



Quice Food Industries Limited

Every time. Better than before.

Third Quarterly Report
31st March 2016

CORPORATE INFORMATION

Board of Directors

Mr. Muhammad Atif	Chief Executive
Mr. Muhammad Siraj	Director
Mr. Salman Haroon	Independent Director
Mr. Qazi Muhammad Imran	Director
Mr. Muhammad Riaz	Director
Mr. Aamir Altaf	Director
Mr. Javed Yamin	Director

Company Secretary

Mr. Iqbal Shahid

Audit Committee

Mr. Salman Haroon	Chairman
Mr. Muhammad Siraj	Member
Mr. Javed Yamin	Member

Bankers

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

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.

Auditors

M/s. IECnet S.K.S.S.S
Chartered Accountants,

Legal Advisor

M/s. Ahmed & Qazi
Advocates & Legal Consultants

Share Registrar

M/s. Technology Trade (Private) Limited

DIRECTOR'S REPORT

The Directors of your Company have the pleasure in presenting to you the financial results of your Company which include un-audited financial statements for the third quarter ended March 31, 2016.

Overview

During the period, the stability in exchange rates and reduction in fuel prices provided support to the economy but the continued energy crises adversely offset the impact of these gains.

In the face of all challenges, the Company has reported Rupees 74.887 million revenue as compared to Rupees 72.504 million in the same period last year and Rupees 28.272 million loss as compared to Rupees 22.664 million in the same period last year for period ended March 31, 2016.

Financial Performance

Nine months 15-16		Nine months 14-15		% changes	
- Revenue	74.887	- Revenue	72.504	- Revenue	3.29%
- GP	17.355	- GP	13.156	- GP	31.92%
- Depreciation	8.499	- Depreciation	8.504	- Depreciation	(0.05)%
- OL	32.182	- OL	26.246	- OL	22.62%
- Taxation	0.332	- Taxation	0.247	- Taxation	34.5%
- NL	28.272	- NL	22.664	- NL	24.74%
- EPS	(0.29)	- EPS	(0.43)	- EPS	(33.87%)

Concluded nine months ended 2016, we invested competitively and planned behind our brands. We are positioning ourselves through our promotion drive for new market segments. The Company was able to sustain the growth through its sales and marketing activities both on the branding as well as the trade front. In addition, the Company take-in other major activities conducted during the first half on the marketing front as well as conducted a distributors' consultation which helped raise a relationship with the distributors.

In addition, 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 necessarily indicative of results to be expected for the full years. However, on the other hand production's overheads (fixed and running overheads) are occurring continue for accomplishing our desired sales.

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.

Outlook:

Your Company is quite optimistic about its volumetric growth in the current reporting year. Your Company's strong financial position and free cash flow generating ability would also help investing in the projects and avenues which would continue to bring in further efficiencies and increase shareholder value.

However, the business is fully equipped to deal with challenges and will continue to invest, innovate and stand committed to creating value for you.

Acknowledgement:

Your directors take this opportunity to express their deep sense of gratitude to all the stakeholders for their encouragement and support.

The management will continue to focus on key growth parameters of; innovation, brand differentiation and continuous business expansion including expansion in new categories.

We would like to place on record our sincere appreciation for the commitment, dedication and hard work put in by every member of the Quice family.

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

On behalf of the Board



MUHAMMAD ATIF
Chief Executive

Karachi
April 30, 2016

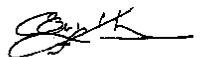
**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2016**

	Note	Un-audited 31 March 2016 Rupees	Audited 30 June 2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property Plant and Equipment	5	363,530,482	361,564,572
Long term deposits		1,793,200	1,099,000
		365,323,682	362,663,572
CURRENT ASSETS			
Stores and spares		1,169,170	29,433
Stock-in-trade		134,698,881	68,637,956
Trade debts		47,620,062	119,860,066
Short term investments	6	19,160,506	114,602,855
Advances, deposits, prepayments & other receivables		107,873,969	38,873,688
Taxation - net		2,405,047	1,090,460
Sales tax receivable		4,291,640	-
Cash and bank balances		1,840,187	6,526,599
		319,059,462	349,621,057
TOTAL ASSETS		684,383,144	712,284,629
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (30 June 2015: 105,100,000) ordinary shares of Rupees 10 each		1,051,000,000	1,051,000,000
Issued, subscribed and paid up share capital			
98,461,827 (30 June 2015: 98,461,827) ordinary shares of Rupees 10 each		984,618,280	984,618,280
Reserves		(360,147,092)	(328,750,959)
Total equity		624,471,188	655,867,321
Surplus on revaluation of property, plant and equipment		24,649,997	26,595,186
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity		3,431,523	2,704,421
CURRENT LIABILITIES			
Trade and other payables		31,830,435	27,117,701
Total liabilities		35,261,958	29,822,122
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		684,383,143	712,284,629

