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Third Quarterly
Report
31 March 2018



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QUICE FOOD INDUSTRIES LIMITED

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



Company information

Board of Directors

Mr. Muhammad Atif
Mr. Muhammad Siraj
Mr. Salman Haroon
Mr. Aamir Altaf
Mr. Muhammad Riaz
Mr. Qazi Muhammad Imran
Mr. Jawed Yameen

Chief Executive
Director
Director
Director
Director
Director

CFO

Muhammad Imran

Company Secretary

Mr. Iqbal Shahid

Audit Committee

Mr. Salman Haroon
Mr. Jawed Yameen
Mr. Muhammad Siraj

Chairman
Member
Member

Bankers

Allied Bank Limited
Habib Bank Limited
Meezan Bank Limited
United Bank Limited

Auditors

M/s. Aslam Malik & Co.
Chartered Accountants

Legal Advisor

M/s. Ahmed & Qazi
Advocates & Legal Consultants

Share Registrar

F.D.Registrar Services(SMC-Pvt)Ltd.
Office # 1705,17th Floor,
Saima Trade Tower-A
I.I.Chundrigar Road, Karachi

Registered Office

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

DIRECTORS' REPORT

Fellow shareholders

The Directors of Quice Food Industries Limited are pleased to submit the reviewed condensed interim financial information of the Company for the nine months ended March 31, 2018.

Business Review

The Company continued to focus on volume driven sales growth with the nine months ended attained a revenue of Rs. 56.886 million versus Rs. 49.992 million in the same period last year. This viewed increased in consumer demand in market for Juice segment. However on the other end, the gross margin declined as less margin in Juice segment and higher contribution rate of fixed overheads in product cost as well.

During the six months, the drive in the volume was sustained through aggressive marketing and trade marketing activities piloted. Various activations, airing and promotions were steered for the key categories of the business that focused on the spirit of brand and its relationship with the consumer. Different outdoor campaigns and activities were also conducted that has positively impacted the brand.

The financial performance of the Company is presented as:

	Mar-18 PKR "000"	Mar-17 PKR "000"
Financial Results		
Net sales	56,886	49,992
Gross loss	(22,571)	(945)
Depreciation	15,422	14,750
Pre-tax loss	(57,806)	(46,994)
After-tax loss	(58,201)	(47,429)
Earnings per share	(0.59)	(0.48)

Future Outlook:

We endure to follow a focused approach to grow the operations by driving volumes and reaping the benefits of high scale evidently show the success of the same enabling a volume growth.

We are positive that the Company will be able to progress on the growth arc in the upcoming years as well and we consistently putting in efforts to discover new markets that can add-on the growth spirits.

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 pluck to face the encounters ahead. A'meen

On behalf of the Board



Muhammad Atif
Chief Executive Office

Karachi
April 27, 2018

ڈائریکٹر رپورٹ

شیر ہولڈر ساتھیو!

کونسل فوڈ انڈسٹری لمیٹڈ کے ڈائریکٹر کمپنی کی نظر ثانی شدہ عبوری فنانشل معلومات برائے ۹ ماہ اختتام شدہ 31 مارچ 2018 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

کاروباری جائزہ

کمپنی زیر نظر مدت کے دوران سیلز کے حجم کو بڑھانے پر اپنی توجہ مرکوز رکھنا جاری رکھا چنانچہ گذشتہ سال کے اسی عرصے میں حاصل شدہ سیلز ریونیو 49.992 ملین روپے کے مقابلے میں اس مرتبہ یہ رقم 56.886 ملین روپے رہی۔ یہ اضافہ مارکیٹ میں صارفین کی جوس کے لئے طلب میں اضافے کی وجہ سے ہوا۔ جبکہ دوسری جانب جوس میں کم شرح منافع بمقابلہ پیداواری لاگت کی مستحکم شرح زیادہ ہونے کی وجہ سے مجموعی منافع پھر بھی کم رہا۔

