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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

Half Yearly Report
UNAUDITED ACCOUNTS
December 31, 2014

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 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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Directors' Review

On behalf of the Board of Directors of Quice Food Industries Limited (QFIL), we are pleased to submit the report and the condensed interim financial information of the Company for the half year ended December 31, 2014.

Principal Activities:

QFIL is engaged in manufacturing and sale of Jam, Jelly, Syrups, Custard powder, Pickles, Essence, Juices and Aerated drinks and its Allied Products.

Business Review:

The company has reported Rupees 31.808 million revenue vs. Rupees 37.608 million in the same period last year and Rupees 25.292 million loss vs. Rupees 0.151 million in the same period last year for period ended December 31, 2014.

The overall economic and business conditions during the period under review remained extremely challenging. However, by the grace of Almighty Allah, Company strived hard to manage the external challenges by bringing in efficiencies in Company's operations and processes to maintain our position and to sustain growth.

As we started production at Hub Unit recently plant not working with its production capacity due to construction phase / low production activity, therefore, we have not achieved our targeted goals / sales during the examined period.

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 necessary 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 from Hub Unit.

Karachi
February 25, 2015

Future Outlook:

In connection with the set goals, the management plans and engaged in capturing market share in Karachi and its surroundings and introducing its product by different activities at Schools, Malls and Super Marts (Imtiaz, Chase up etc) in the current period to boost its sales in Karachi region.

QFIL will continue to live its purpose inspired growth strategy and bring affordable and nutritious products that guarantee wholesome goodness to its consumers.

We have strong belief in our ability to exploit imposing challenges through increase in sales volumes, rolling out continuous improvement initiatives in all business processes, price rationalization and efficient utilization of our resources.

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

On behalf of the Board

MUHAMMAD ATIF
Chief Executive Officer



INDEPENDENT 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, 2014 and the related condensed interim Profit & Loss Account, condensed interim statement of comprehensive income, condensed interim Cash flow Statement and condensed interim Statement of Changes in Equity and notes forming part thereof for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of the 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 condensed 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, 2014 and December 31, 2013 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended December 31, 2014.

Scope of Review


We conducted our review in accordance with the International Standard on Review Engagements 2410. "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" A review of condensed 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 condensed interim financial information as at and for the six months period ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the three months period ended December 31, 2014 and December 31, 2013 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the six months period ended December 31, 2014.

Place: Karachi
Date: February 25, 2015




(Aslam Malik & Co.)
Chartered Accountants
Muhammad Aslam Malik

condensed interim
balance sheet
as at 31 December 2014

	Note	Un-audited 31 December 2014 Rupees	Audited 30 June 2014 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating assets	5	288,953,328	83,823,939
Capital work in progress-plant and machinery		65,365,574	55,545,498
		354,318,902	139,369,437
CURRENT ASSETS			
Stock-in-trade		27,791,958	43,057,387
Trade debts		55,056,395	134,109,012
Advances, deposits & other receivables		41,357,148	10,891,032
Accrued profit		915	5,503
Short term investments	6	26,470,010	-
Advance income tax		1,126,227	250,740
Sales tax receivables		693,468	2,281,100
Cash and bank balances		683,309	1,974,023
		153,179,430	192,568,797
		507,498,332	331,938,234
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (30 June 2014: 105,100,000) ordinary shares of Rupees 10 each		1,051,000,000	1,051,000,000
Issued, subscribed and paid up share capital			
78,461,828 (30 June 2014: 52,200,550) ordinary shares of Rupees 10 each		784,618,280	522,005,500
Reserves		(318,988,392)	(242,149,750)
Total equity		465,629,888	279,855,750
Surplus on revaluation of property, plant and equipment		27,976,527	29,346,315
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity		3,250,697	2,803,861
CURRENT LIABILITIES			
Trade and other payables		10,115,306	19,527,535
Provision for taxation		525,914	404,773
		10,641,220	19,932,308
Total liabilities		13,891,917	22,736,169
CONTINGENCIES AND COMMITMENTS			
	7	-	-
TOTAL EQUITY AND LIABILITIES		507,498,332	331,938,234

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



Muhammad Atif
Chief Executive Officer



Muhammad Siraj
Director



condensed interim
profit and loss account - (Unaudited)
for the Half Year ended 31 December 2014

Note	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Rupees	Rupees	Rupees	Rupees
SALES	31,807,976	37,608,496	5,623,588	5,489,683
COST OF SALES	(34,221,097)	(25,276,023)	(18,141,016)	(5,029,480)
GROSS (LOSS) / PROFIT	(2,413,121)	12,332,473	(12,517,428)	460,203
DISTRIBUTION AND SELLING COST	(12,799,684)	(9,731,433)	(5,906,731)	(4,382,486)
ADMINISTRATIVE EXPENSES	(12,282,135)	(5,078,781)	(7,696,151)	(2,423,581)
OPERATING LOSS	(25,081,819)	(14,810,214)	(13,602,882)	(6,806,067)
OTHER OPERATING INCOME	2,314,131	2,158,433	1,684,060	1,207,432
LOSS FROM OPERATIONS	(25,180,809)	(319,308)	(24,436,250)	(5,138,432)
FINANCE COST	(11,039)	(17,216)	(1,970)	(4,016)
EXCHANGE GAIN / (LOSS) ON CURRENCY REVALUATION	21,011	185,311	(24,059)	(115,636)
LOSS BEFORE TAXATION	(25,170,837)	(151,213)	(24,462,279)	(5,258,084)
TAXATION	(121,141)	-	(53,816)	-
LOSS AFTER TAXATION	(25,291,978)	(151,213)	(24,516,095)	(5,258,084)
LOSS PER SHARE- BASIC AND DILUTED (RUPEES)	(0.322)	(0.003)	(0.312)	(0.10)