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



Muhammad Atif
Chief Executive



Muhammad Siraj
Director

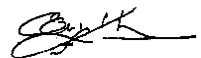
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2016**

	Nine Months Ended		Quarter Ended	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	Rupees	Rupees	Rupees	Rupees
SALES	74,887,129	72,504,343	48,128,362	40,696,367
COST OF SALES	(57,532,104)	(59,348,547)	(30,252,616)	(25,127,450)
GROSS PROFIT	17,355,025	13,155,796	17,875,746	15,568,917
DISTRIBUTION AND SELLING COST	(31,430,959)	(19,460,809)	(8,480,651)	(6,661,125)
ADMINISTRATIVE EXPENSES	(18,105,999)	(19,941,205)	(6,653,831)	(7,659,070)
	(49,536,958)	(39,402,014)	(15,134,482)	(14,320,195)
OPERATING PROFIT / (LOSS)	(32,181,933)	(26,246,218)	2,741,264	1,248,722
OTHER OPERATING INCOME	4,297,442	3,842,798	3,705,381	1,507,656
PROFIT / (LOSS) FROM OPERATIONS	(27,884,491)	(22,403,420)	6,446,645	2,756,378
FINANCE COST	(55,303)	(13,715)	(15,494)	(2,676)
PROFIT / (LOSS) BEFORE TAXATION	(27,939,794)	(22,417,135)	6,431,151	2,753,702
TAXATION	(332,264)	(247,029)	(143,934)	(125,888)
PROFIT / (LOSS) AFTER TAXATION	(28,272,058)	(22,664,164)	6,287,217	2,627,814
EARNINGS / (LOSS) PER SHARE- BASIC AND DILUTED (RUPEES)	(0.29)	(0.43)	0.06	0.03

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



Muhammad Atif
Chief Executive



Muhammad Siraj
Director

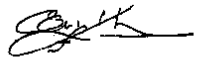
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2016**

	NINE MONTHS ENDED		QUARTER ENDED	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	Rupees	Rupees	Rupees	Rupees
PROFIT / (LOSS) AFTER TAXATION	(28,272,058)	(22,664,164)	6,287,217	2,627,815
Other comprehensive income				
Remeasurment loss on short term investments	(5,069,265)	(1,937,010)	(1,488,420)	(1,459,815)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD	<u>(33,341,323)</u>	<u>(24,601,174)</u>	<u>4,798,797</u>	<u>1,168,000</u>

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



Muhammad Atif
Chief Executive



Muhammad Siraj
Director

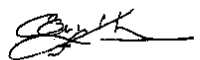
**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2016**

	QUARTER ENDED	
	31 March 2016 Rupees	31 March 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(27,939,794)	(22,417,134)
Adjustment for non cash items:		
Depreciation	8,498,739	8,503,508
Provision for gratuity	727,102	670,254
Loss on sale of equity shares	26,495	(584,304)
Net cash used in from operations before working capital changes	(18,687,458)	(13,827,676)
Working capital changes		
(Increase) / decrease in current assets		
Store & spares	(1,139,737)	(2,490)
Stock-in-trade	(66,060,925)	202,855
Trade debts	72,240,004	66,385,832
Short term investments	89,648,584	(138,947,205)
Advances, deposits & other receivables	(69,000,281)	(46,962,799)
Advance tax	(1,646,871)	(395,373)
Sales tax receivable	(4,291,640)	813,514
	19,749,135	(118,905,666)
Increase / (decrease) in current liabilities		
Trade and other payables	4,712,734	(6,469,561)
Net working capital changes	24,461,869	(125,375,227)
Income tax paid	-	(250,000)
Net cash inflow from / (used in) operating activities	5,774,411	(139,452,903)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(10,464,628)	(226,585,524)
Long term deposits	(694,200)	-
Sale proceed against sale of equity shares	698,005	2,524,220
Net cash used in investing activities	(10,460,823)	(224,061,304)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue other then right	-	262,612,780
Share issue - right	-	200,000,000
Discount on issue of shares	-	(92,522,556)
Net cash inflows from financing activities	-	370,090,224
Net (decrease) / increase in cash and cash equivalents	(4,686,412)	6,576,017
Cash and cash equivalents at the beginning of the period	6,526,599	1,974,023
Cash and cash equivalents at the end of the period	1,840,187	8,550,040

