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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 - December 2019



## Company Information

### Board of Directors

- Mr. Muhammad Atif
- Mr. Muhammad Siraj
- Mr. Salman Haroon
- Mr. Aamir Altaf
- Mr. Muhammad Riaz
- Mr. Qazi Muhammad Imran
- Mr. Irfan Mangnejo

- Chief Executive  
Director
- Independent Director  
Director
- Director
- Director

### Company Secretary

- Mr. Iqbal Shahid

### Bankers

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

### Auditors

- M/s. Aslam Malik & Co.  
Chartered Accountants,

### Audit Committee

- Mr. Salman Haroon
- Mr. Muhammad Siraj
- Mr. Irfan Mangnejo

- Chairman
- Member
- Member

### HR & Remuneration Committee

- Mr. Salman Haroon
- Mr. Muhammad Siraj
- Mr. Muhammad Riaz

- Chairman
- Member
- Member

### Legal Advisor

- M/s. Ahmed & Qazi  
Advocates & Legal Consultants

### Share Registrar

- M/s. F.D. Registrar Services (SMC-Pvt.) Ltd.  
Office No. 1705, 17th Floor, Saima Trade Tower-A,  
I.I Chundrigar Road, Karachi.

### Registered Office

- WS7, Mezanine Floor, Madina Palace  
Faran Co-operative Housing Society  
Dhoraji Colony, Karachi

## Directors' Report

On behalf of the Board, we are pleased to submit the report and the condensed interim financial information of the Company for the half year ended December 31, 2019.

### Business Overview

Throughout the period, the Company attained a revenue of Rs. 52.080 million witnessing a growth of 46% arising from augmentation in Juice segment. The Gross-Profit (GP) for 2019 was Rs. 3.252 million - up by 54%, while Loss-After-Tax (LAT) decreased to Rs. 13.582 million from Rs. 39.791 million during comparative period last year.

### Financial highlights

	2019 Rupees "000"	2018 Rupees "000"
Net sales	52,080	35,659
Gross profit / (loss)	3,252	(16,955)
Depreciation	13,278	9,980
Pre-tax-loss	(12,801)	(39,303)
After-tax-loss	(13,417)	(39,791)
Reserves	(476,971)	(444,864)

### Future Prospects

We are constantly working on new product developments, emerging new markets and cost reductions to cope with this challenging situation. During the tenure, the Company is also planning to upgrade some of the plant and machinery to increase the efficiency of processes and save cost of production. Hopefully with our vast experiences and team work, things can be improved.

The management of the Company remains committed to drive business fundamentals and improve / maintain its market leadership position in all major categories in the last quarter of the half year as well and is confident of achieving target for financial year.

### Acknowledgement

We would like to express their gratitude to shareholders who have always shown their confidence in the Company. And for the commitment, dedication and innovative thinking put in by each member and are confident that they will continue to do so in the future.



Chief Executive Office

Karachi  
February 24, 2020



Director

## ڈائریکٹرز رپورٹ

بورڈ کی جانب سے کمپنی کی نظر ثانی شدہ عبوری مالیاتی معلومات برائے نصف سال، اختتام شدہ 31 دسمبر 2019 پیش کرتے ہوئے ہم مسرت محسوس کر رہے ہیں۔

### کاروباری جائزہ

اس عرصے کے دوران کمپنی کے محصولات 52.080 ملین روپے رہے، جن میں 46% اضافے کا دار و مدار ہمارے جس شعبے میں فروخت کے اضافے پر رہا۔ مجموعی منافع (GP) 3.252 ملین روپے رہا جو 54% اضافے کے ساتھ ہے، جبکہ بعد از ٹیکس خسارہ گزشتہ سال کے اسی سال کے عرصے کے خسارے 39.791 ملین روپے سے کم ہو کر 13.582 ملین روپے ہو گیا۔

2018  
روپے "000"

35,659  
(16,955)  
9,980  
(39,303)  
(39,791)  
(444,864)

2019  
روپے "000"

52,080  
3,252  
13,278  
(12,801)  
(13,417)  
(476,971)

کمپنی کی فنانسنگ کارکردگی مندرجہ ذیل ہے۔

مالیاتی جھلکیاں

خالص فروخت

مجموعی منافع / (نقصان)

