



## **FINANCIAL STATEMENTS**

### **Second Quarterly Report**

**UNAUDITED ACCOUNTS**

**December 31, 2012**

**Quice Food Industries Limited**

**QUICE®**

#### **CORPORATE INFORMATION**

##### **BOARD OF DIRECTORS:**

**Mr. Muhammad Atif**  
Mr. Muhammad Siraj  
Mr. Jawed Yamin  
Mr. Abu Bakar Rehmani  
Mr. Hafiz-uddin  
Mr. Akhtar Rasool  
Mr. Sardar Iftikhar Ahmed

**Chief Executive**  
Director  
Director  
Director  
Director  
Director

##### **COMPANY SECRETARY:**

Mr. Iqbal Shahid

##### **BANKERS:**

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

##### **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.

##### **FACTORY:**

Rahimabad, Sawat.

**QUICE FOOD INDUSTRIES LIMITED**  
**DIRECTOR'S REPORT TO THE SHAREHOLDERS**

The Directors of Quice Food Industries Ltd are pleased to present before you the second quarterly financial statements for the half year ended December 31, 2012.


	Un-Audited December 31, 2012	Audited June 30, 2012
-----Rupees-----		
<b>Financial Results</b>		
<b>(Loss) / Profit for the half year / year after taxation</b>	(9,546,230)	34,217,510
Unappropriated loss brought forward	(88,316,539)	(124,453,435)
Incremental Depreciation transferred to retained earnings	<u>1,823,417</u>	<u>1,919,386</u>
	(96,039,352)	(88,316,539)
<b>Appropriation</b>		
Dividend	Nil	Nil
	<u>(96,039,352)</u>	<u>(88,316,539)</u>
<b>Basic Earning per share</b>	<u>(0.21)</u>	<u>2.22</u>

During the period company has generated operating profit from operations Rs. 3,921,861. The loss reflecting in these financial statements is mainly due to reversal of imputed interest income previously recorded on directors' loan.

Further, the directors are making continuous efforts to recoup the accumulated losses, through improvement in sales.

We appreciate the dedicating efforts and hard work of the staff members. Their sincere attitude has made it possible to continue the activities of your company in such unfavourable circumstances.

Karachi: February 28, 2013

  
**Muhammad Atif**  
 Chief Executive

**AUDITORS' REPORT TO THE MEMBERS**  
**ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim Balance Sheet of Quice Food Industries Limited (the Company) as at December 31, 2012 and the related condensed interim Profit & Loss Account, condensed interim statement of comprehensive income, condensed interim Cash flow Statement and condensed interim Statement of Changes in Equity and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of the interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2012 and December 31, 2011 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2012.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Basis of Qualified Conclusion**

We could not physically verify the inventories comprising Stock-in-Trade and stores and spares held at Swat Unit with carrying values of Rupees 28,128,350 and Rupees 662,900 respectively as at the reporting date owing to lack of arrangements by the management.

**Qualified Conclusion**

Based on our review, expect for the possible effects of matter described in the preceding paragraph, nothing has come to our attention that causes us to believe that the Accompanying condensed interim financial information as at and for the half year ended December 31, 2012 is not prepared, in all material respect, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



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

**Place: Karachi  
Date: February 28, 2013**

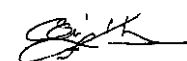
**QUICE FOOD INDUSTRIES LIMITED  
CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2012**

	Note	Un-audited 31 December 2012 Rupees	Audited 30 June 2012 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating assets	5	90,434,840	56,142,090
Capital work in progress-plant and machinery		5,263,936	5,263,936
		<b>95,698,776</b>	<b>61,406,026</b>
<b>CURRENT ASSETS</b>			
Stores and spares		662,900	662,900
Stock-in-trade		28,128,350	25,222,475
Trade debts		55,384,446	118,700,546
Loans and advances		19,233,764	10,950,755
Advance income tax		20,185	20,185
Cash and bank balances		123,645,247	4,922,026
		<b>227,074,894</b>	<b>160,478,887</b>
		<b>322,773,670</b>	<b>221,884,913</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorized share capital</b>			
52,600,000 (30 June 2012: 42,600,000) ordinary shares of Rupees 10 each		526,000,000	426,000,000
Issued, subscribed and paid up share capital			
52,200,550 (30 June 2012: 32,673,500) ordinary shares of Rupees 10 each		522,005,500	326,735,000
Reserves		(279,430,352)	(213,357,539)
<b>Total equity</b>		<b>242,575,148</b>	<b>113,377,461</b>
<b>LIABILITIES</b>			
Surplus on revaluation of property, plant and equipment		34,644,916	36,468,333
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	42,942,442	67,736,998
Deferred liabilities - Provision for gratuity		1,480,903	1,237,416
		<b>44,423,345</b>	<b>68,974,414</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,130,261	3,064,705
<b>Total liabilities</b>		<b>45,553,606</b>	<b>72,039,119</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	7	<b>322,773,670</b>	<b>221,884,913</b>

