



24th
Annual
Report

30 JUNE 2014

Growing with Flavor
Quice Food Industries Limited



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Company information

Board of Directors

Mr. Muhammad Atif

Mr. Muhammad Siraj

Mr. Jawed Yamin

Mr. Munawwar Ali Bhatti

Mr. Muhammad Riaz

Mr. Qazi Muhammad 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 Registrar

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 meeting

Notice is hereby given that the 24th Annual General Meeting of the shareholders of Quice Food Industries Limited will be held at the Registered Office of the Company: WS-7, Madina Palace, Faran CHS, Dhoraji Colony, Karachi on Friday, October 31, 2014 at 09:00AM to transact the following business:

Ordinary business:

- 1) To confirm the minutes of Extra Ordinary General Meeting held on June 09, 2014
- 2) To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2014 together with Directors' and Auditors' Reports thereon.
- 3) To appoint Auditors for the year ending June 30, 2015 and fix their remuneration. M/s Aslam Malik & Co., Chartered Accountants will retire and are eligible to offer themselves for re-appointment.

Special business:

- 1) To elect seven directors as fixed by the Board for a period of three years in accordance with the provision of section 178(1) of the Companies Ordinance, 1984. The following existing Directors will retire and are eligible to offer themselves for re-elections:
 - (i) Mr. Muhammad Atif
 - (ii) Mr. Muhammad Siraj
 - (iii) Mr. Sardar Iftikhar Ahmed
 - (iv) Mr. Qazi Muhammad Imran
 - (v) Mr. Jawed Yamin
 - (vi) Mr. Munawwar Ali Bhatti
 - (vii) Mr. Muhammad Riaz
- 2) To transact any other business with permission of the Chair.

By order of the Board

Karachi:
October 10, 2014

Iqbal Shahid
Company Secretary

Book closure

The Share Transfer Books of the Company will remain closed from 24.10.2014 to 31.10.2014 (both days included)

Notes:

- 1) A member entitled to attend and vote at 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.
- 2) Members, who intend to offer themselves for election as Director, may file with the Registered Office of Company, Notice of their intention to offer themselves for election as Director, should be received not later than 14 days before the date of Meeting.
- 3) Members are requested to communicate to the Company any change in their addresses.



our vision

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 "Siraj", with a long, sweeping underline.

Muhammad Siraj
Director

QUICE®

Our leading products





Director's Report

Directors of Quice Food Industries Limited ("the Company") are pleased to present the annual report of the Company for the year ended June 30, 2014 along with the financial statements and auditors' report thereon.

Financial Review

Financial Performance

Company's net profit in this year has increased by 23.069 million as compared to the last year mainly because there was no improbable events were occurred during the year.

While gross profit of the Company reported a decline of 4.187 million.

Frequent load-shedding of electricity and gas has forced us to generate electricity on furnace oil, diesel and LPG which is 2 to 3 times more expensive than generating from gas. Directly, it results in increase in the cost of production, which shows itself in the form of decline in Gross Profit Percentage.

Indirectly it also affects the future business by hampering the Company's ability to compete for business in the international market.

In addition, from the current year the Company has operates new Unit in HUB-Lasbella, Balochistan to enhance or capture the market share.

To accomplish the desired goal, the management was involved in establishment of new Unit more than old one but unfortunately they failed to arrive its sited goals. This leads mainly declined in the current year's sales as compared to the corresponding year owing to reduction in gross margins. Raw and packing material prices were sky high in the second half of year. Quice Food reaped the benefit of timely buying at low prices which resulted in average consumption rates as against sales rates. However, Distribution expenses have increased by 46.20% owing to substantial amount incurred on marketing of the Company's product in Hub region. Similarly, a downward trend of 49.73% in administrative expenses depicts the absence of any non-recurring events during the period under review.

Financial highlights

	2014 Rupees "000"	2013 Rupees "000"
Net sales	190,187	202,773
Gross profit	71,111	75,299
Depreciation	8,901	8,004
Pre-tax profit	23,775	0.302
After-tax profit	23,371	0.302
Retained earnings	(242,150)	(268,230)



Director's Report (Contd.)

Working Capital Management

Efficient working capital management shows itself in our current ratio and quick ratio which respectively stand at 9.661 time and 6.827 times. A substantial amount of working capital is required to manage affairs when a substantial sum is required for investment in raw material. Even then, there is a continuous growth trend which has seen the current ratio.

Capital Structure

Our strategy is to make effective and efficient utilization of funds available.

Our strategy of exploiting long term investment in plant & machinery (when required) and using the short term for working capital allows us to make effective use, be able to pay off the liabilities and related finance cost, if any, through incremental operating cash flows hence, maintaining a healthy capital structure of the Company at the same time.

