



HALF YEARLY Report Decemeber 2020



Growing with
Flavors



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Company Information

Board of Directors

Mr. Muhammad Atif	Chief Executive
Mr. Muhammad Siraj	Director
Mr. Salman Haroon	Independent Director
Mr. Aamir Altaf	Director
Mr. Muhammad Riaz	Director
Mr. Qazi Muhammad Imran	Director
Mr. Irfan Mangnejo	Director

Company Secretary

Mr. Iqbal Shahid

Audit Committee

Mr. Salman Haroon	Chairman
Mr. Muhammad Siraj	Member
Mr. Irfan Mangnejo	Member

HR & Remuneration Committee

Mr. Salman Haroon	Chairman
Mr. Muhammad Siraj	Member
Mr. Muhammad Riaz	Member

Legal Advisor

M/s. Ahmed & Qazi
Advocates & Legal Consultants

Bankers

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

Auditors

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

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

The Directors of Quice Food Industries Limited "the Company" are pleased to submit the unaudited financial report and the condensed interim financial statements of the Company for the half year ended December 31, 2020.

Business Performance Overview

During the six months period ended, the Company has posted a revenue of Rs. 51.85 million, despite business growth being adversely impacted by lockdowns and closure of retail & leisure outlets. However, the Company made effective efforts to ensure all safety measures, while maintaining our supply chain and meeting consumer demand.

Financial highlights

The Gross-Profit (GP) for six months period ended was Rs. 0.999 million -declined by 4% against same period last year.

Below summary of financial performance (compared with same period last year):

	2020 Rupees "000"	2019 Rupees "000"
Net sales	51,851	52,080
Gross profit / (loss)	999	3,252
Depreciation	15,110	13,278
Pre-tax-loss	(16,003)	(12,801)
After-tax-loss	(16,781)	(13,417)
Reserves	(224,864)	(201,058)

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 remains committed to drive business fundamentals and improve / maintain its market leadership position in all major categories and is confident of achieving target for financial year.

Acknowledgement

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



Chief Executive



Director

Karachi
February 24, 2021

ڈائریکٹرز کا جائزہ

کواٹس نوڈ انڈسٹریز لمیٹڈ کمپنی کے ڈائریکٹرز 31 دسمبر 2020 کو ختم ہونے والی چھ ماہ کی مدت کیلئے کمپنی کی غیر متحدہ مالی رپورٹ اور کنڈنسڈ عبوری مالی معلومات پیش کرنے پر خوش ہیں۔

کاروباری کارکردگی کا جائزہ

ختم ہونے والی چھ ماہ کی مدت کے دوران، کمپنی نے Rs.51.85 ملین، کاروبار کے اضافے کے باوجود لاک ڈاؤن اور خوردہ اور تفریحی دکانوں کی بندش سے منفی اثر پڑا ہے۔ تاہم، کمپنی نے ہماری فراہمی کا سلسلہ برقرار رکھتے ہوئے اور صارفین کے طلب کو پورا کرتے ہوئے حفاظتی اقدامات کو یقینی بنانے کیلئے موثر کوششیں کیں۔

مالی جھلکیاں

چھ ماہ کی مدت کیلئے ختم ہونے والا مجموعی منافع GP Rs.0.999 ملین روپے تھا۔ پچھلے سال اسی مدت کے مقابلے میں 4% کمی واقع ہوئی۔ مالی کارکردگی کا خلاصہ ذیل میں (گذشتہ سال اسی عرصے کے مقابلے میں):

مالیاتی جھلکیاں	2020 روپے "000"	2019 روپے "000"
خالص فروخت	51,851	52,080
مجموعی نقصان	999	3,252
فروسدگی	15,110	13,278
قبل از ٹیکس نقصان	(16,003)	(12,801)
بعد از ٹیکس نقصان	(16,781)	(13,417)
ذخائر	(224,864)	(201,058)

