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**1** Quarterly  
Report

**UNAUDITED ACCOUNTS**  
**SEPTEMBER 30, 2014**

*If undelivered, please return to:*

**QUICE FOOD INDUSTRIES LIMITED**

WS7, Madina Palace, Mezzanine Floor,  
Faran Co-operative Society, Dhoraji Colony,  
Karachi-74800, Pakistan.  
Phone : 021-34857177-79

**QUICE FOOD INDUSTRIES LIMITED**



## Company information

### Board of Directors

**Mr. Muhammad Atif**  
Mr. Muhammad Siraj  
Mr. Salman Haroon  
Mr. Munawwar Ali Bhatti  
Mr. Muhammad Riaz  
Mr. Qazi Muhammad 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. Salman Haroon

Chairman  
Member  
Member

### Legal Advisor

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

### Share Registrar

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

### Registered Office

WS7, Mezzanine Floor, Madina Palace,  
Faran Co-operative Housing Society,  
Dhorajee Colony, KARACHI.

### Factory

Sher Zaman Plaza, Near Rahimabad Post Office  
G.T. Road, Rahimabad, SWAT.

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## Director's review

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 first quarter ended September 30, 2014.

### BUSINESS REVIEW

During first three months of the Year, the Company's revenue fell by 18.48%. This period witnessed slowdown in consumer demand due to distribution issues and consumer attraction in Karachi, deteriorating law and order situation in certain cities and severe power crisis. The Company reported revenue of Rs. 26.184 million, decline by Rs. 5.934 million over corresponding period and declared net loss of Rs. 0.776 million.

	Un-Audited September 30, 2014	Audited June 30, 2014
	-----Rupees "000"-----	
<b>Financial Results</b>		
Net sales	26,184	190,187
Gross profits	10,104	71,111
Depreciation	2,884	8,901
Pre-tax profits	(709)	23,775
After-tax profits	(776)	23,371
Retained earnings	(294,712)	(242,150)
<b>Appropriation</b>		
Dividend	Nil	Nil
<b>Basic Earning per share</b>	<u><b>(0.010)</b></u>	<u><b>0.488</b></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  
October 31, 2014

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## condensed interim balance sheet - (Unaudited) as at September 30, 2014

Note	Un-audited 30 September 2014	Audited 30 June 2014
	Rupees	Rupees
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment		
Operating assets	291,469,054	83,823,939
Capital work in progress-plant and machinery	59,294,980	55,545,498
	<u>350,764,034</u>	<u>139,369,437</u>
<b>CURRENT ASSETS</b>		
Stock-in-trade	36,235,169	43,057,387
Trade debts	73,238,036	134,109,012
Short term investments	15,000,000	-
Loans and advances	15,644,067	10,891,032
Accrued profit	11,028	5,503
Advance income tax	539,682	250,740
Sales tax receivable	1,181,325	2,281,100
Cash and bank balances	40,385,133	1,974,023
	<u>182,234,440</u>	<u>192,568,797</u>
	<u>532,998,474</u>	<u>331,938,234</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorized share capital</b>		
105,100,000 (30 June 2014: 105,100,000) ordinary shares of Rupees 10 each	<u>1,051,000,000</u>	1,051,000,000
Issued, subscribed and paid up share capital		
78,461,827 (30 June 2014: 52,200,500) ordinary shares of Rupees 10 each	<u>784,618,277</u>	522,005,500
Reserves	<u>(294,712,449)</u>	(242,149,750)
<b>Total equity</b>	<u>489,905,828</u>	<u>279,855,750</u>
<b>LIABILITIES</b>		
Surplus on revaluation of property, plant and equipment	28,693,874	29,346,315
<b>NON-CURRENT LIABILITIES</b>		
Deferred liabilities - provision for gratuity	3,027,279	2,803,861
<b>CURRENT LIABILITIES</b>		
Trade and other payables	10,899,395	19,527,535
Taxation	472,098	404,773
	<u>11,371,493</u>	19,932,308
<b>Total liabilities</b>	<u>14,398,772</u>	<u>22,736,169</u>
<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>532,998,474</u>	<u>331,938,234</u>

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

**Muhammad Atif**  
Chief Executive

**Muhammad Siraj**  
Director

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condensed interim  
profit and loss account - (Unaudited)  
for the quarter ended September 30, 2014

	QUARTER ENDED	
	30 September 2014	30 September 2013
	Rupees	Rupees
Sales	26,184,388	32,118,813
Cost Of Sales	(16,080,081)	(20,246,543)
Gross Profit	10,104,307	11,872,270
Distribution And Selling Cost	(6,892,953)	(5,348,947)
Administrative Expenses	(4,585,984)	(2,655,200)
	(11,478,937)	(8,004,147)
Operating Profit	(1,374,630)	3,868,123
Other Operating Income	630,071	951,001
(Loss) / Profit From Operations	(744,559)	4,819,124
Finance Cost	(9,069)	(13,200)
Exchange Gain On Currency Revaluation	45,070	300,947
(Loss) / Profit Before Taxation	(708,558)	5,106,871
Taxation	67,325	-
(Loss) / Profit After Taxation	(775,883)	5,106,871
(Loss) / earnings per share - Basic and Diluted (Rupees)	(0.01)	0.10