اس نو ماہ کے دورانیے میں سیلز کے حجم میں اضافے کی وجہ حوصلہ مند انداز پر سیلز اور مارکیٹنگ سرگرمیوں کو انجام دینا تھا۔ کاروبار کے اہم شعبوں میں مصنوعات کو نشر و اشاعت کی مدد سے مقبول بنانے کے لئے سرگرمیاں کی گئیں۔ جن میں خاص توجہ براڈ انڈا اور اس کے صارفین کے درمیان تعلق قیام کرنے پر دی گئی۔ مختلف بیرونی سرگرمیوں کی مہم چلائی گئی جس کا براڈ انڈا کی مقبولیت پر مثبت اثر پڑا۔ کمپنی کی فنانشل کارکردگی مندرجہ ذیل ہے۔

18 مارچ PKR "000"	17 مارچ PKR "000"
56,886	49,992
(22,571)	(945)
15,422	14,750
(57,806)	(46,994)
(58,201)	(47,429)
(0.59)	(0.48)

مالی نتیجہ

خالص سیلز

مجموعی نقصان

فرسودگی

تخل از ٹیکس نقصان

بعد از ٹیکس نقصان

فی شیر نقصان

مستقبل کا منظر نامہ

ہم اپنے اس عزم پر قائم ہیں کہ سیلز کے سلسلے میں اپنی مکمل توجہ اس بات پر مرکوز رکھیں کہ کس طرح کاروباری سرگرمیوں میں اضافہ کر کے سیلز کے حجم کو بڑھایا جائے اور اس کے ثمرات کامیابی سے حاصل کئے جائیں۔

ہم پر عزم ہیں کہ آنے والے سالوں میں کمپنی اپنے مثبت لائحہ عمل سے مزید ترقی کرے گی اور پیداواری حجم میں اضافے کے ساتھ ساتھ نئی نئی منڈیاں بھی تلاش کرے گی۔

اس رپورٹ کے اختتام پر ہم کمپنی کے ہر شعبے سے تعلق رکھنے والے آفیسرز اور کارکنان کی محنت، کام سے لگن اور ان کے مخلصانہ جذبے کو سراہتے ہیں اور ان کی قدر کرتے ہیں۔

اللہ تعالیٰ ہمیں آنے والے دور میں پر حوصلہ انداز میں حالات سے نبرد آزما ہونے کی توفیق عطا فرمائے۔ آمین



Muhammad Atif
Chief Executive Office

کراچی

27 اپریل 2018



CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2018

	Note	Unaudited	Audited
		March 31, 2018	June 30, 2017
		Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, Plant and Equipment	5	393,974,211	402,261,606
Long term deposits		1,819,200	1,819,200
		<u>395,793,411</u>	<u>404,080,806</u>
CURRENT ASSETS			
Stores and spares		3,318,664	2,847,213
Stock-in-trade		254,708,003	268,859,814
Trade debts		7,793,845	15,664,678
Short term investments	6	14,346,582	24,578,631
Advances, deposits, prepayments & other receivables		30,990,398	26,298,451
Tax refunds due from government		7,956,298	6,138,695
Cash and bank balances		1,817,150	601,070
		<u>320,930,940</u>	<u>344,988,552</u>
TOTAL ASSETS		<u>716,724,351</u>	<u>749,069,358</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (30 June 2017: 105,100,000) ordinary shares of Rupees 10		<u>1,051,000,000</u>	<u>1,051,000,000</u>
Issued, subscribed and paid up share capital and reserves			
98,461,828 (30 June 2017: 98,461,828) ordinary shares of Rupees 10 each		<u>984,618,280</u>	<u>984,618,280</u>
Reserves		<u>(422,593,328)</u>	<u>(366,537,519)</u>
Total equity		<u>562,024,952</u>	<u>618,080,761</u>
Surplus on revaluation of property, plant and equipment		20,130,463	22,275,903
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity		<u>3,845,057</u>	<u>3,166,850</u>
CURRENT LIABILITIES			
Trade and other payables		<u>130,723,879</u>	<u>105,545,844</u>
Total liabilities		<u>134,568,936</u>	<u>108,712,694</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	7	<u>716,724,351</u>	<u>749,069,358</u>

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

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

Muhammad Imran
Chief Financial Officer



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited)
FOR THE PERIOD ENDED MARCH 31, 2018