مستقبل کے امکانات

ہم نئی مصنوعات کی ترقی، ابھرتی ہوئی نئی منڈیوں اور قیمتوں میں کمی پر مستقل طور پر کام کر رہے ہیں۔ اس مشکل صورتحال سے نمٹنے کے مدت ملازمت کے دوران، کمپنی عمل کی استعداد کار کو بڑھانے اور پیداوار کی لاگت کو بچانے کیلئے کچھ پلانٹ اور مشینری کو اپ گریڈ کرنے کا بھی منصوبہ بنا رہی ہے۔ امید ہے کہ ہمارے وسیع تجربات اور ٹیم کے کام سے چیزوں میں بہتری آ سکتی ہے۔

انتظامیہ کاروباری بنیادی اصولوں کو چلانے اور اس کی مارکیٹ کی قیادت کو تھما ہم قیادت میں برقرار رکھنے کیلئے پرعزم ہے اور مالی سال کے ہدف کے حصول کیلئے پراعتماد ہے۔

اعتراف

ہم ان حصص یافتگان سے اظہار تشکر کرنا چاہتے ہیں جنہوں نے ہمیشہ اس پراعتماد نظر رکھا ہے۔ کمپنی اور ہر ممبر کی وابستگی، لگن اور جدوجہد سوچ کے اور یقین ہے کہ وہ آئندہ بھی ایسا ہی کرتے رہیں گے۔



Chief Executive



Director

کراچی

24 فروری 2021

Independent Auditor's Review Report

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Quice Food Industries Limited, as at December 31, 2020 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 loss for the quarters ended December, 31 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2020.

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 are 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 review resulting in this independent auditor's report is Hafiz Muhammad Ahmad.

Place: Karachi
Date: February 24, 2021


(Aslam Malik & Co.)
Chartered Accountants

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	Unaudited Dec-31, 2020	Audited June-30, 2020
---- Rupees ----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	341,578,323	356,688,810
Long term deposits		1,869,200	1,869,200
		<u>343,447,523</u>	<u>358,558,010</u>
CURRENT ASSETS			
Stores and spares		12,386,566	5,652,656
Stock in trade		338,057,156	324,622,739
Trade debts		17,437,880	20,261,803
Short term investments	6	5,846,946	4,187,624
Advances, deposits, prepayments & other receivables		7,496,272	5,111,043
Taxation - net		11,830,700	10,924,324
Cash and bank balances		616,939	7,190,668
		<u>393,672,459</u>	<u>377,950,857</u>
TOTAL ASSETS		<u><u>737,119,982</u></u>	<u><u>736,508,867</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (June 2020: 105,100,000)			
ordinary shares of Rs 10 each		<u>1,051,000,000</u>	<u>1,051,000,000</u>
Issued, subscribed and paid up share capital and reserves			
98,461,828 (June 2020 : 98,461,828)			
ordinary shares of Rs.10 each		984,618,280	984,618,280
Discount on issue of share capital		(282,788,556)	(282,788,556)
Share premium on issue of share capital		6,875,000	6,875,000
Reserves		(224,863,656)	(209,373,081)
Surplus on revaluation of property, plant and equipment		23,182,016	24,438,142
TOTAL EQUITY		<u>507,023,084</u>	<u>523,769,785</u>
NON-CURRENT LIABILITIES			
Deferred liabilities		5,508,935	4,997,334
Security deposit payables		44,500,000	45,500,000
		<u>50,008,935</u>	<u>50,497,334</u>
CURRENT LIABILITIES			
Trade and other payables		180,087,963	161,014,248
Current portion of deferred liability		-	1,227,500
		<u>180,087,963</u>	<u>162,241,748</u>
TOTAL LIABILITIES		<u>230,096,898</u>	<u>212,739,082</u>
CONTINGENCIES AND COMMITMENTS	7	-	-
TOTAL EQUITY AND LIABILITIES		<u><u>737,119,982</u></u>	<u><u>736,508,867</u></u>

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



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Unaudited)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