Earnings per Share

The Company has maintained a steady stream of earnings per share over the last year which is an indication of success in the achievement of operational and financial strategy.

Information Technology

We at Quice Food, recognize that in this rapidly changing business environment, it is of utmost importance to establish and maintain an efficient, robust and effective Information Technology (IT) Infrastructure. IT infrastructure is a combined set of hardware, software, network facilities and the people who are staffed to maintain this. We have all the ingredients in place to claim that our IT infrastructure is second to none.

Corporate Governance

Best Corporate Practices

On promulgation of Code of Corporate Governance (COCG), at the instructions from the Audit Committee and the Board of Directors of the Company, a detailed exercise was carried out to determine the following:

1. Changes in requirements of the COCG.
2. Company's status of compliance with the requirements of the COCG.
3. Identification of gaps in the compliance and action plan to fill the gaps.

Board Committees

Audit Committee

The audit committee is performing its duties in line with its terms of reference as determined by the Board of Directors. Composition of the committee is as follows:

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

Meetings of the Board of Directors

During the year under review, 11 meetings of the Board of Directors of the Company were held and the attendance position is as follows:

Sr. No.	Name of Director	No. of Meetings Attended
1.	Mr. Muhamamd Atif (Chief Executive Officer)	10
2.	Mr. Muhammad Siraj	09
3.	Mr. Jawed Yamin	07
4.	Mr. Munawwar Ali Bhatti	06
5.	Mr. Muhammad Riaz	07
6.	Mr. Qazi Muhammad Imran	09
7.	Mr. Sardar Iftikhar Ahmed	09

Director's Report (Contd.)

Directors' Statement

In compliance of the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting framework:

1. The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. 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.
9. Information about taxes and levies is given in the notes to the financial statements.
10. Transactions with Related Parties have been approved by the Audit Committee and the Board of Directors.
11. The company operates unfunded gratuity scheme for its eligible employees. The carrying value of liability as at June 30, 2014 was Rupees 2.804 million

Future Prospects

We believe that there is only way up from here. We are keeping a watchful eye on how the events unfold.

Our strength lies in our strategic planning and marketing capabilities along with our vertically integrated production facilities that can turn raw material to a final finished consumer product which has always attracted customers' attention all across the Country.

Our strategy is to expand and diversify our product range by increasing the value added products and systems and enhanced production capacity.

Acknowledgement

The Board is pleased with the continued dedication and efforts of the employees of the Company.

For and on behalf of the Board



Muhammad Siraj
Director

October 10, 2014
Karachi

CE Statement

I am thrilled to be sharing with you our performance and the ambitions we have for the Company. The transition, through challenging, has been extremely exciting for all of us and we see this as an opportunity to unleash the potential of this great Company.

In our quest to deliver the maximum value to our consumers, employees and share-holders, we continue to seek different approaches that can successfully leverage our expertise, heighten consumer satisfaction and strengthen our business. We have an ambition to grow and I believe where we are today puts us in a perfect position to take the Company to a higher paradigm.

Even so, conditions during the first half of the year 2014 proved a favorable results for Quice Food as we experienced unexpected add to as compare to first half of 2013 due to an over forceful focus on expanding our Units and product lines. While some unanticipated hurdles slowed our productivity, during the second half of 2014 we focused increasingly on rebuilding our distribution network and improving our material collection process, which yielded positive results and enabled us to regain our market position. Since then, we have decline in volume by 6.21% from the previous year. Our month-on-month growth during Q4, 2014 also remained consistently high, which indicates how the sustainability of our business model aids our growth in the industry.

Growth during Q4, 2014 was also driven by an increase in the market share of our brand through installation of our new Unit that we hope to gain momentum on in the coming year.

The ratio of current year's cost of sales to the total sales has shown a steady trend comparing with the prior year. However, gross profit from operations has declined by 5.56% because of negative trend in sale through new Unit - HUB. Distribution expenses have increased by 46.20% owing to substantial amount incurred on marketing of the Company's product in the country. Similarly, administrative expenses declined by 49.73% due to absence of any non-recurring events during the period under review.

As morale runs high throughout our business, we are also anticipating increased growth in all product categories, with plans to expand our product line into related categories.

As we embrace a new year, I am confident about the Company's growth prospects in the future and have the utmost faith in our team and all the people who have worked to the bone to make Quice Food the unique entity that it is today.