فروسوگی

قبل از ٹیکس نقصان

بعد از ٹیکس نقصان

مختص

### مستقبل کے جائزے

ہم مستقل اپنی جدید مصنوعات کی ترقی کیلئے کام کر رہے ہیں جن میں نئی منڈیوں تک پہنچ اور قیمتوں کی کمی شامل ہیں تاکہ اس مسابقت کی صورت حال کا مقابلہ کیا جاسکے، مدت مذکورہ کے دوران کمپنی کچھ پلانٹس اور مشینریز کو بہتر سے بہتر بنانے کی منصوبہ سازی کرتی رہی ہے تاکہ پیداوار کے عمل کی کارکردگی میں اضافہ ہو اور پیداواری لاگت میں بچت کی جاسکے۔ امید ہے کہ ہمارے طویل تجربے اور ٹیم ورک کی وجہ سے چیزیں بہت بہتر ہو جائیں گی۔

کمپنی کی انتظامیہ اس اصول پر کاربند رہتی ہے کہ کاروبار کے بنیادی عوامل کو بہتر کیا جائے تاکہ گزشتہ سہ ماہی کے دوران منڈی کے بڑے شعبوں میں جو قائم انداز حیثیت رہتی، اسے برقرار رکھا جاسکے اور مالی سال کے دوران اپنے اہداف حاصل کرنے کے لئے مکمل پراعتماد ہیں۔

### اعتراف خدمات

ہم سب اپنے حصص یا فنانسنگ کے مشکور ہیں کہ انہوں نے کمپنی پر اپنا اعتماد برقرار رکھا اور اپنی دانشمندی، جذبہ اور ندرت خیال سے ہر ممبر نے نوازا، اسی لئے ہمیں اعتماد ہے کہ وہ مستقبل میں بھی ان کرم نوازیوں کو جاری رکھیں گے۔



Chief Executive Office



Director

کراچی

24 فروری 2020

## Auditors' Report

To the Members of Quice Food Industries Limited  
Report on Review of Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Quice Food Industries Limited (the Company) as at December 31, 2019, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the three months period ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

### 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 statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Hafiz Muhammad Ahmad.

Place: Karachi  
Date: February 24, 2020



(Aslam Malik & Co.)  
Chartered Accountants

## Condensed Interim Balance Sheet

As At December 31, 2019

	Note	Unaudited December 31 2019 Rupees	Audited June 30, 2019 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Property Plant and Equipment	5	355,829,240	353,612,373
Long term deposits		1,819,200	1,819,200
		<u>357,648,440</u>	<u>355,431,573</u>
<b>CURRENT ASSETS</b>			
Stores and spares		13,028,807	4,666,032
Stock-in-trade		332,463,288	329,273,427
Trade debts		12,011,150	9,885,896
Short term investments	6	7,000,179	6,253,392
Advances, deposits, prepayments & other receivables		19,631,539	15,349,681
Tax refunds due from government		11,098,328	11,246,404
Cash and bank balances		3,966,999	10,685,820
		<u>399,200,290</u>	<u>387,360,652</u>
		<u>756,848,730</u>	<u>742,792,225</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
105,100,000 (30 June 2019: 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 2019: 98,461,828) ordinary shares of Rupees 10 each		984,618,280	984,618,280
Reserves		(476,971,958)	(464,666,474)
Surplus on revaluation of property, plant and equipment		26,334,043	27,445,919
Total equity		<u>533,980,365</u>	<u>547,397,725</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred liabilities		20,308,915	19,523,867
Security deposit payables		56,600,000	56,600,000
		<u>76,908,915</u>	<u>76,123,867</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		144,731,950	118,043,133
Short term position of deferred liability		1,227,500	1,227,500
		<u>145,959,450</u>	<u>119,270,633</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>756,848,730</u>	<u>742,792,225</u>

