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QUICE FOOD INDUSTRIES LIMITED

W57, Madina Palace, Mezzanine Floor,
Faran Co-operative Society, Dhoraji Colony,
Karachi-74800, Pakistan.
Phone : 021-34857177-79

26TH HALF YEARLY REPORT
31 DECEMBER 2015

Quice Food Industries Limited



CORPORATE INFORMATION

Board of Directors

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

Company Secretary

Mr. Iqbal Shahid

Audit Committee

Mr. Saman Haroon - Chairman
Mr. Muhammad Siraj
Mr. Javed Yamin

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

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DIRECTORS' REVIEW

The Directors of Quice Food Industries Limited (QFIL) are pleased to submit the condensed interim financial information of the Company for the half year ended December 31, 2015.

Business Review:

During the period July - December 2015, 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 26.759 million revenue as compared to Rupees 31.808 million in the same period last year and Rupees 30.978 million loss as compared to Rupees 25.292 million in the same period last year for period ended December 31, 2015.

Concluded half year 2015, 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. The Company is going to launch the series of Juices during the second half and will achieve the promising feedback from the consumers. In addition, the Company take-in other major activities conducted during the half year ended 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.

Financial Highlights:

Net sale (PKR m)		Dep. expense (PKR m)	
Dec – 2015	26.759	Dec – 2015	5.483
Dec – 2014	31.808	Dec – 2014	5.704
Loss after tax (PKR m)		Ret. Earnings (PKR m)	
Dec – 2015	30.978	Dec – 2015	(361.997)
Dec – 2014	25.292	June – 2015	(328.751)

Future Outlook:

With build-up pressures in the peripheral environment, we will continue to face familiar and unknown challenges in foreseeable future. However, 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 Office

Karachi
February 29, 2016



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** as at December 31, 2015 and 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 forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015 and 2014.

Scope of Review

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of interim financial information Performed by the Independent Auditor of the Entity". A review of interim financial information consist 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 of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

IECnet S.K.S.S.S

Chartered Accountants

Engagement Partner: Najamuddin Shad

Date: February 29, 2016

Place: Islamabad



QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	Un-audited 31 December 2015 Rupees	Audited 30 June 2015 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, Plant and Equipment	5	365,780,848	361,564,572
Long term deposits		1,785,200	1,099,000
		367,566,048	362,663,572
CURRENT ASSETS			
Stores and spares		289,173	29,433
Stock-in-trade		63,314,021	68,637,956
Trade debts		80,541,220	119,860,066
Short term investments	6	106,373,426	114,602,855
Advances, deposits, prepayments & other receivables		45,551,780	38,873,688
Tax refunds due from government		2,363,621	1,090,460
Cash and bank balances		5,152,680	6,526,599
		303,585,921	349,621,057
TOTAL ASSETS		671,151,969	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			
98,461,828 (30 June 2015: 98,461,828) ordinary shares of Rupees 10 each		984,618,280	984,618,280
Reserves		(361,997,096)	(328,750,959)
TOTAL EQUITY		622,621,184	655,867,321
Surplus on revaluation of property, plant and equipment		25,282,048	26,595,186
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity		3,189,156	2,704,421
CURRENT LIABILITIES			
Trade and other payables		20,059,581	27,117,701
TOTAL LIABILITIES		23,248,737	29,822,122
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		671,151,969	712,284,629

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

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director



QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Note	HALF YEAR ENDED		QUARTER ENDED	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Rupees	Rupees	Rupees	Rupees
SALES	26,758,767	31,807,976	8,409,919	5,623,588
COST OF SALES	(27,279,488)	(34,221,097)	(13,464,472)	(18,141,016)
GROSS LOSS	(520,721)	(2,413,121)	(5,054,553)	(12,517,428)
DISTRIBUTION AND SELLING COST	(22,950,308)	(12,799,684)	(11,694,441)	(5,906,731)
ADMINISTRATIVE EXPENSES	(11,452,168)	(12,282,135)	(6,479,985)	(7,696,151)
	(34,402,476)	(25,081,819)	(18,174,426)	(13,602,882)
OPERATING LOSS	(34,923,197)	(27,494,940)	(23,228,979)	(26,120,310)
OTHER OPERATING INCOME	4,172,906	2,335,142	2,654,570	1,660,001
LOSS FROM OPERATIONS	(30,750,291)	(25,159,798)	(20,574,409)	(24,460,309)
FINANCE COST	(39,809)	(11,039)	(33,431)	(1,970)
LOSS BEFORE TAXATION	(30,790,100)	(25,170,837)	(20,607,840)	(24,462,279)
TAXATION	(188,330)	(121,141)	(71,741)	(53,816)
LOSS AFTER TAXATION	(30,978,430)	(25,291,978)	(20,679,581)	(24,516,095)
LOSS PER SHARE- BASIC AND DILUTED (RUPEES)	(0.31)	(0.32)	(0.21)	(0.31)