For and on behalf of the Chief Executive



Muhammad Siraj
Director



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 compliance. Non-compliance with this policy will result in disciplinary action.



statement of compliance with code of corporate governance

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation 35 of the Listing Regulation 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 CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. As at June 30, 2014 the board included the following members:

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 three independent and four 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. No casual vacancy occurred due to resignation of existing directors of the Company.
5. The Company has prepared a 'Code of Conduct' comprising of Ethics and Business Practices policies 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 meeting fee payable to other executive and non-executive directors, have been taken by the Board.
9. All 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. There has been no new appointment at CEO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO during the year.
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.
13. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

statement of compliance with code of corporate governance

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 CCG.
17. The Board has formed an Audit Committee. It comprises three members, of whom one is executive director and two 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 Board has set up an effective internal audit function manned by suitably qualified and experienced personnel that are involved in the internal audit function on a full time basis
20. 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 the ICAP.
21. 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.
22. 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).
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. 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.
25. We confirm that all other material principles contained in the CCG have been complied with.

For and on behalf of the Board



Muhammad Siraj
Director

Karachi
Date: October 10, 2014

auditors' report to the members

We have audited the annexed balance sheet of QUICE FOOD INDUSTRIES LIMITED as at June 30, 2014 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 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 include 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) in our opinion, proper book of accounts have been kept by the company as required by the Companies Ordinance, 1984.
- (b) 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 account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.11 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;
- (c) 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 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, 2014 and of the profit, its cash flows and changes in equity for the year then ended, and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980(XVIII of 1980)



Chartered Accountants

Karachi

Dated: October 10, 2014

Engagement Partner: **Mohammad Aslam Malik**



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 Quice Food Industries Limited to comply with the Listing Regulation of respective stock exchanges 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 are not required to consider whether the board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

The Code requires the Company to place before, the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out 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) We have not been provided the evidence of the placement of related party transaction before the audit committee and board of directors for approval; and
- b) 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) and (b) above, 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, 2014.

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

Chartered Accountants

Karachi

Dated: October 10, 2014

Engagement Partner: **Mohammad Aslam Malik**



Balance Sheet
As At June 30, 2014

ASSETS	NOTE	2014 Rupees	2013 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	3	83,823,939	88,442,880
Capital work in progress - plant and machinery		55,545,498	45,763,936
		139,369,437	134,206,816
CURRENT ASSETS			
Stores and spares	4	-	662,900
Stock-in-trade	5	43,057,387	24,909,085
Trade debts	6	134,109,012	101,125,268
Loans, advances and other receivables		10,891,032	985,803
Accrued profit		5,503	35,162
Advance income tax		250,740	20,185
Sales tax receivables		2,281,100	-
Cash and bank balances	7	1,974,023	29,559,881
		192,568,797	157,298,284
TOTAL ASSETS		331,938,234	291,505,100
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (2013: 52,600,000) ordinary shares of Rupees 10 each		1,051,000,000	526,000,000
Issued, subscribed and paid up share capital	8	522,005,500	522,005,500
Reserves	9	(242,149,750)	(268,229,866)
Total equity		279,855,750	253,775,634
Surplus on revaluation of property, plant and equipment		29,346,315	32,821,500
LIABILITIES			
NON-CURRENT LIABILITIES			
Staff retirement benefits	10	2,803,861	2,219,203
CURRENT LIABILITIES			
Trade and other payables	11	19,527,535	2,688,763
Provision for taxation		404,773	-
		19,932,308	2,688,763
TOTAL LIABILITIES		22,736,169	4,907,966
CONTINGENCIES AND COMMITMENTS	12		
TOTAL EQUITY AND LIABILITIES		331,938,234	291,505,100

The annexed notes 1 to 27 form an integral part of these financial statements.

Statement under section 241 of the Companies Ordinance, 1984:

These financial statements have been signed by two directors because the CEO is for the time being not in Pakistan.

Muhammad Siraj
Director

Qazi Muhammad Imran
Director



Profit and Loss Account
For the Year Ended June 30, 2014

	Note	2014 Rupees	2013 Rupees Restated
CONTINUING OPERATIONS			
SALES	13	190,186,735	202,772,839
COST OF SALES	14	<u>(119,075,268)</u>	<u>(127,473,881)</u>
GROSS PROFIT		71,111,467	75,298,958
DISTRIBUTION COST	15	<u>(33,803,335)</u>	<u>(23,121,602)</u>
ADMINISTRATIVE EXPENSES	16	<u>(15,285,118)</u>	<u>(30,405,857)</u>
OTHER OPERATING EXPENSES		<u>(662,900)</u>	<u>-</u>
		<u>(49,751,353)</u>	<u>(53,527,459)</u>
		21,360,114	21,771,499
EFFECT OF FAIR VALUE ADJUSTMENT OF LONG TERM FINANCING		-	(23,863,002)
OTHER OPERATING INCOME		<u>2,361,159</u>	<u>2,509,341</u>
		<u>2,361,159</u>	<u>(21,353,661)</u>
		23,721,273	417,838
FINANCE COST	17	(42,074)	(292,007)
Exchange Gain/(Loss) on currency revaluation		96,092	175,792
PROFIT BEFORE TAXATION		<u>23,775,291</u>	<u>301,623</u>
PROVISION FOR TAXATION	18	(404,773)	-
PROFIT AFTER TAXATION FROM CONTINUED OPERATIONS		<u>23,370,518</u>	<u>301,623</u>
EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	19	<u>0.448</u>	<u>0.007</u>

The annexed notes 1 to 27 form an integral part of these financial statements.