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



Chief Executive Officer



Director



Chief Financial Officer

### Condensed Interim Profit And Loss Account (Unaudited)

For The Half Year Ended December 31, 2019

Note	HALF YEAR ENDED		QUARTER ENDED	
	December 31 2019	December 31 2018	December 31 2019	December 31 2018
	Rupees	Rupees	Rupees	Rupees
Sales	52,079,629	35,658,677	24,975,874	22,197,015
Cost of Sales	(48,827,162)	(52,613,512)	(17,177,410)	(23,095,191)
Gross Profit / (Loss)	3,252,467	(16,954,836)	7,798,464	(898,176)
Distribution Cost	(8,593,207)	(9,496,180)	(3,326,889)	(7,390,134)
Administrative Expenses	(8,853,622)	(11,709,684)	(4,880,329)	(7,206,637)
Other Operating Expenses	-	(1,283,995)	653,572	-
	(17,446,829)	(22,489,859)	(7,553,646)	(14,596,771)
Operating Profit / (Loss)	(14,194,362)	(39,444,695)	244,818	(15,494,947)
Other Operating Income	1,467,864	220,970	1,229,625	661,400
Profit / (Loss) From Operations	(12,726,498)	(39,223,725)	1,474,443	(14,833,547)
Finance Cost	(74,684)	(79,635)	(31,210)	(39,793)
Profit / (Loss) Before Taxation	(12,801,182)	(39,303,360)	1,443,233	(14,873,340)
Taxation	(616,178)	(487,848)	(277,381)	(319,577)
Profit / (Loss) After Taxation	(13,417,360)	(39,791,208)	1,165,852	(15,192,917)
Profit / (Loss) Per Share- Basic And Diluted (Rupees)	(0.14)	(0.40)	0.01	(0.15)

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



Chief Executive Officer



Director



Chief Financial Officer

### Condensed Interim Statement Of Comprehensive Income (Unaudited)

For The Half Year Ended December 31, 2019

	HALF YEAR ENDED		QUARTER ENDED	
	December 31 2019	December 31 2018	December 31 2019	December 31 2018
	Rupees	Rupees	Rupees	Rupees
Loss After Taxation	(13,417,360)	(39,791,208)	1,165,852	(15,192,917)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Loss For The Period	(13,417,360)	(39,791,208)	1,165,852	(15,192,917)

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



Chief Executive Officer



Director



Chief Financial Officer

Condensed Interim Cash Flow Statement (Unaudited)

For The Half Year Ended December 31, 2019

	HALF YEAR ENDED	
	December 31 2019	December 31 2018
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(12,801,182)	(39,303,359)
Adjustment for non cash items:		
Depreciation	13,277,839	9,980,078
Provision for gratuity	785,048	419,000
(Gain)/Loss on disposal of investment	-	80,705
Remeasurement (Gain) / Loss on Investmnt	(746,787)	1,203,287
	13,316,100	11,683,070
Net cash flow / (used in) from operations before working capital changes	514,918	(27,620,289)
Working capital changes (Increase) / decrease in current assets		
Stores and spares	(8,362,775)	3,751,580
Stock-in-trade	(3,189,861)	(11,339,528)
Trade debts	(2,125,254)	6,774,010
Advances, deposits, prepayments & other receivables	(4,281,858)	4,552,393
	(17,959,748)	3,738,455
Increase / (decrease) in current liabilities		
Trade and other payables	26,688,817	30,141,685
Net working capital changes	8,729,069	33,880,139
Income tax paid	(468,101)	(2,884,924)
Net cash flow from operating activities	8,775,886	3,374,926
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(15,494,707)	(7,996,248)
Short term investments	-	3,554,263
Net cash used in investing activities	(15,494,707)	(4,441,985)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	(6,718,821)	(1,067,059)
Cash and cash equivalents at the beginning of the period	10,685,820	1,855,717
Cash and cash equivalents at the end of the period	3,966,999	788,658

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

Chief Executive Officer

Director

Chief Financial Officer

Condensed Interim Statement Of Changes In Equity  
For The Half Year Ended December 31, 2019

	RESERVES					SHAREHOLDERS EQUITY	
	SHARE CAPITAL	Premium on issue of capital	Discount on issue of capital	Surplus revaluation - PPE	Subtotal	Accumulated loss	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2018 - Restated	984,618,280	6,875,000	(282,788,556)	24,626,998	(251,286,558)	(139,755,624)	(391,042,182)
Incremental depreciation transferred to retained earnings	-	-	-	(1,465,948)	(1,465,948)	1,465,948	-
Comprehensive loss for the period ended	-	-	-	-	-	(39,791,207)	(39,791,207)
Balance as at December 31, 2018 - (Unaudited)	984,618,280	6,875,000	(282,788,556)	23,161,050	(252,752,506)	(178,080,883)	(430,833,389)
Balance as at June 30, 2019 - Audited	984,618,280	6,875,000	(282,788,556)	27,445,919	(248,467,637)	(188,752,918)	(437,220,555)
Incremental depreciation transferred to retained earnings	-	-	-	(1,111,876)	(1,111,876)	1,111,876	-
Comprehensive loss for the period ended	-	-	-	-	-	(13,417,360)	(13,417,360)
Balance as at December 31, 2019 - (Unaudited)	984,618,280	6,875,000	(282,788,556)	26,334,043	(249,579,513)	(201,058,402)	(450,637,915)

