



Quice Food Industries Limited

Every time. Better than before.

Third Quarterly Report  
**31<sup>st</sup> March 2016**

## 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

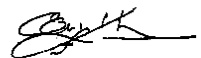
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)  
FOR THE PERIOD ENDED MARCH 31, 2016**

	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

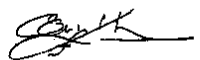
**CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)  
FOR THE PERIOD ENDED MARCH 31, 2016**

	QUARTER ENDED	
	31 March 2016 Rupees	31 March 2015 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(27,939,794)	(22,417,134)
<b>Adjustment for non cash items:</b>		
Depreciation	8,498,739	8,503,508
Provision for gratuity	727,102	670,254
Loss on sale of equity shares	26,495	(584,304)
<b>Net cash used in from operations before working capital changes</b>	<b>(18,687,458)</b>	<b>(13,827,676)</b>
<b>Working capital changes</b>		
(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)
<b>Net working capital changes</b>	<b>24,461,869</b>	<b>(125,375,227)</b>
Income tax paid	-	(250,000)
<b>Net cash inflow from / (used in) operating activities</b>	<b>5,774,411</b>	<b>(139,452,903)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
<b>Net cash used in investing activities</b>	<b>(10,460,823)</b>	<b>(224,061,304)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share issue other then right	-	262,612,780
Share issue - right	-	200,000,000
Discount on issue of shares	-	(92,522,556)
<b>Net cash inflows from financing activities</b>	<b>-</b>	<b>370,090,224</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(4,686,412)</b>	<b>6,576,017</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>6,526,599</b>	<b>1,974,023</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,840,187</b>	<b>8,550,040</b>

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.