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

Muhammad Atif  
Chief Executive

Muhammad Siraj  
Director



condensed interim statement of  
comprehensive income - (unaudited)  
for the quarter ended September 30, 2014

	QUARTER ENDED	
	30 September 2014	30 September 2013
	Rupees	Rupees
(LOSS) / PROFIT AFTER TAXATION	(775,883)	5,106,871
Other comprehensive income	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD	(775,883)	5,106,871

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

Muhammad Atif  
Chief Executive

Muhammad Siraj  
Director

condensed interim statement of  
cash flows - (Unaudited)  
for the quarter ended September 30, 2014

	QUARTER ENDED	
	30 September 2014 Rupees	30 September 2013 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(708,558)	5,106,871
<b>Adjustment for non cash items:</b>		
Depreciation	2,884,094	2,279,803
Provision for gratuity	223,418	-
	<u>3,107,512</u>	<u>2,279,803</u>
<b>Net cash inflows from operations before working capital changes</b>	<b>2,398,954</b>	<b>7,386,674</b>
<b>Working capital changes</b>		
(Increase) / decrease in current assets		
Stock-in-trade	6,822,218	6,107,459
Trade debts	60,870,976	36,955,247
Short term investments	(15,000,000)	-
Loans and Advances	(4,753,035)	(387,490)
Accrued profit	(5,525)	(266,421)
Advance tax	(288,942)	(50,877)
Sales tax receivable	1,099,774	-
	<u>48,745,466</u>	<u>42,357,918</u>
Increase / (decrease) in current liabilities		
Trade and other payables	(8,628,140)	(244,553)
<b>Net working capital changes</b>	<b>40,117,326</b>	<b>42,113,365</b>
<b>Net cash inflows from operating activities</b>	<b>42,516,280</b>	<b>49,500,039</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(214,195,392)	(62,000)
<b>Net cash used in investing activities</b>	<b>(214,195,392)</b>	<b>(62,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued other than right	262,612,777	-
Discount	(52,522,556)	-
<b>Net cash inflows from financing activities</b>	<b>210,090,221</b>	<b>-</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>38,411,109</b>	<b>49,438,039</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,974,023</b>	<b>29,559,881</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>40,385,132</b>	<b>78,997,920</b>

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

**Muhammad Atif**  
Chief Executive

**Muhammad Siraj**  
Director

condensed interim statement of  
changes in equity - (Unaudited)  
for the quarter ended September 30, 2014

	SHAREHOLDER'S EQUITY			
	SHARE CAPITAL	RESERVES	Total	Rupees
	Rupees	Rupees	Rupees	Rupees
Balance as at 30 June 2013 restated - (Audited)	522,005,500	6,875,000	6,875,000	253,775,634
Incremental depreciation transferred to retained earnings	-	-	-	(268,229,866)
Comprehensive income for the period ended	-	-	-	820,537
<b>Balance as at 30 September 2013 restated - (Un-audited)</b>	<b>522,005,500</b>	<b>6,875,000</b>	<b>6,875,000</b>	<b>5,106,871</b>
Balance as at 30 June 2014 - (Audited)	522,005,500	6,875,000	6,875,000	279,855,750
Issue of shares other than right	262,612,777	-	-	-
Discount on issue of shares other than right	-	(52,522,556)	(52,522,556)	262,612,777
Incremental depreciation transferred to retained earnings	-	-	-	(52,522,556)
Comprehensive income for the period ended	-	-	-	735,740
<b>Balance as at 30 September 2014 - (Un-audited)</b>	<b>784,618,277</b>	<b>6,875,000</b>	<b>(242,788,556)</b>	<b>(775,883)</b>
				<b>489,905,828</b>

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

**Muhammad Atif**  
Chief Executive

**Muhammad Siraj**  
Director

notes to the condensed interim  
financial information - (Unaudited)  
for the quarter ended September 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 HUB. Under section 247 of the constitution of Pakistan Swat area is exempted from all taxes.

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. Basis of preparation**

**2.1 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.

**2.2 Basis of measurement**

This 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 quarterly 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 quarterly financial information are the same as those applied in preparation of the annual financial statements of the Company for the year ended 30 June 2014.

**4. Critical accounting estimates and judgments**

Judgments and estimates made by the management in preparation of this quarterly financial information are the same as those applied to the annual financial statements for the year ended 30 June 2014.

Un-audited	Audited
30 September 2014	30 June 2014
Rupees	Rupees
83,823,939	88,442,880
-	(1,074,600)
210,529,209	5,356,764
(2,884,094)	(8,901,105)
<u>291,469,054</u>	<u>83,823,939</u>

**5. Property, plant and equipment**

Opening book value	83,823,939	88,442,880
Add:		
Deficit	-	(1,074,600)
Cost of additions during the period / year	210,529,209	5,356,764
Less:		
Depreciation charged during the period / year	(2,884,094)	(8,901,105)
	<u>291,469,054</u>	<u>83,823,939</u>

**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 2014: Nil).

**7. Date of Authorization**

This condensed interim financial information was approved by the Board of Directors and authorized for issue on October 31, 2014.

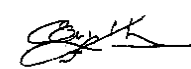
**8. General**

- 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