The annexed notes form an integral part of this condensed interim financial information.



**Muhammad Atif  
Chief Executive**




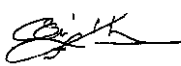
**Muhammad Siraj  
Director**

**QUICE FOOD INDUSTRIES LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

Note	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	Rupees	Rupees	Rupees	Rupees
SALES	50,507,649	54,178,037	1,570,684	11,862,452
COST OF SALES	<u>(26,357,262)</u>	(36,930,005)	<u>(6,264,056)</u>	(7,639,207)
GROSS PROFIT	24,150,387	17,248,032	<b>(4,693,372)</b>	4,223,245
DISTRIBUTION AND SELLING COST	<u>(12,556,327)</u>	(4,556,316)	<u>(6,059,544)</u>	(2,052,955)
ADMINISTRATIVE EXPENSES	<u>(7,672,199)</u>	(5,818,445)	<u>(5,203,135)</u>	(2,683,685)
OTHER OPERATING EXPENSES	-	(86,954)	-	(86,954)
	<u>(20,228,526)</u>	(10,461,715)	<u>(11,262,679)</u>	(4,823,594)
OPERATING PROFIT	3,921,861	6,786,317	<b>(15,956,051)</b>	(600,349)
EFFECT OF FAIR VALUE ADJUSTMENT OF LONG TERM FINANCING	<u>(14,105,444)</u>	(4,199,121)	-	(4,199,121)
OTHER OPERATING INCOME	738,394	257,692	733,394	118,300
	<u>(13,367,050)</u>	(3,941,429)	733,394	(4,080,821)
(LOSS)/PROFIT FROM OPERATIONS	<u>(9,445,189)</u>	2,844,888	<u>(15,222,657)</u>	(4,681,170)
FINANCE COST	<u>(101,041)</u>	(39,855)	<u>(82,840)</u>	(9,099)
(LOSS)/PROFIT BEFORE TAXATION	<u>(9,546,230)</u>	2,805,033	<b>(15,305,497)</b>	(4,690,269)
TAXATION	9	-	-	-
(LOSS)/PROFIT AFTER TAXATION	<u>(9,546,230)</u>	2,805,033	<b>(15,305,497)</b>	(4,690,269)
(LOSS)/EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	<u>(0.21)</u>	0.17	<u>(0.34)</u>	(0.28)

The annexed notes form an integral part of this condensed interim financial information.


  
**Muhammad Atif**  
 Chief Executive

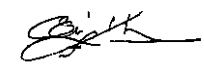
  
**Muhammad Siraj**  
 Director

**QUICE FOOD INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	Rupees	Rupees	Rupees	Rupees
(LOSS)/PROFIT AFTER TAXATION	<u>(9,546,230)</u>	2,805,033	<u>(15,305,497)</u>	(4,690,269)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(9,546,230)</u>	2,805,033	<u>(15,305,497)</u>	(4,690,269)

The annexed notes form an integral part of this condensed interim financial information.


