



FINANCIAL STATEMENTS

Second Quarterly Report

UNAUDITED ACCOUNTS

December 31, 2013

Quice Food Industries Limited

QUICE®

CORPORATE INFORMATION

BOARD OF DIRECTORS:

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

Chief Executive
Director
Director
Director
Director
Director

COMPANY SECRETARY:

Mr. Iqbal Shahid

BANKERS:

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

AUDITORS:

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

AUDIT COMMITTEE:

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

Chairman
Member
Member

LEGAL ADVISOR:

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

SHARE TRANSFER OFFICE:

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

REGISTERED OFFICE:

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

FACTORY

Rahimabad, Swat.

QUICE FOOD INDUSTRIES LIMITED
DIRECTOR'S REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors of Quice Food Industries Limited, we are pleased to submit the report and the condensed interim financial information of the Company for the half year ended December 31, 2013.

BUSINESS REVIEW

During first half of the Year, the Company's revenue fell by 25.5%. First half witnessed slowdown in consumer demand due to distribution issues in certain cities, deteriorating law and order situation and severe power crisis. The Company reported revenue of Rs. 37.608 million, decline by Rs. 12.899 million over corresponding period and declared loss of Rs. 0.151 million.

The financial performance of the company for the first half is summarized below:

	Un-Audited December 31, 2013	Audited June 30, 2013
-----Rupees-----		
Financial Results		
Profit for the half year / year after taxation	(151,213)	310,640
Unappropriated loss brought forward	(267,750,066)	(213,357,539)
Effect of Discount on issue of shres without right	-	(58,350,000)
Incremental Depreciation transferred to retained earnings	1,620,561	3,646,833
	<u>(266,280,718)</u>	<u>(267,750,066)</u>
Appropriation		
Dividend	Nil	Nil
	<u>(266,280,718)</u>	<u>(267,750,066)</u>
Basic Earning per share	<u>(0.003)</u>	<u>0.007</u>

We continue to operate in a difficult business environment where deteriorating law and order situation, high inflation, weakening rupee, counterfeits and energy shortages test the resilience of the business and its people. We continue to apply a rigorous approach to supply chain costs and savings. Cost rationalization initiatives across the entire spectrum of business will continue to remain our priority.

We are confident that brand building and activation measures will deliver better results and our future growth is contingent upon such investments.

BUSINESS RISKS AND FUTURE OUTLOOK

We expect the uncertainty in current local and Global environment to continue in the near future. However, the business is fully equipped to deal with these challenges and we will continue to invest, innovate and stand committed to creating value for our stakeholders.

Strong emphasis will be placed in second half to revamp distribution structure and brand communication combined with innovation to restart market growth. The management will continue to focus on key growth parameters of; innovation, brand differentiation and continuous business expansion including expansion in new categories.

In closing, we would like to place on record our appreciation for the commitment, devotion to duty and hard work of the officers and workers of all categories.

May Allah give us the courage to face the challenges ahead. A'meen



Muhammad Atif
Chief Executive

Karachi: February 28, 2014

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, 2013 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, 2013 and December 31, 2012 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, 2013.

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Accompanying condensed interim financial information as at and for the six months period ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the three months period ended December 31, 2013 and December 31, 2012 in the condensed interim financial information 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 six months period ended December 31, 2013

Place: Karachi
Date: 28 February 2014

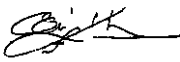

(Aslam Malik & Co.)
Chartered Accountants
Mohammad Aslam Malik

QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT 31 DECEMBER 2013

	Note	Un-audited 31 December 2013 Rupees	Audited 30 June 2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	5	84,435,568	88,442,880
Capital work in progress-plant and machinery		45,763,936	45,763,936
		130,199,504	134,206,816
CURRENT ASSETS			
Stores and spares		662,900	662,900
Stock-in-trade		17,781,270	24,909,085
Trade debts		60,884,392	101,125,268
Loans and advances		27,368,170	985,803
Accrued profit		356,916	35,162
Advance income tax		183,351	20,185
Cash and bank balances		53,437,489	29,559,881
		160,674,488	157,298,284
		290,873,992	291,505,100
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
52,600,000 (30 June 2013: 52,600,000) ordinary shares of Rupees 10 each		526,000,000	526,000,000
Issued, subscribed and paid up share capital			
52,200,550 (30 June 2013: 52,200,550) ordinary shares of Rupees 10 each		522,005,500	522,005,500
Reserves		(266,280,718)	(267,750,066)
Total equity		255,724,782	254,255,434
LIABILITIES			
Surplus on revaluation of property, plant and equipment		31,200,939	32,821,500
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity		1,990,396	1,739,403
		1,990,396	1,739,403
CURRENT LIABILITIES			
Trade and other payables		1,957,875	2,688,763
Total liabilities		3,948,271	4,428,166
CONTINGENCIES AND COMMITMENTS			
	6	-	-
TOTAL EQUITY AND LIABILITIES		290,873,992	291,505,100