Note	Quarter Ended		Six months period ended	
	Dec-31, 2020	Dec-31, 2019	Dec-31, 2020	Dec-31, 2019
----- Rupees -----				
SALES	28,531,871	24,975,874	51,851,499	52,079,629
Cost of sales	(21,822,380)	(17,177,410)	(50,851,639)	(48,827,162)
GROSS PROFIT	6,709,491	7,798,464	999,860	3,252,467
Distribution cost	(7,550,004)	(3,326,889)	(10,773,857)	(8,593,207)
Administrative expenses	(5,440,711)	(4,880,329)	(8,497,305)	(8,853,622)
Other operating expenses	-	653,572	-	-
	(12,990,715)	(7,553,646)	(19,271,162)	(17,446,829)
Operating (loss) / profit	(6,281,224)	244,818	(18,271,302)	(14,194,362)
Other operating income	854,586	1,229,625	2,378,639	1,467,864
	(5,426,638)	1,474,443	(15,892,663)	(12,726,498)
Finance cost	(36,517)	(31,210)	(110,485)	(74,684)
(LOSS) / PROFIT BEFORE TAXATION	(5,463,155)	1,443,233	(16,003,148)	(12,801,182)
Taxation	(476,333)	(277,381)	(777,772)	(616,178)
(LOSS) / PROFIT AFTER TAXATION	(5,939,488)	1,165,852	(16,780,920)	(13,417,360)
(LOSS) / EARNING PER SHARE				
-Basic and Dilutive	8 (0.06)	0.01	(0.17)	(0.14)

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


Chief Executive


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (Unaudited)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Quarter Ended		Six months period ended	
	Dec-31, 2020	Dec-31, 2019	Dec-31, 2020	Dec-31, 2019
	----- Rupees -----			
(LOSS) / PROFIT AFTER TAXATION	(5,939,488)	1,165,852	(16,780,920)	(13,417,360)
Other comprehensive income that cannot be classified through profit and loss	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE PERIOD	<u>(5,939,488)</u>	<u>1,165,852</u>	<u>(16,780,920)</u>	<u>(13,417,360)</u>

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



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Unaudited)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

	Six months period ended	
	Dec-31, 2020	Dec-31, 2019
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(16,003,148)	(12,801,182)
Adjustment for non cash items:		
Depreciation	15,110,487	13,277,839
Provision for gratuity	545,820	785,048
Remeasurement gain on investmnt	(1,659,322)	(746,787)
	13,996,985	13,316,100
Net cash (used in) / generated from operation before working capital changes	(2,006,163)	514,918
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	(6,733,910)	(8,362,775)
Stock-in-trade	(13,434,417)	(3,189,861)
Trade debts	2,823,923	(2,125,254)
Advances, deposits, prepayments & other receivables	(2,385,229)	(4,281,858)
	(19,729,633)	(17,959,748)
Increase / (decrease) in current liabilities		
Trade and other payables	17,846,215	26,688,817
Net working capital changes	(1,883,418)	8,729,069
Income tax paid	(1,684,148)	(468,101)
Net cash (used in) / flow from operating activities	(5,573,729)	8,775,886
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(15,494,707)
Net cash used in investing activities	-	(15,494,707)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of security deposit payable	(1,000,000)	-
Net cash used in financing activities	(1,000,000)	-
Net decrease in cash and cash equivalents	(6,573,729)	(6,718,821)
Cash and cash equivalents at the beginning of the period	7,190,668	10,685,820
Cash and cash equivalents at the end of the period	616,939	3,966,999

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



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Unaudited)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

