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Half Yearly Report

31 December 2017



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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

QUICE FOOD INDUSTRIES LIMITED

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

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

M/s. Technology Trade (Private) Limited
M/s. Technology Trade (Private) Limited
Dagja 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

DIRECTORS' REVIEW

Fellow shareholders

The Directors of Quice Food Industries Limited are pleased to submit the reviewed condensed interim financial information of the Company for the half year ended December 31, 2017.

Business Review

The Company continued to focus on volume driven sales growth with the half year ended attained a revenue of Rs. 36.047 million versus Rs. 34.628million 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:

	Dec-17	Dec-16
	PKR	PKR
	"000"	"000"
Financial Results		
Net sales	36,047	34,628
Gross loss	(17,716)	(6,134)
Depreciation	10,421	9,392
Pre-tax loss	(46,738)	(38,754)
After-tax loss	(46,938)	(39,043)
Loss per share	(0.48)	(0.40)

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 avolume growth.

We are positivethat the Company will be able toprogress on the growth arc in the upcoming years as well and we consistentlyputting 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
February 27, 2018

ڈائریکٹر رپورٹ

شیئر ہولڈر ساتھیو!

کوئس فوڈ انڈسٹریز لمیٹڈ کے ڈائریکٹرز کمپنی کی نظر ثانی شدہ عبوری فنانشل معلومات برائے نصف سال ، اختتام شدہ 31 دسمبر 2017 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 گزشتہ سال کے اسی عرصے میں حاصل شدہ سیلز ریونیو 34,628 ملین روپے کے مقابلے میں اس مرتبہ یہ رقم 36.047 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 چھ 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 برانڈ اور اس کے صارفین کے درمیان تعلق قیام کرنے پر دی گئی۔ مختلف بیرونی سرگرمیوں کی مہم چلائی گئی جس کا برانڈ کی مقبولیت پر مثبت اثر پڑا۔ کمپنی کی فنانشل کارکردگی مندرجہ ذیل ہے۔

	دسمبر-17	دسمبر-16	
	PKR	PKR	
	"000"	"000"	
خالص سیلز	36,047	34,628	مالی نتیجہ
مجموعی نقصان	(17,716)	(6,134)	خالص سیلز
فرسودگی	10,421	9,392	مجموعی نقصان
قبل از ٹیکس نقصان	(46,738)	(38,754)	فرسودگی
بعد از ٹیکس نقصان	(46,938)	(39,043)	قبل از ٹیکس نقصان
فی شیئر نقصان	(0.48)	(0.40)	بعد از ٹیکس نقصان
			فی شیئر 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 فروری 2018



**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, 2017, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity together with the notes to the accounts forming part thereof, for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this 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 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, 2017 and December 31, 2016 have not been reviewed, as we are required to review only the cumulative figures for the six-months ended December 31, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 interim financial information as of and for the six-months period ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Place: Karachi

Date: February 27, 2018

(Aslam Malik & Co.)
Chartered Accountants


Engagement Partner:
Mohammad Aslam Malik



**QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2017**

	Unaudited December 31, 2017	Audited June 30, 2017
Note	Rupees	Rupees
ASSETS		
NON-CURRENT ASSETS		
Fixed Assets		
Property Plant and Equipment	398,477,667	402,261,606
Long term deposits	1,819,200	1,819,200
	400,296,867	404,080,806
CURRENT ASSETS		
Stores and spares	3,077,707	2,847,213
Stock-in-trade	248,079,204	268,859,814
Trade debts	7,708,300	15,664,678
Short term investments	12,784,942	24,578,631
Advances, deposits, prepayments & other receivables	28,367,522	26,298,451
Tax refunds due from government	8,046,307	6,138,695
Cash and bank balances	1,239,283	601,070
	309,303,265	344,988,552
	709,600,132	749,069,358
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorized share capital		
105,100,000 (30 June 2017: 105,100,000) ordinary shares of Rupees 10 each	1,051,000,000	1,051,000,000
Issued, subscribed and paid up share capital and reserves		
98,461,828 (30 June 2017: 98,461,828) ordinary shares of Rupees 10 each	984,618,280	984,618,280
Reserves	(411,846,538)	(366,537,519)
Total equity	572,771,742	618,080,761
Surplus on revaluation of property, plant and equipment	20,646,629	22,275,903
NON-CURRENT LIABILITIES		
Deferred liabilities - Provision for gratuity	3,618,988	3,166,850
CURRENT LIABILITIES		
Trade and other payables	112,562,773	105,545,844
CONTINGENCIES AND COMMITMENTS		
TOTAL EQUITY AND LIABILITIES	709,600,132	749,069,358

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

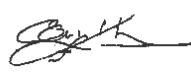


QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Note	HALF YEAR ENDED		QUARTER ENDED	
	December 31 2017	December 31 2016	December 31 2017	December 31 2016
	Rupees	Rupees	Rupees	Rupees
Sales	36,047,547	34,628,087	11,323,618	9,136,664
Cost of Sales	(53,764,186)	(40,762,533)	(23,181,683)	(17,054,025)
Gross Loss	(17,716,639)	(6,134,447)	(11,858,065)	(7,917,360)
Distribution Cost	(15,751,370)	(27,160,384)	(7,708,587)	(19,108,003)
Administrative Expenses	(9,891,690)	(11,737,251)	(4,872,335)	(6,630,372)
	(25,643,060)	(38,897,635)	(12,580,922)	(25,738,375)
Operating Loss	(43,359,699)	(45,032,082)	(24,438,987)	(33,655,736)
Other Operating Income	(3,319,428)	6,302,453	(3,414,083)	3,976,736
Loss From Operations	(46,679,127)	(38,729,629)	(27,853,070)	(29,679,000)
Finance Cost	(59,083)	(24,865)	(14,600)	(12,117)
Loss Before Taxation	(46,738,210)	(38,754,494)	(27,867,670)	(29,691,117)
Taxation	(200,083)	(288,860)	(88,884)	(99,069)
Loss After Taxation	(46,938,293)	(39,043,354)	(27,956,554)	(29,790,186)
Loss Per Share- Basic And Diluted (Rupees)	(0.48)	(0.40)	(0.28)	(0.30)