Statement under section 241 of the Companies Ordinance, 1984:

These financial statements have been signed by two directors because the CEO is for the time being not in Pakistan.

Muhammad Siraj
Director

Qazi Muhammad Imran
Director



Statement of Comprehensive Income
For the Year Ended June 30, 2014

	2014 Rupees	2013 Rupees Restated
PROFIT AFTER TAXATION	23,370,518	301,623
OTHER COMPREHENSIVE INCOME		
GAIN / (LOSS) ON REMEASUREMENT OF STAFF RETIREMENT BENEFIT OBLIGATION	309,013	(673,443)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u><u>23,679,531</u></u>	<u><u>(371,820)</u></u>

The annexed notes 1 to 27 form an integral part of these financial statements.

Statement under section 241 of the Companies Ordinance, 1984:

These financial statements have been signed by two directors because the CEO is for the time being not in Pakistan.

Muhammad Siraj
Director

Qazi Muhammad Imran
Director



Cash Flow Statement
For the Year Ended June 30, 2014

	Note	2014 Rupees	2013 Rupees
Profit before taxation		23,775,291	301,623
Adjustments for non-cash charges and other items:			
Depreciation		8,901,105	8,003,630
Imputed Interest Income under IAS-39		-	23,863,002
Assets written off		662,900	-
Provision for gratuity		893,671	511,004
		<u>10,457,676</u>	<u>32,377,636</u>
Net cash (used in) / flow from operations before working capital changes		34,232,967	32,679,259
Working capital changes			
(Increase) / decrease in current assets			
Stock-in-trade		(18,148,302)	313,390
Trade debts		(32,983,744)	17,575,278
Loans, advances and other receivables		(9,905,229)	9,964,952
Accrued profit		29,659	(35,162)
Advance income tax		(230,555)	-
Sales tax receivable		(2,281,100)	-
		<u>(63,519,271)</u>	<u>27,818,458</u>
Increase / (decrease) in current liabilities			
Trade and other payables		16,838,772	(375,942)
		<u>16,838,772</u>	<u>(375,942)</u>
Net cash (used in) / flow from operating activities		(12,447,532)	60,121,775
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(15,138,326)	(80,804,420)
Net cash used in investing activities		(15,138,326)	(80,804,420)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing repaid during the year		-	(91,600,000)
Share issue other than right		-	97,250,000
Right share		-	98,020,500
Discount		-	(58,350,000)
		<u>-</u>	<u>45,320,500</u>
Net cash flow from / (used in) financing activities		-	45,320,500
Net increase in cash and cash equivalents		(27,585,858)	24,637,855
Cash and cash equivalents at the beginning of the year		29,559,881	4,922,026
Cash and cash equivalents at the end of the year	20	1,974,023	29,559,881

The annexed notes 1 to 27 form an integral part of these financial statements.

Statement under section 241 of the Companies Ordinance, 1984:

These financial statements have been signed by two directors because the CEO is for the time being not in Pakistan.

Muhammad Siraj
Director

Qazi Muhammad Imran
Director



Statement of Changes in Equity
For the Year Ended June 30, 2014

PARTICULARS	SHARE CAPITAL	RESERVES				SHAREHOLDERS' EQUITY
		CAPITAL		REVENUE	TOTAL	
		Premium on issue of share capital	Discount on issue of share capital	Accumulated loss		
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as on July 01, 2012 - Reported	326,735,000	6,875,000	(131,916,000)	(88,316,539)	(213,357,539)	113,377,461
Un-recognized amount due to actuarial valuation	-	-	-	202,660	202,660	202,660
Balance as on July 01, 2012 - Restated	326,735,000	6,875,000	(131,916,000)	(88,113,879)	(213,154,879)	113,580,121
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 (Restated)	-	-	-	(371,820)	(371,820)	(371,820)
Balance as at June 30, 2013 - Restated	522,005,500	6,875,000	(190,266,000)	(84,838,866)	(268,229,866)	253,775,634
Incremental depreciation transferred to retained earnings	-	-	-	2,400,585	2,400,585	2,400,585
Discount on Issue of right shares	-	-	-	-	-	-
Comprehensive income for the year ended June 30, 2014	-	-	-	23,679,531	23,679,531	23,679,531
Balance as at June 30, 2014	522,005,500	6,875,000	(190,266,000)	(58,758,750)	(242,149,750)	279,855,750

The annexed notes 1 to 27 form an integral part of these financial statements.