  
**Muhammad Atif**  
 Chief Executive

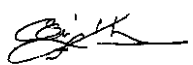
  
**Muhammad Siraj**  
 Director

**QUICE FOOD INDUSTRIES LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	HALF YEAR ENDED	
Note	31 December 2012	31 December 2011
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(9,546,230)	2,805,033
<b>Adjustment for non cash items:</b>		
Depreciation	3,163,550	1,148,956
Provision for gratuity	243,487	220,254
Write back of liabilities no more payable	-	(100,000)
Effect of fair value adjustment of long term financing	14,105,444	4,199,121
Fixed assets written off	-	1,179
Deficit on revaluation of lease hold improvements	-	85,775
	<u>17,512,481</u>	<u>5,555,285</u>
<b>Net cash flow from operations before working capital changes</b>	<u>7,966,250</u>	<u>8,360,318</u>
<b>Working capital changes</b>		
(Increase) / decrease in current assets		
Stock-in-trade	(2,905,875)	(1,529,956)
Trade debts	63,316,100	(1,148,123)
Loans and Advances	(8,283,009)	(1,962,888)
	<u>52,127,216</u>	<u>(4,640,967)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(1,934,444)	261,050
<b>Net working capital changes</b>	<u>50,192,771</u>	<u>(4,379,917)</u>
<b>Net cash flow from operating activities</b>	<u>58,159,021</u>	<u>3,980,401</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(37,456,300)	(2,837,200)
<b>Net cash used in investing activities</b>	<u>(37,456,300)</u>	<u>(2,837,200)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of right shares	98,020,500	-
Long term financing obtained during the period	-	3,800,000
Long term financing repaid during the period	-	(3,500,000)
<b>Net cash flow from financing activities</b>	<u>98,020,500</u>	<u>300,000</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>118,723,221</u>	<u>1,443,201</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>4,922,026</u>	<u>3,630,862</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>123,645,247</b></u>	<u><b>5,074,063</b></u>

The annexed notes form an integral part of this condensed interim financial information.


  
**Muhammad Atif**  
 Chief Executive

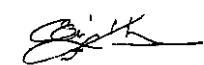
  
**Muhammad Siraj**  
 Director

**QUICE FOOD INDUSTRIES LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	RESERVES				SHAREHOLDER'S EQUITY	
	Premium on issue of capital	Discount on issue of capital	Accumulated loss	Total		
SHARE CAPITAL	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at 30 June 2011 - (Audited)	106,875,000	6,875,000	-	(124,453,435)	(117,578,435)	(10,703,435)
Total comprehensive income for the half year ended 31 December 2011	-	-	-	2,805,033	2,805,033	2,805,033
Balance as at 31 December 2011 - (Un-audited)	106,875,000	6,875,000	-	(121,648,402)	(114,773,402)	(7,898,402)
Issue of shares - Other than right	219,860,000	-	-	-	-	219,860,000
Discount on issue of shares - Other than right	-	-	(131,916,000)	-	(131,916,000)	(131,916,000)
Incremental depreciation transferred to retained earnings	-	-	-	1,919,386	1,919,386	1,919,386
Total comprehensive income for the half year ended 30 June 2012	-	-	-	31,412,477	31,412,477	31,412,477
Balance as at 30 June 2012 - (Audited)	326,735,000	6,875,000	(131,916,000)	(88,316,539)	(213,357,539)	113,377,461
Issue of right shares during the period	98,020,500	-	-	-	-	98,020,500
Issue of shares - Other than right	97,250,000	-	-	-	-	97,250,000
Discount on issue of shares - Other than right	-	-	(58,350,000)	-	(58,350,000)	(58,350,000)
Incremental depreciation transferred to retained earnings	-	-	-	1,823,417	1,823,417	1,823,417
Total comprehensive (loss) for the half year ended 31 December 2012	-	-	-	(9,546,230)	(9,546,230)	(9,546,230)
Balance as at 31 December 2012 - (Un-audited)	<u>522,005,500</u>	<u>6,875,000</u>	<u>(190,266,000)</u>	<u>(96,039,352)</u>	<u>(279,430,352)</u>	<u>242,575,148</u>

The annexed notes form an integral part of this condensed interim financial information.

  
**Muhammad Atif**  
 Chief Executive

  
**Muhammad Siraj**  
 Director

**QUICE FOOD INDUSTRIES LIMITED**

**INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

**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. 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.

**2. Basis of Preparation**

**2.1 Statement of compliance**

This condensed interim financial report of the Company for the half year ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 – 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial report is un-audited but subject to the limited scope review by the statutory auditors and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984.