Note	NINE MONTHS ENDED		QUARTER ENDED		
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	
		Rupees	Rupees	Rupees	Rupees
Sales		56,885,502	49,992,222	20,837,955	15,364,135
Cost of Sales		(79,456,613)	(50,937,439)	(25,692,427)	(10,174,906)
Gross (Loss) / Profit		(22,571,111)	(945,217)	(4,854,472)	5,189,230
Distribution Cost		(20,275,239)	(33,889,332)	(4,523,869)	(6,728,948)
Administrative Expenses		(12,786,465)	(17,488,723)	(2,894,775)	(5,751,472)
		<u>(33,061,704)</u>	<u>(51,378,055)</u>	<u>(7,418,644)</u>	<u>(12,480,420)</u>
Operating Loss		(55,632,815)	(52,323,272)	(12,273,116)	(7,291,190)
Other Operating expense / Income		(2,114,047)	5,380,873	1,205,381	(921,580)
Loss from Operations		(57,746,862)	(46,942,399)	(11,067,735)	(8,212,770)
Finance Cost		(60,118)	(51,548)	(1,035)	(26,683)
Loss before Taxation		(57,806,980)	(46,993,947)	(11,068,770)	(8,239,453)
Taxation		(394,268)	(435,192)	(194,185)	(146,332)
Loss after Taxation		<u>(58,201,248)</u>	<u>(47,429,139)</u>	<u>(11,262,955)</u>	<u>(8,385,785)</u>
Loss Per Share- Basic And Diluted		<u>(0.59)</u>	<u>(0.48)</u>	<u>(0.11)</u>	<u>(0.09)</u>

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

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

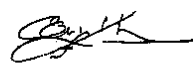
Muhammad Imran
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE PERIOD ENDED MARCH 31, 2018

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31 2018	March 31 2017	March 31 2018	March 31 2017
	Rupees	Rupees	Rupees	Rupees
(Loss) / Profit after Taxation	(58,201,248)	(47,429,139)	(11,262,955)	(8,385,785)
<i>Other Comprehensive Income</i>				
Total Comprehensive (Loss) / Profit for the period	(58,201,248)	(47,429,139)	(11,262,955)	(8,385,785)

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


Muhammad Atif
Chief Executive Officer


Muhammad Siraj
Director


Muhammad Imran
Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)
FOR THE PERIOD ENDED MARCH 31, 2018

	NINE MONTHS ENDED	
	March 31 2018	March 31 2017
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(57,806,980)	(46,993,947)
Adjustment for non cash items:		
Depreciation	15,422,621	14,750,619
Provision for gratuity	678,207	702,000
(Gain)/Loss on disposal of investment	560,341	(165,227)
Remeasurement (Gain) / Loss on Investment	2,277,277	(2,127,441)
Gain / (Loss) on sale of equity shares	-	(1,669,262)
	18,938,446	11,490,689
Net cash used in from operations before working capital changes	(38,868,534)	(35,503,257)
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(471,452)	(2,732,953)
Stock-in-trade	14,151,811	(59,333,753)
Trade debts	7,870,833	94,342,726
Advances, deposits & other receivables	(4,691,947)	(6,668,477)
	16,859,245	25,607,543
Increase / (decrease) in current liabilities		
Trade and other payables	24,783,767	32,519,717
Net working capital changes	41,643,012	58,127,260
Income tax paid	(1,817,603)	(2,422,552)
Net cash flow / (used in) from operating activities	956,875	20,201,451
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	-	(24,244,722)
Long term deposits	-	145,000
Short term investments	14,394,431	(49,708,403)
Acquisition of property, plant and equipment	(14,135,226)	522,000
Proceeds from disposal of property, plant and equipment	-	51,848,431
Net cash (used in)/ flow from investing activities	259,205	(21,437,694)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	1,216,080	(1,236,243)
Cash and cash equivalents at the beginning of the period	601,070	4,206,575
Cash and cash equivalents at the end of the period	1,817,150	2,970,332

