Companies	6	244,738	0.47
6	Insurance Companies	1	77,188	0.15
7	Modarabas and Mutual Funds	3	423,500	0.81
8	Others	43	4,176,715	8.00
	Total	4,551	52,200,550	100.00

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 23rd Annual General Meeting of the company to be held on November 30, 2013

As witness my/our hand this _____ day of _____ 2013

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 WS7, Madina Palace, Mezzanine Floor, Faran Co-operative Society, Behind Jamal Noor Hospital, Dhoraji Colony, Karachi-74800, Pakistan.