**2.2 Basis of measurement**

This condensed interim financial information have been prepared under the historical cost convention except for staff retirement benefits that is determined under actuarial valuation annually and lease hold improvements and plant and machinery that are stated at revalued amount in accordance with the criteria laid down under International Accounting Standard (IAS) 16 'Property, Plant and Equipment'. This condensed interim financial information, except for cash flow information, has been prepared under the accrual basis of accounting.

2.3 This condensed interim financial information is presented in Pak Rupees, which is the company's functional and presentation currency.

**3 ACCOUNTING POLICIES**

The accounting policies and method of computation adopted in preparation of this condensed interim financial information are the same as those applied in preparation of the annual financial statements of the company for the year ended 30 June 2012.

**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

Judgments and estimates made by the management in preparation of this condensed interim financial information are the same as those applied to the annual financial statements for the year ended 30 June 2012.

**5. PROPERTY, PLANT AND EQUIPMENT**

Opening book value  
Add  
Cost of additions during the period / year  
Surplus on revaluation of property, plant and equipment  
  
Less  
Assets written off during the period / year  
Disposal during the period / year  
Depreciation charged during the period / year

	Un-audited 31 December 2012	Audited 30 June 2012
	Rupees	Rupees
	56,142,090	21,405,632
	37,456,300	594,700
	-	38,301,944
	37,456,300	38,896,644
	-	(6,205)
	-	-
	(3,163,550)	(4,153,981)
	(3,163,550)	(4,160,186)
	90,434,840	56,142,090

**QUICE FOOD INDUSTRIES LIMITED**

**INTERIM FINANCIAL INFORMATION (Un-audited)  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

	Un-audited 31 December 2012	Audited 30 June 2012
	Rupees	Rupees
<b>6. LONG TERM FINANCING</b>		
From directors - non-interest bearing - unsecured	6.1 42,942,442	67,736,998
	42,942,442	67,736,998
<b>6.1 From directors - non-interest bearing - unsecured</b>		
As at 31 December / 30 June	52,700,000	91,600,000
Imputed Interest Income under IAS-39	(9,757,558)	(23,863,002)
	42,942,442	67,736,998

6.1.1 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 and 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.

6.1.2 Pursuant to 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 at the discounted price of Rupees 4 each against the long term financing of directors amounting to Rupees 126,844,000. For this purpose, members of the Company also resolved to increase the Authorized Share Capital of the Company from Rupees 200,000,000 to Rupees 426,000,000 by addition of 22,600,000 ordinary shares of Rupees 10 each, which has been so increased during last year.

**7. CONTINGENCIES AND COMMITMENTS**

**7.1 Contingencies**

7.1.1 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 been made in this condensed interim financial information for such penalty. Directors and company have filed appeal before SECP and expect the favorable outcome.

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

7.1.3 Various civil suits for recovery have been filed and executed against the company for Rupees 20,000 million. The company is confident that outcome of the above cases expected to be in favor of the company.

**7.2 Commitments**

There were no capital or other commitments at the balance sheet date (30 June 2012: Nil).

**8. TRANSACTIONS WITH RELATED PARTIES**

The related parties comprise directors, distributor and major supplier.

	HALF YEAR ENDED	
	31 December 2012	31 December 2011
	Rupees	Rupees
Long term financing from directors during the period	-	3,800,000
Long term financing repaid/adjusted to directors during the period	38,900,000	500,000
Sales	51,216,331	54,178,037
Purchases	21,257,359	46,522,415
Trade debts	52,382,656	45,364,225
Loans and advances	18,958,764	4,071,168

## QUICE FOOD INDUSTRIES LIMITED

### INTERIM FINANCIAL INFORMATION (Un-audited) FOR THE HALF YEAR ENDED 31 DECEMBER 2012

#### 9. 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. The tax authority exempted the Swat unit from tax. Therefore, no provision for income tax has been made in this condensed interim financial information.

#### 10. DATE OF AUTHORIZATION

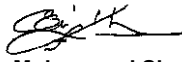
This condensed interim financial information was approved by the Board of Directors and authorized for issue on February 28, 2013.

#### 11. GENERAL

- No significant reclassification / rearrangement of corresponding figures has been made in this condensed interim financial information.
- Figures have been rounded off to the nearest Rupee.

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