

Since 1980



INTERIM FINANCIAL STATEMENTS

Third Quarterly Report

UNAUDITED ACCOUNTS

March 31, 2014

Quice Food Industries Limited



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 third quarter ended March 31, 2014.

BUSINESS REVIEW

During first nine months of the Year, the Company's revenue fell by 18.36%. This period 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. 55.833 million, decline by Rs. 12.558 million over corresponding period and declared loss of Rs. 2.570 million.

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

	Un-Audited March 31, 2014	Audited June 30, 2013
	-----Rupees-----	
Financial Results		
Profit for the nine months ended / year after taxation	(2,569,867)	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	2,400,584	3,646,833
	<u>(267,919,349)</u>	<u>(267,750,066)</u>
Appropriation		
Dividend	Nil	Nil
	<u>(267,919,349)</u>	<u>(267,750,066)</u>
Basic Earning per share	<u>(0.05)</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 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: April 29, 2014

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QUICE FOOD INDUSTRIES LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

	Note	Un-audited 31 March 2014 Rupees	Audited 30 June 2013 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	5	82,546,206	88,442,880
Capital work in progress		50,552,952	45,763,936
		<u>133,099,158</u>	<u>134,206,816</u>
CURRENT ASSETS			
Stores and spares		662,900	662,900
Stock-in-trade		46,015,895	24,909,085
Trade debts		59,558,772	101,125,268
Loans and advances		53,162,990	985,803
Accrued profit		7,526	35,162
Advance income tax		-	20,185
Sales tax receivable		1,104,310	-
Cash and bank balances		392,179	29,559,881
		<u>160,904,572</u>	<u>157,298,284</u>
		<u>294,003,730</u>	<u>291,505,100</u>
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		(267,919,349)	(267,750,066)
Total equity		<u>254,086,151</u>	<u>254,255,434</u>
LIABILITIES			
Surplus on revaluation of property, plant and equipment		30,420,916	32,821,500
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity		2,115,893	1,739,403
CURRENT LIABILITIES			
Trade and other payables		5,539,922	2,688,763
Income tax payable		1,840,848	-
		<u>7,380,770</u>	<u>2,688,763</u>
Total liabilities		<u>9,496,663</u>	<u>4,428,166</u>
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		<u>294,003,730</u>	<u>291,505,100</u>

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

Muhammad Atif
Chief Executive

Karachi: April 29, 2014

Muhammad Siraj
Director


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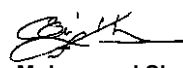


QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE PERIOD ENDED 31 MARCH 2014

	Nine Months Ended		Quarter Ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	Rupees	Rupees	Rupees	Rupees
SALES	55,832,963	68,391,139	18,224,467	17,883,490
COST OF SALES	(36,476,759)	(40,835,256)	(11,200,736)	(14,477,993)
GROSS PROFIT	19,356,204	27,555,883	7,023,731	3,405,497
DISTRIBUTION AND SELLING COST	(14,000,479)	(15,894,095)	(4,269,046)	(3,337,768)
ADMINISTRATIVE EXPENSES	(10,188,883)	(24,749,239)	(5,110,102)	(17,077,040)
OPERATING PROFIT	(4,833,158)	(13,087,451)	(2,355,417)	(17,009,311)
EFFECT OF FAIR VALUE ADJUSTMENT OF LONG TERM FINANCING	-	(23,863,002)	-	(9,757,558)
OTHER OPERATING INCOME	2,205,606	1,927,954	47,173	1,189,560
PROFIT / (LOSS) FROM OPERATIONS	(2,627,552)	(35,022,499)	(2,308,244)	(25,577,309)
FINANCE COST	(27,965)	(226,687)	(10,749)	(125,647)
EXCHANGE GAIN ON CURRENCY REVALUATION	85,650	-	(99,661)	-
PROFIT / (LOSS) BEFORE TAXATION	(2,569,867)	(35,249,187)	(2,418,654)	(25,702,956)
TAXATION	-	-	-	-
PROFIT / (LOSS) AFTER TAXATION	(2,569,867)	(35,249,187)	(2,418,654)	(25,702,956)
EARNINGS / (LOSS) PER SHARE- BASIC AND DILUTED (RUPEES)	(0.05)	(0.74)	(0.05)	(0.54)

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


Muhammad Atif
Chief Executive


Muhammad Siraj
Director

Karachi: April 29, 2014


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QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014