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

Chief Executive Officer

Director

Chief Financial Officer



## Notes to the Condensed Interim Financial Information (Unaudited)

For The Half Year Ended December 31, 2019

### 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. Its registered office has been transferred to Karachi with effect from 15 November 2011. 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. Currently, the Company operates its units in SWAT and HUB. Under section 247 of the constitution of Pakistan Swat area is exempted from all taxes.

### 2. CHANGES IN ACCOUNTING STANDARDS, INTERPRETATION AND PRONUCEMENTS

(a) Standards, interpretation and amendments to published approved accounting standards that are effective and are relevant  
IFRS 16 "Leases", IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (right to use lease item) and lease liability to pay rentals are recognized. The only exception are short term and low value leases.  
The Management has assessed that this new standard does have any significant impact on its financial statements.

(b) Standards, interpretation and amendments to published approved accounting standards that are effective but not relevant  
The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant for the Company's financial statements and hence have not been detailed here.

### 3. BASIS OF PREPARATION

#### 3.1 Statement of compliance

This interim financial report of the Company for the period ended 31 December 2019 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

This 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 Act, 2017.

#### 3.2 Basis of measurement

This interim financial information have been prepared under the historical cost convention except for staff retirement benefits that is determined under actuarial valuation annually and free 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 interim financial information, except for cash flow information, has been prepared under the accrual basis of accounting.

#### 3.3 Functional and presentation currency

This condensed interim financial information is presented in Pak Rupees, which is the Company's functional and presentation currency.

### 4. ACCOUNTING POLICIES

The accounting policies and method of computation adopted in preparation of this 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 2019.

### 5. 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 2019.

### 6. PROPERTY, PLANT AND EQUIPMENT

	Unaudited December 31, 2019 Rupees	Audited June 30, 2019 Rupees
Operating Assets - note 6.1	287,298,607	297,736,446
Capital Work-in-Progress	68,530,633	55,875,927
	<u>355,829,240</u>	<u>353,612,373</u>
6.1 Opening book value	297,736,446	227,946,342
Add: Cost of additions during the period / year	2,840,000	89,128,257
Surplus on revaluation	-	1,527,022
Less: Depreciation charged during the period / year	(13,277,839)	(20,865,175)
Disposal during the period / year	-	-
	<u>(13,277,839)</u>	<u>(20,865,175)</u>
	<u>287,298,607</u>	<u>297,736,446</u>

### 7. SHORT TERM INVESTMENTS

Equity investments	8.1	1,707,941	1,381,210
Islamic Fund	8.2	5,292,238	4,872,182
		<u>7,000,179</u>	<u>6,253,392</u>
7.1 Equity Investments			
<u>Marketable securities - Listed</u>			
Cost of listed Shares		1,381,210	6,582,207
Purchased during the year		-	-
Disposal during the year		-	(4,523,168)
		<u>1,381,210</u>	<u>2,059,039</u>
Fair value reserve		326,731	(677,829)
Fair Value of listed shares		<u>1,707,941</u>	<u>1,381,210</u>
7.1.1 This includes investments in different listed securities.			
7.2 Islamic Fund			
Investment in Islamic Certificate		<u>5,292,238</u>	<u>4,872,182</u>

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 Securities and Exchange Commission of Pakistan (SECP) has fined the Company and all the directors for Rupees 0.785million (June 2019: 0.785million) under sections 155, 233, & 245 and 74 and 476 respectively of the Companies Act, 2017. 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.

8.2 Commitments

There were no capital or other commitments at the balance sheet date (30 June 2019: Nil).

9. TRANSACTIONS WITH RELATED PARTIES

There were no related parties during the half year ended December 31, 2019 (June 2019: NIL).

10. 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.

11. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on February 24, 2020.

12. 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.



Chief Executive Officer



Director



Chief Financial Officer