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

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director



condensed interim statement of
comprehensive income - (unaudited)
for the Half Year ended 31 December 2014

	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	Rupees	Rupees	Rupees	Rupees
LOSS AFTER TAXATION	(25,291,978)	(151,213)	(24,516,095)	(5,258,084)
Other Comprehensive Income				
Remeasurement loss on short term investments	(477,195)	-	(477,195)	-
Total Comprehensive Loss For The Period	(25,769,173)	(151,213)	(24,993,290)	(5,258,084)

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

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

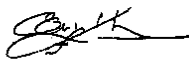
condensed interim statement of
cash flows - (Unaudited)
for the Half Year ended 31 December 2014

	HALF YEAR ENDED		
	Note	31 December 2013	31 December 2014
		Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(25,170,837)	(151,213)
Adjustment for non cash items:			
Depreciation		5,704,404	4,509,312
Provision for gratuity		446,836	250,993
		6,151,240	4,760,305
Net cash (used in) / flow from operations before working capital changes		(19,019,597)	4,609,092
Working capital changes			
(Increase) / decrease in current assets			
Stock-in-trade		15,265,429	7,127,815
Trade debts		79,052,617	40,240,876
Advances, Deposits & other receivables		(30,466,116)	(26,382,367)
Short term investments		(26,947,205)	-
Accrued profit		4,588	(321,754)
Advance tax		(875,487)	(163,166)
Sales tax receivables		1,587,632	-
		37,621,458	20,501,404
Increase / (decrease) in current liabilities			
Trade and other payables		(9,412,229)	(730,888)
Net working capital changes		28,209,229	19,770,516
Net cash flow from operating activities		9,189,632	24,379,608
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(220,570,570)	(502,000)
Net cash used in investing activities		(220,570,570)	(502,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of right shares - net of discount		210,090,224	-
Net cash flow from financing activities		210,090,224	-
Net (decrease) / increase in cash and cash equivalents		(1,290,714)	23,877,608
Cash and cash equivalents at the beginning of the period		1,974,023	29,559,881
Cash and cash equivalents at the end of the period		683,309	53,437,489

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



Muhammad Atif
Chief Executive Officer



Muhammad Siraj
Director

condensed interim statement of
changes in equity - (Unaudited)
for the Half Year ended 31 December 2014

	SHARE CAPITAL		RESERVES		SHAREHOLDER'S EQUITY	
	Rupees	Rupees	Premium on issue of capital	Discount on issue of capital	Accumulated loss	Total
Balance as at 30 June 2013 - Restated	522,005,500	6,875,000	-	(190,266,000)	(84,838,866)	253,775,634
Incremental depreciation transferred to retained earnings	-	-	-	-	2,400,585	2,400,585
Total comprehensive income for the year ended 30 June 2014	-	-	-	-	23,679,531	23,679,531
Balance as at 30 June 2014 - (Audited)	522,005,500	6,875,000	-	(190,266,000)	(58,758,750)	279,855,750
Issue of shares - Other than right	262,612,780	-	-	-	-	262,612,780
Discount on issue of shares - Other than right	-	-	-	(52,522,556)	-	(52,522,556)
Incremental depreciation transferred to retained earnings	-	-	-	-	1,453,087	1,453,087
Total comprehensive loss for the half year ended 31 December 2014	-	-	-	-	(25,769,173)	(25,769,173)
Balance as at 31 December 2014 - (Un-audited)	784,618,280	6,875,000	(83,074,836)	(242,788,556)	(318,988,392)	465,629,888

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



Muhammad Atif
Chief Executive Officer



Muhammad Siraj
Director

notes to the condensed interim
financial information - (Unaudited)
for the Half Year ended 31 December 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. 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 2014 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 un-audited 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

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 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 2014.

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 2014.

5. PROPERTY, PLANT AND EQUIPMENT

	Un-audited 31 December 2014	Audited 30 June 2014
	Rupees	Rupees
Opening book value	83,823,939	88,442,880
Add		
Cost of additions during the period / year	210,833,793	5,356,764
Less		
Depreciation charged during the period / year	(5,704,404)	(8,901,105)
Deficit on revaluation	-	(1,074,600)
	(5,704,404)	(9,975,705)
	<u>288,953,328</u>	<u>83,823,939</u>

	Un-audited 31 December 2014	Audited 30 June 2014
	Rupees	Rupees
6. SHORT TERM INVESTMENTS		
Available-for-sale		
Marketable securities - Listed	26,947,205	-
Less: Provision for impairment of value in investments	(477,195)	-
	<u>26,470,010</u>	<u>-</u>
6.1 Reconciliation of provision for impairment in Value of investments		
Opening provision	-	-
Provision made during the period	477,195	-
Closing provision	<u>477,195</u>	<u>-</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 2014: Nil).

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, distributor and major supplier.

	HALF YEAR ENDED	
	31 December 2014	31 December 2013
	Rupees	Rupees
Sales	26,002,700	37,608,496
Purchases	1,867,430	9,524,740
Trade debts	41,126,248	59,537,690
Loans and advances	11,268,165	27,368,170

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 February 25, 2015.

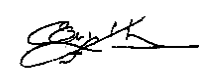
11. GENERAL

- 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 Officer



Muhammad Siraj
Director