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



Muhammad Atif
Chief Executive

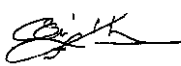

Muhammad Siraj
Director

QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Note	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Rupees	Rupees	Rupees	Rupees
SALES	37,608,496	50,507,649	5,489,683	1,570,684
COST OF SALES	(25,276,023)	(26,357,262)	(5,029,480)	(6,264,056)
GROSS PROFIT	12,332,473	24,150,387	460,203	(4,693,372)
DISTRIBUTION AND SELLING COST	(9,731,433)	(12,556,327)	(4,382,486)	(6,059,544)
ADMINISTRATIVE EXPENSES	(5,078,781)	(7,672,199)	(2,423,581)	(5,203,135)
	(14,810,214)	(20,228,526)	(6,806,067)	(11,262,679)
OPERATING (LOSS) / PROFIT	(2,477,741)	3,921,861	(6,345,864)	(15,956,051)
EFFECT OF FAIR VALUE ADJUSTMENT OF LONG TERM FINANCING	-	(14,105,444)	-	-
OTHER OPERATING INCOME	2,158,433	738,394	1,207,432	733,394
	2,158,433	(13,367,050)	1,207,432	733,394
(LOSS)/PROFIT FROM OPERATIONS	(319,308)	(9,445,189)	(5,138,432)	(15,222,657)
FINANCE COST	(17,216)	(101,041)	(4,016)	(82,840)
EXCHANGE GAIN / (LOSS) ON CURRENCY REVALUATION	185,311	-	(115,636)	-
(LOSS)/PROFIT BEFORE TAXATION	(151,213)	(9,546,230)	(5,258,084)	(15,305,497)
TAXATION	-	-	-	-
(LOSS)/PROFIT AFTER TAXATION	(151,213)	(9,546,230)	(5,258,084)	(15,305,497)
(LOSS)/EARNINGS PER SHARE- BASIC AND DILUTED (RUPEES)	(0.003)	(0.21)	(0.101)	(0.34)

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


Muhammad Atif
 Chief Executive



Muhammad Siraj
 Director

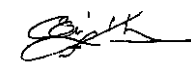
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QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Rupees	Rupees	Rupees	Rupees
LOSS PROFIT AFTER TAXATION	(151,213)	(9,546,230)	(5,258,084)	(15,305,497)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Loss for the Period	(151,213)	(9,546,230)	(5,258,084)	(15,305,497)

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


Muhammad Atif
 Chief Executive



Muhammad Siraj
 Director

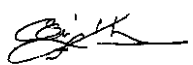
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QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	HALF YEAR ENDED	
	31 December 2013	31 December 2012
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(151,213)	(9,546,230)
Adjustment for non cash items:		
Depreciation	4,509,312	3,163,550
Provision for gratuity	250,993	243,485
	4,760,305	3,407,035
Net cash flow / (used in) from operations before working capital changes	4,609,092	(6,139,195)
Working capital changes		
(Increase) / decrease in current assets		
Stock-in-trade	7,127,815	(2,905,875)
Trade debts	40,240,876	63,316,100
Accrued profit	(321,754)	-
Advance tax	(163,166)	-
Loans and Advances	(26,382,367)	(8,283,009)
	20,501,404	52,127,216
Increase / (decrease) in current liabilities		
Trade and other payables	(730,888)	(1,934,444)
Net working capital changes	19,770,516	50,192,772
Net cash flow from operating activities	24,379,608	44,053,577
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(502,000)	(37,456,300)
Net cash used in investing activities	(502,000)	(37,456,300)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of right shares	-	98,020,500
Net cash flow from financing activities	-	98,020,500
Net increase in cash and cash equivalents	23,877,608	104,617,777
Cash and cash equivalents at the beginning of the period	29,559,881	4,922,026
Cash and cash equivalents at the end of the period	53,437,489	109,539,803

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



Muhammad Atif
 Chief Executive

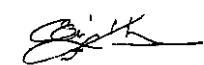

Muhammad Siraj
 Director

QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

SHARE CAPITAL	RESERVES				SHAREHOLDER'S EQUITY	
	Premium on issue of capital	Discount on issue of capital	Accumulated loss	Total		
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
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	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	-	-	-	3,646,833	3,646,833	3,646,833
Total comprehensive income for the year ended 30 June 2013	-	-	-	310,640	310,640	310,640
Balance as at 30 June 2013 - (Audited)	522,005,500	6,875,000	(190,266,000)	(84,359,066)	(267,750,066)	254,255,434
Incremental depreciation transferred to retained earnings	-	-	-	1,620,561	1,620,561	1,620,561
Total comprehensive (loss) for the half year ended 31 December 2013	-	-	-	(151,213)	(151,213)	(151,213)
Balance as at 31 December 2013 - (Un-audited)	522,005,500	6,875,000	(190,266,000)	(82,889,718)	(266,280,718)	255,724,782

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 2013**

1. THE COMPANY AND ITS OPERATIONS

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

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

2. Basis of Preparation

2.1 Statement of compliance

This condensed interim financial report of the Company for the half year ended 31 December 2013 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 2013.

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 2013.

5. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 December 2013	Audited 30 June 2013
	Rupees	Rupees
Opening book value	88,442,880	56,142,090
Add		
Cost of additions during the period / year	502,000	40,304,420
	<u>502,000</u>	<u>40,304,420</u>
Less		
Depreciation charged during the period / year	(4,509,312)	(8,003,630)
	<u>(4,509,312)</u>	<u>(8,003,630)</u>
	<u><u>84,435,568</u></u>	<u><u>88,442,880</u></u>

QUICE FOOD INDUSTRIES LIMITED

**INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

6.1.1 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.

6.2 Commitments

There were no capital or other commitments at the balance sheet date (30 June 2013: Nil).

7. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, distributor and major supplier.

HALF YEAR ENDED	
31 December 2013	31 December 2012
Rupees	Rupees

Long term financing repaid/adjusted to directors during the period	-	38,900,000
Sales	37,608,496	51,216,331
Purchases	9,524,740	21,257,359
Trade debts	59,537,690	52,382,656
Loans and advances	27,368,170	18,958,764

8. 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.


9. DATE OF AUTHORIZATION

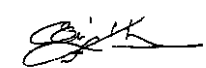
This condensed interim financial information was approved by the Board of Directors and authorized for issue on 28 February 2014.

10. 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.


Muhammad Atif
Chief Executive


Muhammad Siraj
Director