Statement under section 241 of the Companies Ordinance, 1984:

These financial statements have been signed by two directors because the CEO is for the time being not in Pakistan.

Muhammad Siraj
Director

Qazi Muhammad Imran
Director



Notes to the Financial Statements For the Year Ended June 30, 2014

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 Company operates its units in SWAT and Karachi. 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 in previous years for the purpose of recommissioning was recommissioned and installed at Hub Balochistan and started production there too.

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) Adoption of New and Revised Standards and Interpretations

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

		Effective date (annual reporting periods beginning on or after)
IFRS 2	Share-based Payments (Amendments)	July 1, 2014
IFRS 3	Business Combinations (Amendments)	July 1, 2014
IFRS 8	Operating Segments (Amendments)	July 1, 2014
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017
IAS 16	Property, Plant and Equipment (Amendments)	July 1, 2014 & January 1, 2016
IAS 19	Employee benefits (Amendments)	July 1, 2014
IAS 24	Related party disclosures (Amendments)	July 1, 2014
IAS 32	Financial instruments: Presentation (Amendments)	January 1, 2014
IAS 36	Impairment of assets (Amendments)	January 1, 2014
IAS 38	Intangible Assets (Amendments)	July 1, 2014 & January 1, 2016
IAS 39	Financial instruments: Recognition and measurement	January 1, 2014
IAS 40	Investment Property (Amendments)	July 1, 2014
IAS 41	Agriculture (Amendments)	January 1, 2016
IFRIC 21	Levies	January 1, 2014

The management anticipates that adoption of above standards, amendments and interpretations in future periods will have no material impact on the Company's financial statements other than in presentation / disclosures.

Further, the following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been notified upto June 30, 2014 by the Securities and Exchange Commission of Pakistan (SECP), for the purpose of their applicability in Pakistan:

IFRS 1	First-time adoption of International Financial Reporting standards
IFRS 9	Financial instruments
IFRS 10	Consolidated financial statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of interests in other entities
IFRS 13	Fair value measurement

The following interpretations issued by the IASB have been waived off by SECP:

IFRIC 4	Determining whether an arrangement contains lease
IFRIC 12	Service concession arrangements

c) 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.

d) 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.

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.

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, provision for taxation has been made in these financial statement for Hub Unit only, since the Swat Unit is exempt from all taxes (Note 18).

2.3 Property, plant and equipment

Building, Plant and machinery are stated at revalued amount less accumulated depreciation. Freehold land is carried at revalued amounts. All other operating assets are stated at cost less accumulated depreciation except capital work-in-progress which is stated at cost.

Borrowing costs during the erection period are capitalized as part of historical cost of the related assets.

Gains / (Losses) on disposal of operating assets are included in income currently. Normal maintenance and repairs are charged to income as and when incurred. Major renewals and replacements are capitalized.

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.

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit and loss account in the year the asset is de-recognized.

Capital Work In Progress

All costs / expenditure connected with specific assets are collected under this head until completion of assets. These are transferred to specific assets as and when assets are available for use.

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.

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 Change in accounting policy - Staff retirement benefits

The company has adopted IAS-19 (Revised) 'employee Benefits' which is effective for accounting period beginning on or after January 01,2013. Consequent to the changes in IAS-19 'Employee Benefits' the company is required to recognize all actuarial gain and losses directly to equity through the Statement of Other Comprehensive Income as these occur. The changes in accounting policy has been accounted for retrospectively as required under the International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and the comparative financial statement have been re-stated.

The effect of retrospective application of the change in accounting policies are as follow

	2014 Rupees	2013 Rupees
Impact on Changes in Equity	309,013	(479,800)
Impact on Other Comprehensive Income	309,013	(673,443)

As a result of the retrospective application of change in accounting policy, due to adoption of IAS 19 (revised), there was no effect on 'earning per share', for the year ended June 30, 2013.

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

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.