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



Muhammad Atif
Chief Executive



Muhammad Siraj
Director

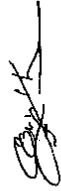
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE PERIOD ENDED MARCH 31, 2016

	SHARE CAPITAL	RESERVES				SHAREHOLDERS' EQUITY
		Premium on issue of capital	Discount on issue of capital	Accumulated loss	Total	
		Rupees	Rupees	Rupees	Rupees	
Balance as at 30 June 2014 - (Audited)	522,005,500	6,875,000	(190,266,000)	(58,758,750)	(242,149,750)	279,855,750
Issue of shares - Other than right	262,612,780	-	-	-	-	262,612,780
Issue of shares - right	200,000,000	-	-	-	-	200,000,000
Discount on Issue of shares - Other than right	-	-	(40,000,000)	-	(40,000,000)	(40,000,000)
Discount on Issue of shares - right	-	-	(52,522,556)	-	(52,522,556)	(52,522,556)
Incremental depreciation transferred to retained earnings	-	-	-	2,152,500	2,152,500	2,152,500
Comprehensive loss for the period ended	-	-	-	(24,601,174)	(24,601,173)	(24,601,173)
Balance as at 31 March 2015 - (Un-audited)	984,618,280	6,875,000	(282,788,556)	(81,207,424)	(357,120,979)	627,497,301
Comprehensive income for the period ended	-	-	-	28,370,021	28,370,021	28,370,021
Balance as at 30 June 2015 - (Audited)	984,618,280	6,875,000	(282,788,556)	(52,837,403)	(328,750,958)	655,867,322
Incremental depreciation transferred to retained earnings	-	-	-	1,945,189	1,945,189	1,945,189
Comprehensive loss for the period ended	-	-	-	(33,341,323)	(33,341,323)	(33,341,323)
Balance as at 31 March 2016 - (Un-audited)	984,618,280	6,875,000	(282,788,556)	(84,233,537)	(360,147,092)	624,471,188

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 STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016**

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 period ended 31 March 2016 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 quarterly 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 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 2015.

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 2015.

	Un-audited 31 March 2016	Audited 30 June 2015
	Rupees	Rupees
5. PROPERTY, PLANT AND EQUIPMENT		
Operating Assets - note 5.1	222,164,163	195,745,992
Capital Work-in-Progress	141,366,319	165,818,580
	<u>363,530,482</u>	<u>361,564,572</u>
5.1 OPERATING ASSETS		
Opening book value	195,745,992	83,823,939
Add: Cost of additions during the period / year	34,916,910	124,119,093
	230,662,902	207,943,032
Less: Depreciation charged during the period / year	(8,498,739)	(11,223,276)
Disposal during the period / year	-	(973,764)
	(8,498,739)	(12,197,040)
	<u>222,164,163</u>	<u>195,745,992</u>
6. SHORT TERM INVESTMENTS - Available-for-sale		
Equity investments	6.1 19,160,506	24,602,855
Term deposit certificates	6.2 -	90,000,000
	<u>19,160,506</u>	<u>114,602,855</u>
6.1 Equity Investments		
Marketable securities - Listed		
Cost of listed shares	24,602,855	23,702,249
Add: Cost of investments made during the period	351,416	-
Less: Disposals during the period	(724,500)	-
(Decline) / Upward fair value reserve	(5,069,265)	900,606
Fair Value of listed shares	<u>19,160,506</u>	<u>24,602,855</u>
6.1.1 This includes investments in different listed securities.		
6.2 Term Deposits Certificate		
Investment in Islamic Certificates	-	<u>90,000,000</u>
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.		
7.2 Commitments		
There were no capital or other commitments at the balance sheet date (30 June 2015: Nil).		

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, distributor and major supplier.

Nature of relationship	Nature of transactions	Un-audited	Un-audited
		March 31, 2016	March 31, 2015
		Rupees	Rupees
Major customers	Sales	46,628,317	54,110,250
Major suppliers	Purchases	22,780,967	1,867,430
		Un-audited	Audited
		March 31, 2016	June 30, 2015
		Rupees	Rupees
Major customers	Trade debts	28,982,537	65,551,983
Key management personnel	Loans and advances	4,775,106	15,815,325

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 years.

10. DATE OF AUTHORIZATION

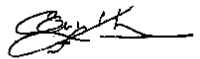
This condensed interim financial information was approved by the Board of Directors and authorized for issue on April 30, 2016.

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.



Muhammad Atif
Chief Executive



Muhammad Siraj
Director