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

Muhammad Atif
Chief Executive Officer


Muhammad Siraj
Director

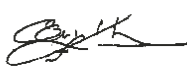


QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	HALF YEAR ENDED		QUARTER ENDED	
	31 December	31 December	31 December	31 December
	2015	2014	2015	2014
	Rupees	Rupees	Rupees	Rupees
LOSS AFTER TAXATION	(30,978,430)	(25,291,978)	(20,679,581)	(24,516,095)
Other Comprehensive Income	(3,580,845)	(477,195)	(3,580,845)	(477,195)
Total Comprehensive Loss For The Period	(34,559,275)	(25,769,173)	(24,260,426)	(24,993,290)

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


Muhammad Atif
Chief Executive Officer



Muhammad Siraj
Director



QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Note	HALF YEAR ENDED	
	31 December	31 December
	2015	2014
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(30,790,100)	(25,170,837)
Adjustment for non cash items:		
Depreciation	5,483,185	5,704,404
Provision for gratuity	484,735	446,836
	5,967,920	6,151,240
Net cash used in from operations before working capital changes	(24,822,180)	(19,019,597)
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(259,740)	-
Stock-in-trade	5,323,935	15,265,429
Trade debts	39,318,846	79,052,617
Short term investments	4,648,584	(26,947,205)
Advances, deposits, prepayments & other receivables	(6,678,092)	(30,461,528)
Sales tax receivable	-	1,587,632
	42,353,533	38,496,945
Increase / (decrease) in current liabilities		
Trade and other payables	(7,246,450)	(9,412,229)
Net working capital changes	35,107,083	29,084,716
Income tax paid	(1,273,161)	(875,487)
Net cash flow from operating activities	9,011,742	9,189,632
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term deposits	(686,200)	-
Fixed capital expenditure	(9,699,461)	(220,570,570)
Net cash used in investing activities	(10,385,661)	(220,570,570)
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 in cash and cash equivalents	(1,373,919)	(1,290,714)
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	5,152,680	683,309

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


Muhammad Atif
Chief Executive Officer


Muhammad Siraj
Director

**QUICE FOOD INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	RESERVES				SHAREHOLDER'S EQUITY
	Rupees	Rupees	Rupees	Rupees	
SHARE CAPITAL					
Premium on issue of capital	6,875,000				
Discount on issue of capital	(190,266,000)				
	522,005,500	(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
Comprehensive income for the period ended				(25,769,173)	(25,769,173)
Balance as at December 31, 2014 - (Unaudited)	784,618,280	(242,788,556)	(83,074,836)	(318,988,392)	465,629,888
Issue of shares - right	200,000,000				200,000,000
Discount on issue of shares - right			(40,000,000)		(40,000,000)
Incremental depreciation transferred to retained earnings				1,381,341	1,381,341
Comprehensive income for the period ended				28,856,092	28,856,092
Balance as at 30 June 2015 - (Audited)	984,618,280	(282,788,556)	(52,837,403)	(328,750,959)	655,867,321
Incremental depreciation transferred to retained earnings				1,313,138	1,313,138
Comprehensive loss for the half year ended 31 December 2015				(34,559,275)	(34,559,275)
Balance as at 31 December 2015 - (Un-audited)	984,618,280	(282,788,556)	(86,083,540)	(361,997,096)	622,621,184

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

Muhammad Atif
Chief Executive Officer

Muhammad Siraj
Director

**QUICE FOOD INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

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 2015 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 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 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.

5. PROPERTY, PLANT AND EQUIPMENT

Operating Assets - note 5.1
Capital Work-in-Progress

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

	Un-audited 31 December 2015	Audited 30 June 2015
	Rupees	Rupees
	191,883,557	195,745,992
	173,897,291	165,818,580
	365,780,848	361,564,572
	195,745,992	83,823,939
	1,620,750	124,119,093
	1,620,750	124,119,093
	(5,483,185)	(11,223,276)
	-	(973,764)
	(5,483,185)	(12,197,040)
	191,883,557	195,745,992

6. SHORT TERM INVESTMENTS - AVAILABLE FOR SALE

		Un-audited 31 December 2015	Audited 30 June 2015
		Rupees	Rupees
Equity investments	6.1	21,373,426	24,602,855
Term deposit certificates	6.2	85,000,000	90,000,000
		106,373,426	114,602,855
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	-
(Decline) / Upward fair value reserve		(3,580,845)	900,606
Fair Value of listed shares		21,373,426	24,602,855
6.1.1 This includes investments in different listed securities.			
6.2 Term Deposits Certificate			
Investment in Islamic Certificates		85,000,000	90,000,000
6.2.1 This includes monthly modaraba certificates and premium certificates carry interest rate from 4.00% to 5.7% (June 2015: 5.5% to 6.5%) per annum.			

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 2015: 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 31 December 2015	Un-audited 31 December 2014
		Rupees	Rupees
Major customers	Sales	12,183,450	26,002,700
Major suppliers	Purchases	-	1,867,430
		Un-audited 31 December 2015	Audited 30 June 2015
		Rupees	Rupees
Major customers	Trade debts	60,187,370	65,551,983
Key management personnel	Loans and advances	15,582,096	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 year.

10. DATE OF AUTHORIZATION

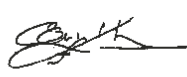
This condensed interim financial information was approved by the Board of Directors and authorized for issue on 29 February 2016.

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