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 2012	Rupees						
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	Rupees						
Opening net book amount	-	2,470,000	52,293,371	719,800	59,174	599,744	56,142,089
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)	(39,282)	(60,300)	(8,003,629)
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	302,919	2,402,820	167,410,903
Accumulated depreciation	-	(11,106,492)	(65,519,138)	(425,410)	(66,607)	(1,850,376)	(78,968,023)
Net book amount	-	2,223,000	83,216,534	2,214,590	236,312	552,444	88,442,880
As at 30 June 2014	Rupees						
Opening net book amount	-	2,223,000	83,216,534	2,214,590	236,312	552,444	88,442,880
Surplus/(Deficit) on revaluation	-	-	(1,074,600)	-	-	-	(1,074,600)
Additions	-	-	84,000	4,745,000	174,950	352,814	5,356,764
Disposals	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation charge	-	(214,102)	(8,015,460)	(518,360)	(89,458)	(63,725)	(8,901,105)
Closing net book amount	-	2,008,898	74,210,474	6,441,230	321,804	841,533	83,823,939
Cost	-	13,329,492	147,745,072	7,385,000	477,869	2,755,634	171,693,067
Accumulated depreciation	-	(11,320,594)	(73,534,598)	(943,770)	(156,065)	(1,914,101)	(87,869,128)
Net book amount	-	2,008,898	74,210,474	6,441,230	321,804	841,533	83,823,939
Depreciation Rate (% per annum)	-	10%	10%	20%	30%	10%	

3.1 Depreciation for the year has been allocated as follow:

	30 June 2014	30 June 2013
	Rupees	Rupees
Cost of sales	8,430,928	7,726,934
Administrative expenses	470,177	276,696
	<u>8,901,105</u>	<u>8,003,630</u>

* No asset was sold to Chief Executive, Directors, Executives and Shareholders during the year.

** These balances represents surplus resulting from revaluation of plant and machinery carried out on June 30 2014 by Messrs Sipra & Company (Private) Limited an independent valuer on prevailing market prices. Previous revaluation of plant & machinery was carried out on December 31 , 2011.



4. STORES AND SPARES

	2014	2013
	Rupees	Rupees
Store and spares	-	1,347,825
Provision for slow moving Items	-	(684,925)
	<u>-</u>	<u>662,900</u>

5. STOCK IN TRADE

Raw and Packing materials	14,802,895	8,342,735
Finished goods	28,254,492	16,566,350
	<u>43,057,387</u>	<u>24,909,085</u>

6. TRADE DEBTS - UNSECURED

Considered good	134,109,012	101,125,268
Considered bad and doubtful	-	69,458,591
	134,109,012	170,583,859
Provision for bad and doubtful debts	-	69,458,591
	<u>134,109,012</u>	<u>101,125,268</u>

7. CASH AND BANK BALANCES

Cash in hand	24,131	90,246
Cash at bank accounts	1,949,892	29,469,635
	<u>1,974,023</u>	<u>29,559,881</u>

**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	9,802,050	Ordinary shares of Rs.10 each fully paid in cash to general public	98,020,500	98,020,500
9,725,000	9,725,000	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.	97,250,000	97,250,000
<u>52,200,550</u>	<u>52,200,550</u>		<u>522,005,500</u>	<u>522,005,500</u>

8.1 However, SECP approved an issue of 15,011,278 shares to Mr. Furqan Hussain (Sponsor) against property of Rupees 120,090,221 and issue of 11,250,000 shares to Mr. Javed Pervez Khan against machinery of Rupees 90,000,000 at the discounted price of Rupees 8 each on July 01, 2014.

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

Composition of reserves is as follows:

Capital

	2014	2013
	Rupees	Rupees
Premium on issue of share capital (Note 9.1)	6,875,000	6,875,000
Discount on issue of share capital	(190,266,000)	(190,266,000)

Revenue

Accumulated loss	(58,758,750)	(84,838,866)
	<u>(242,149,750)</u>	<u>(268,229,866)</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. STAFF RETIREMENT BENEFITS
Staff gratuity scheme -unfunded

Present value of defined benefit obligation 2,803,861 2,219,203

10.1 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 2014.

10.2 Movement in present value of defined benefit obligation

	2014	2013
	Rupees	Rupees
		Restated
Balance at beginning of the year	2,219,203	1,034,756
Current service cost	660,655	376,486
Interest cost	233,016	134,518
Actuarial (gain) / loss	(309,013)	673,443
Balance as at end of the year	<u>2,803,861</u>	<u>2,219,203</u>

10.3 Movement in balances

Balance at beginning of the year	1,545,760	1,034,756
Expense during the year	893,671	511,004
	<u>2,439,431</u>	<u>1,545,760</u>

10.4 Charge for the year

Current service cost	660,655	376,486
Interest cost	233,016	134,518
	<u>893,671</u>	<u>511,004</u>

10.5 Experience Adjustments

Experience adjustment arising on plan liabilities (gains) / losses	(309,013)	673,443
Present value of defined benefits obligation	2,803,861	2,219,203

10.6 Principal actuarial assumption

Following principal actuarial assumptions were used for the valuation:

Estimated rate of increase in salary of the employees	12.5% per annum	9.5% per annum
Discount rate	13.5% per annum	10.5% per annum

11. TRADE AND OTHER PAYABLES

Trade creditors	4,535,089	-
Accrued liabilities	7,642,406	477,580
Other liabilities	7,350,040	2,211,183
	<u>19,527,535</u>	<u>2,688,763</u>

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

12.1.1 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.