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


Muhammad Atif
Chief Executive Officer


Muhammad Siraj
Director


Muhammad Imran
Chief Financial Officer



	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 June 30, 2016 - Audited	6,875,000	(282,788,556)	(53,631,776)	(329,545,332)	655,072,948	
Incremental depreciation transferred to retained earnings	-	-	1,757,844	1,757,844	1,757,844	
Comprehensive loss for the period ended	-	-	(47,429,139)	(47,429,139)	(47,429,139)	
Balance as at 31 March 2017 - Un-audited	6,875,000	(282,788,556)	(99,303,071)	(375,216,627)	609,401,653	
Incremental depreciation transferred to retained earnings	-	-	-	-	-	
Comprehensive income for the period ended	-	-	8,679,107	8,679,107	8,679,107	
Balance as at June 30, 2017 - Audited	6,875,000	(282,788,556)	(90,623,964)	(366,537,520)	618,080,760	
Incremental depreciation transferred to retained earnings	-	-	2,145,440	2,145,440	2,145,440	
Comprehensive loss for the nine months ended March 31, 2018	-	-	(58,201,248)	(58,201,248)	(58,201,248)	
Balance as at March 31, 2018 - Unaudited	6,875,000	(282,788,556)	(146,679,772)	(422,593,328)	562,024,952	

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


Muhammad Atif
Chief Executive Officer


Muhammad Siraj
Director


Muhammad Imran
Chief Financial Officer



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2018 (Unaudited)

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. The production activities are carried out at Swat & Hub units. However, 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 nine months ended 31 March 2018 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 unaudited 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

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984, accordingly, 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 Functional and presentation currency

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 2017.

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 2017.

	Unaudited March 31, 2018	Audited June 30, 2017
	Rupees	Rupees
5. PROPERTY, PLANT AND EQUIPMENT		
Operating Assets - note 5.1	224,873,180	239,880,816
Capital Work-in-Progress	169,101,031	162,380,790
	<u>393,974,211</u>	<u>402,261,606</u>
5.1		
Opening book value	239,880,816	248,401,227
Add: Cost of additions during the period / year	414,985	11,970,251
Less: Depreciation charged during the period / year	(15,422,621)	(20,133,889)
Disposal during the period / year	-	(356,773)
	<u>(15,422,621)</u>	<u>(20,490,662)</u>
	<u>224,873,180</u>	<u>239,880,816</u>
6. SHORT TERM INVESTMENTS		
Equity investments	6.1 14,346,582	24,578,631
	<u>14,346,582</u>	<u>24,578,631</u>
6.1		
Equity Investments		
Marketable securities - Listed		
Cost of listed Shares	24,578,631	18,093,267
Purchased during the year	7,000,000	63,597,944
Disposal during the year	(14,954,772)	(57,683,249)
	<u>16,623,859</u>	<u>24,007,962</u>
Fair value reserve	(2,277,277)	570,669
Fair Value of listed shares	<u>14,346,582</u>	<u>24,578,631</u>
6.1.1 This includes investment in different listed securities.		

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 (June 2017: 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.

7.2 Commitments

There were no capital or other commitments at the balance sheet date (30 June 2017: Nil).

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, distributor and major supplier.

	Unaudited March 31, 2018	Unaudited March 31, 2017
	Rupees	Rupees
Nature of relationship		
Nature of transactions		
Major customers	26,207,558	7,895,650
Major suppliers	16,558,292	9,793,565

	Unaudited March 31, 2018	Audited June 30, 2017
	Rupees	Rupees
Key management personnel		
Loans and advances	1,542,438	7,218,083

9. SEASONALITY

The Company's business is subject to seasonal fluctuation, with demand of its product increasing in the summer season and in the month of Ramadan and other events. Therefore, revenues and profits are not necessary indicative of results to be expected for the full year.

10. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on April 27, 2018.

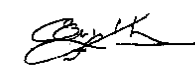
11. GENERAL

Certain prior period figures have been reclassified for the purpose of comparison. There were no major reclassifications to report.

Figures have been rounded off to the nearest Rupee.



Muhammad Atif
Chief Executive Officer



Muhammad Siraj
Director



Muhammad Imran
Chief Financial Officer