	QUARTER ENDED	
	31 March 2014 Rupees	31 March 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,569,867)	(35,249,187)
Adjustment for non cash items:		
Depreciation	6,685,739	5,530,842
Imputed interest income under IAS-39	-	23,863,002
Provision for gratuity	376,490	365,231
Net cash inflows from operations before working capital changes	4,492,362	(5,490,112)
Working capital changes (Increase) / decrease in current assets		
Stock-in-trade	(21,106,810)	(4,611,475)
Trade debts	41,566,496	56,073,960
Loans and Advances	(52,177,187)	(9,104,737)
Advance for purchase of machinery	27,636	(40,000,000)
Advance tax	20,185	-
Sales tax receivable	(1,104,310)	-
	(32,773,990)	2,357,748
Increase / (decrease) in current liabilities		
Trade and other payables	2,851,159	(1,755,645)
Income tax payable	1,840,848	-
Net working capital changes	(28,081,983)	602,103
Net cash used in operating activities	(23,589,622)	(4,888,009)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,578,081)	(38,003,800)
Net cash used in investing activities	(5,578,081)	(38,003,800)
CASH FLOWS FROM FINANCING ACTIVITIES		
Right share issued	-	98,020,500
Long term financing repaid during the period	-	(52,700,000)
Net cash inflows from financing activities	-	45,320,500
Net (decrease) / increase in cash and cash equivalents	(29,167,703)	2,428,691
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	392,178	7,350,717

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


Muhammad Atif
Chief Executive


Muhammad Siraj
Director

Karachi: April 29, 2014

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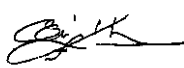
QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014

	QUARTER ENDED	
	31 March 2014	31 March 2013
	Rupees	Rupees
LOSS AFTER TAXATION	(2,569,867)	(35,249,187)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(2,569,867)	(35,249,187)

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



Muhammad Atif
Chief Executive



Muhammad Siraj
Director

Karachi: April 29, 2014

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QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED 31 MARCH 2014

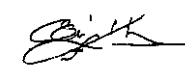
SHARE CAPITAL	RESERVES				SHAREHOLDER'S EQUITY	
	Premium on issue of capital	Discount on issue of capital	Accumulated loss	Total		
Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at 30 June 2012 - (Audited)	326,735,000	6,875,000	(131,916,000)	(88,316,539)	(213,357,539)	113,377,461
Issue of right share during the period	98,020,500	-	-	-	-	98,020,500
Issue of right share - 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	-	-	-	2,735,125	2,735,125	2,735,125
Comprehensive income for the period ended	-	-	-	(35,249,187)	(35,249,187)	(35,249,187)
Balance as at 31 March 2013 - (Un-audited)	522,005,500	6,875,000	(190,266,000)	(120,830,601)	(304,221,601)	217,783,899
Incremental depreciation transferred to retained earnings	-	-	-	911,708	911,708	911,708
Comprehensive income for the period ended	-	-	-	35,559,827	35,559,827	35,559,827
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	-	-	-	2,400,584	2,400,584	2,400,584
Comprehensive income for the period ended	-	-	-	(2,569,867)	(2,569,867)	(2,569,867)
Balance as at 31 March 2014 - (Un-audited)	522,005,500	6,875,000	(190,266,000)	(84,528,349)	(267,919,349)	254,086,151

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



Muhammad Atif
Chief Executive

Karachi: April 29, 2014



Muhammad Siraj
Director

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QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 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 production activities are carried out only at the Swat unit. Under section 247 of the constitution of Pakistan Swat area is exempted from all taxes. The Company discontinued its Hattar unit from August 2001.

2. Basis of Preparation

2.1 Statement of compliance

This condensed interim financial information 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.

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 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 March 2014 Rupees	Audited 30 June 2013 Rupees
Opening book value	88,442,880	56,142,090
Add:		
Cost of additions during the period / year	789,065	40,304,420
Less:		
Depreciation charged during the period / year	<u>(6,685,739)</u>	<u>(8,003,630)</u>
	<u>82,546,206</u>	<u>88,442,880</u>

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QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THIRD QUARTER ENDED MARCH 2014

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. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on April 29, 2014.

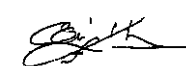
8. GENERAL

- 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

Karachi: April 29, 2014

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