12.2 Commitments

There were no capital or other commitments at the balance sheet date (2013: Nil).



	2014 Rupees	2013 Rupees Restated
13. SALES		
Sales - Swat (net of sales return)	149,709,413	202,772,839
Sales - Karachi (net of sales tax)	40,477,322	-
	<u>190,186,735</u>	<u>202,772,839</u>
14. COST OF SALES		
Finished goods - opening	16,566,350	15,592,650
Add: Cost of goods manufactured	130,763,410	128,447,581
	<u>147,329,760</u>	<u>144,040,231</u>
Less: Finished goods - closing	28,254,492	16,566,350
	<u>119,075,268</u>	<u>127,473,881</u>
Cost of goods manufactured		
Raw and packing material consumed (Note 14.1)	106,295,882	109,732,759
Salaries , wages and other benefits	10,671,534	6,471,405
Conveyance expenses	194,572	63,810
Communication expenses	21,012	57,750
Entertainment	250,271	188,984
Freight and octroi	1,721,870	1,408,839
Factory rent	180,000	180,000
Fuel and power	835,649	422,574
Water charges	12,180	248,400
Repair and maintenance	355,712	898,478
Loading / unloading charges	135,490	-
Security expenses	189,000	30,278
Utilities	1,007,902	545,067
Depreciation (Note 3.1)	8,430,928	7,726,934
Miscellaneous expenses	461,408	472,303
	<u>130,763,410</u>	<u>128,447,581</u>
14.1 Raw and Packing material consumed		
Opening stock	8,342,735	9,629,825
Add: Purchases during the year	112,756,042	108,445,669
	<u>121,098,777</u>	<u>118,075,494</u>
Less: Closing stock	14,802,895	8,342,735
	<u>106,295,882</u>	<u>109,732,759</u>
15. DISTRIBUTION COST		
Marketing expenses	10,129,823	7,752,346
Salaries and other benefits	12,932,206	8,106,613
Outward freight and handling	7,270,025	7,262,643
Advertisement and publicity	3,471,281	-
	<u>33,803,335</u>	<u>23,121,602</u>
16. ADMINISTRATIVE EXPENSES		
Directors remuneration (Note 25)	2,584,500	1,425,000
Salaries and other benefits	2,517,154	2,346,681
Conveyance expenses	188,503	232,744
Communication expenses	48,787	92,020
Legal expenses / claim settlement	200,000	17,000,000
Postage and Telegram	160,929	130,859
Rent	1,095,000	360,000
Printing and stationery	347,737	394,586
Repair and maintenance	725,133	192,035
Entertainment	286,940	248,509
Insurance expense	270,966	-
Auditors' remuneration (Note 16.1)	450,000	450,000
Depreciation (Note 3.1)	470,177	276,696
Utilities	785,705	635,937
Miscellaneous expenses	1,203,716	663,252



	2014 Rupees	2013 Rupees Restated
Advertisement and publicity	-	86,131
Fee and subscription	2,701,004	4,777,384
Fuel and petrol	70,047	186,703
Traveling expenses	1,178,820	907,320
	<u>15,285,118</u>	<u>30,405,857</u>
16.1 Auditors' remuneration		
Audit fee	375,000	375,000
Half yearly review	75,000	75,000
	<u>450,000</u>	<u>450,000</u>
17. FINANCE COST		
Bank charges and commission	42,074	292,007
18. PROVISION FOR TAXATION		
From the current year, the Company has started production at Hub Unit. 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, provision for taxation has been made in these financial statement for Hub Unit only, since the Swat Unit is exempt from all taxes.		
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) <u>23,370,518</u>	<u>301,623</u>
Weighted average number of ordinary shares	(Numbers) <u>52,200,550</u>	<u>46,395,617</u>
Earnings per share	(Rupees) <u>0.448</u>	<u>0.007</u>
20. CASH AND CASH EQUIVALENTS		
Cash and bank balance	1,974,023	29,559,881
	<u>1,974,023</u>	<u>29,559,881</u>
21. TRANSACTIONS WITH RELATED PARTIES		
The related parties comprise directors, sales distributor and major suppliers.		
Long term financing repaid to directors during the year	-	91,600,000
Sales	149,709,393	202,772,839
Purchases	53,665,689	108,445,669
Trade debts	90,657,507	97,947,686
Loans and advances	8244,515	985,803
22. 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	2014	2013
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	78,350	66,250
HHP		
Dozen bottles - 440 gm	3,350	2,769



23. FINANCIAL RISK MANAGEMENT

23.1 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 arises due to fluctuation in foreign exchange rates. The Company has transactional currency exposure. Such exposure arises from sales and purchases by the Company in currencies other than Rupee.