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



QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	HALF YEAR ENDED		QUARTER ENDED	
	December 31 2017	December 31 2016	December 31 2017	December 31 2016
	Rupees	Rupees	Rupees	Rupees
Loss After Taxation	(46,938,293)	(39,043,354)	(27,956,554)	(29,790,186)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Loss For The Period	(46,938,293)	(39,043,354)	(27,956,554)	(29,790,186)

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

QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (Unaudited)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

Note	HALF YEAR ENDED	
	December 31 2017 Rupees	December 31 2016 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(46,738,210)	(38,754,494)
Adjustment for non cash items:		
Depreciation	10,421,132	9,392,028
Provision for gratuity	452,138	468,000
(Gain)/Loss on disposal of investment	1,002,910	(1,247,363)
Remeasurement (Gain) / Loss on Investment	2,936,026	(3,572,800)
Gain on sale of fixed assets	-	(165,227)
	14,812,206	4,874,638
Net cash used in from operations before working capital changes	(31,926,004)	(33,879,856)
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(230,494)	(2,583,971)
Stock-in-trade	20,780,610	(38,454,633)
Trade debts	7,956,378	92,614,770
Advances, deposits, prepayments & other receivables	(2,069,071)	(16,055,885)
	26,437,423	35,520,281
Increase / (decrease) in current liabilities		
Trade and other payables	6,816,846	27,330,882
Net working capital changes	33,254,269	62,851,162
Income tax paid	(1,907,612)	(2,450,837)
Net cash flow from operating activities	(579,347)	26,520,469
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term deposits	-	250,000
Acquisition of property, plant and equipment	(6,637,193)	(21,712,229)
Short term investments	7,854,753	(1,858,253)
Proceeds from disposal of property, plant and equipment	-	522,000
Net cash used in investing activities	1,217,560	(22,798,482)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	638,213	3,721,987
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	1,239,283	7,928,562

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

QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	RESERVES				SHAREHOLDER'S EQUITY	
	SHARE CAPITAL	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)	984,618,280	6,875,000	(282,788,556)	(53,631,775)	(329,545,331)	655,072,949
Incremental depreciation transferred to retained earnings	-	-	-	1,186,667	1,186,667	1,186,667
Comprehensive loss for the period ended	-	-	-	(39,043,354)	(39,043,354)	(39,043,354)
Balance as at December 31, 2016 - (Unaudited)	984,618,280	6,875,000	(282,788,556)	(91,488,462)	(367,402,018)	617,216,262
Incremental depreciation transferred to retained earnings	-	-	-	571,177	571,177	571,177
Comprehensive income for the period ended	-	-	-	293,322	293,322	293,322
Balance as at June 30, 2017 - (Audited)	984,618,280	6,875,000	(282,788,556)	(90,623,963)	(366,537,519)	618,080,761
Incremental depreciation transferred to retained earnings	-	-	-	1,629,274	1,629,274	1,629,274
Comprehensive loss for the half year ended December 31, 2016	-	-	-	(46,938,293)	(46,938,293)	(46,938,293)
Balance as at December 31, 2017 - (Unaudited)	984,618,280	6,875,000	(282,788,556)	(135,932,982)	(411,846,538)	572,771,742

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



QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED DECEMBER 31, 2017 (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 half year ended 31 December 2017 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

These interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Company's annual financial statements for the year ended June 30, 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.



5. PROPERTY, PLANT AND EQUIPMENT

Operating Assets - note 5.1
Capital Work-in-Progress

	Unaudited December 31, 2017 Rupees	Audited June 30, 2017 Rupees
	229,874,669	239,880,816
	168,602,998	162,380,790
	398,477,667	402,261,606

5.1 Opening book value
Add: Cost of additions during the period / year
Less: Depreciation charged during the period / year
Disposal during the period / year

	December 31, 2017 Rupees	Audited June 30, 2017 Rupees
	239,880,816	248,401,227
	414,985	11,970,251
	(10,421,132)	(20,133,889)
	-	(356,773)
	(10,421,132)	(20,490,662)
	229,874,669	239,880,816

6. SHORT TERM INVESTMENTS

Equity investments

6.1

	12,784,942	24,578,631
	12,784,942	24,578,631

6.1 Equity Investments

Marketable securities - Listed

Cost of listed Shares
Purchased during the year
Disposal during the year

	24,578,631	18,093,267
	-	63,597,944
	(8,857,663)	(57,683,249)
	15,720,968	24,007,962
	Fair value reserve (2,936,026)	570,669
	12,784,942	24,578,631

6.1.1 This includes investments in different listed securities.

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

Muhammad Imran
Chief Financial Officer

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.

Nature of relationship	Nature of transactions	Unaudited December 31, 2017	Unaudited December 31, 2016
		Rupees	Rupees
Major customers	Sales	18,362,047	7,063,150
Major suppliers	Purchases	3,354,692	3,169,116
		Unaudited December 31, 2017	Audited June 30, 2017
		Rupees	Rupees
Key management personnel	Loans and advances	1,542,438	2,114,527

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 February 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