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.

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the USD exchange rate. If Pakistani Rupee (Pak Rupee) had weakened / strengthened by 5% against the USD, with all other variables held constant, the effect on the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) at June 30, 2014 and 2013 would have been as follows:

	Increase / (Decrease) US Dollar to Pak Rupee	Effect on profit before tax Rupees
2014		
Pak Rupee	+5%	62,874
Pak Rupee	-5%	(62,874)
2013		
Pak Rupee	+5%	158,879
Pak Rupee	-5%	(158,879)

(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:



	2014 Rupees	2013 Rupees
Trade debts	134,109,012	101,125,268
Loans, advances and other receivables	10,891,032	985,803
Bank balances	1,949,892	29,469,635
	<u>146,949,936</u>	<u>131,580,706</u>

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			2014	2013
	Short Term	Long term	Agency	Rupees	Rupees
Banks					
MCB Bank Limited	A1+	AAA+	PACRA	24,420	24,420
Allied Bank Limited	A1+	AA+	PACRA	515,082	15,585,666
Habib Bank Limited	A-1+	AAA	JCR-VIS	743,037	2,995,418
Meezan Bank Limited	A-1+	AA	JCR-VIS	420,785	1,460,801
National Bank of Pakistan	A-1+	AAA	JCR-VIS	5,000	5,000
United Bank Limited	A1+	AA+	JCR-VIS	241,568	9,398,330
				<u>1,949,892</u>	<u>29,469,635</u>

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 2014 the Company had Rupees 1.974 million (2013: Rupees 29.559 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 2014

	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
Trade and other payables	19,527,535	19,527,535	13,018,357	6,509,178	-	-
	<u>19,527,535</u>	<u>19,527,535</u>	<u>13,018,357</u>	<u>6,509,178</u>	<u>-</u>	<u>-</u>

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
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>



23.2 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.

23.3 Financial instruments by categories

As at 30 June 2014

Assets as per balance sheet

	Loans and receivables	Total
	Rupees	Rupees
Trade debts	134,109,012	134,109,012
Loans, advances and other receivables	10,891,032	10,891,032
Cash and bank balances	1,974,023	1,974,023
	<u>146,974,067</u>	<u>146,974,067</u>

Liabilities as per balance sheet

	Rupees
Trade and other payables	19,527,535
	<u>19,527,535</u>

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, advances and other receivables	985,803	985,803
Cash and bank balances	29,559,881	29,559,881
	<u>131,670,952</u>	<u>131,670,952</u>

Liabilities as per balance sheet

	Rupees
Trade and other payables	2,688,763
	<u>2,688,763</u>

24. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 10, 2014 by the Board of Directors of the Company.

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

Chief Executive Officer

Managerial remuneration and other benefits	570,000	540,000
House rent and utilities	95,000	60,000
	<u>665,000</u>	<u>600,000</u>
Number	<u>1</u>	<u>1</u>

Directors

Managerial remuneration	1,468,000	643,500
Housing and utilities	451,500	181,500
	<u>1,919,500</u>	<u>825,000</u>
Number	<u>2</u>	<u>2</u>

25.1 The Chief Executive Officer is provided with free use of Company maintained car. Two (2013: Two) other directors are also provided with the Company maintained car.

26. CORRESPONDING FIGURES

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

27. GENERAL

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

Statement under section 241 of the Companies Ordinance, 1984:

These financial statements have been signed by two directors because the CEO is for the time being not in Pakistan.



Muhammad Siraj
Director



Qazi Muhammad Imran
Director



Pattern of share holding
As on June 30, 2014

No. of Share Holders	Shareholding		Total Shares Held
	From	To	
395	1	100	15,684
963	101	500	269,962
987	501	1,000	746,171
1017	1,001	5,000	2,860,127
321	5,001	10,000	2,720,790
424	10,001	100,000	13,830,216
49	100,001	1,000,000	11,520,600
4	1,000,001	2,000,000	5,952,000
1	2,000,001	3,000,000	2,685,000
1	11,000,001	12,000,000	11,600,000
4,162	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	Foreign Investor	1	5,000	0.01
4	General Public	4,106	36,863,847	70.62
5	Investment Companies	1	50,000	0.10
6	Insurance Companies	1	77,188	0.15
7	Modarabas and Mutual Funds	3	705,000	1.35
8	NIT and ICP	2	67,050	0.13
9	Sponsors And Family Members	2	11,611,300	22.24
10	Others	39	2,809,415	5.38
	Total	4,162	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 24th Annual General Meeting of the company to be held on October 31, 2014

As witness my/our hand this day of 2014

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.