PARTICULARS	SHARE CAPITAL	RESERVES					TOTAL	SHAR-HOLDERS' EQUITY
		CAPITAL		Surplus on revaluation of PPE	Subtotal	REVENUE		
		Premium on issue of share capital	Discount on issue of share capital					
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)	547,397,725
Incremental depreciation transferred to retained earnings	-	-	-	(1,111,876)	(1,111,876)	1,111,876	-	-
Net loss for the period ended	-	-	-	-	-	(13,417,360)	(13,417,360)	(13,417,360)
Balance as at December 31, 2019	984,618,280	6,875,000	(282,788,556)	26,334,043	(249,579,513)	(201,058,402)	(450,637,915)	533,980,365
Balance as at June 30, 2020 (audited)	984,618,280	6,875,000	(282,788,556)	24,438,142	(251,475,414)	(209,373,081)	(460,848,495)	523,769,785
Incremental depreciation transferred to retained earnings	-	-	-	(1,256,126)	(1,256,126)	1,290,345	34,219	34,219
Net loss for the period ended	-	-	-	-	-	(16,780,920)	(16,780,920)	(16,780,920)
Balance as at December 31, 2020	984,618,280	6,875,000	(282,788,556)	23,182,016	(252,731,540)	(224,863,656)	(477,595,196)	507,023,084

----- Rupees -----

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



Chief Executive



Director



Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

1. THE COMPANY AND ITS OPERATIONS

1.1 The Company was initially incorporated in Pakistan on March 12, 1990 as a Private Limited Company and was converted into Public Limited Company on December 13, 1993. The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at Madina Palace, FCHS, Dhoraji Colony, Karachi, Pakistan.

The Company is mainly engaged in the manufacturing and sale of Jam, Jelly, Syrups, Custard Powder, Pickles, Essence, Juices and Aerated drinks and its allied products.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS, the provisions of and directives issued under the Act have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2020.

2.3 New standards, amendments to approved accounting standards and new interpretations

2.3.1 Amendments to approved accounting standards which are effective during the year ending June 30, 2021

There are certain amendments to approved accounting standards which are mandatory for accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or have any significant effect on the Company's financial reporting.

2.3.2 New standards and amendments to approved accounting standards that are effective for the Company's accounting periods beginning on or after July 1, 2021

There is a new standard and certain amendments to approved accounting standards that will be mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or expected to have any significant effect on the Company's financial reporting.

2.4 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are same as those applied in the preparation of the financial statements for the year ended June 30, 2020.

2.5 Basis of measurement

These interim financial statements has been prepared under the historical cost convention except for staff retirement benefits that is determined under actuarial valuation annually and land 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'. These interim financial statements, except statement of cash flow, has been prepared under the accrual basis of accounting.

2.6 Functional and presentation currency

These interim financial statements 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 these interim financial statements are the same as those applied in preparation of the annual financial statements for the year ended June 30, 2020.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are same as those applied to financial statements as at and for the year ended June 30, 2020.

5. PROPERTY, PLANT AND EQUIPMENT

Note

		Unaudited Dec-31, 2020	Audited June 30, 2020
		----- Rupees-----	
Operating fixed assets - at net book value	5.1	321,985,405	337,095,892
Capital work in progress at cost		19,592,918	19,592,918
		<u>341,578,323</u>	<u>356,688,810</u>
5.1 Opening book value		337,095,892	297,736,446
Add: Cost of additions during the period / year		-	66,673,080
Less: Depreciation charged during the period / year		(15,110,487)	(27,313,634)
		<u>321,985,405</u>	<u>337,095,892</u>

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (Unaudited)

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020

6. SHORT TERM INVESTMENTS Units of mutual funds Investment in Islamic Certificate

Dec 2020	June 2020		
----- (Units) -----			
140,000	140,000	5,846,946	4,187,624

7. CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

Securities and Exchange Commission of Pakistan (SECP) had fined the Company and all the directors for Rupees 0.785 million (June 2020: 0.785 million) 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 had filed appeal before SECP and expect the favorable outcome.

7.2 Commitments

There were no capital or other commitments at the reporting date (June 2020: Nil).

8. EARNINGS PER SHARE Basic and diluted

	Quarter ended Dec-31, 2020	Dec-31, 2019	Six months period ended Dec-31, 2020	Dec-31, 2019
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----- Rupees -----

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

Profit / (loss) for the period	(5,939,488)	1,165,852	(16,780,920)	(13,417,360)
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----- Number of Shares -----

Weighted average number of ordinary shares for determination of basic and diluted EPS

	98,461,828	98,461,828	98,461,828	98,461,828
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Earnings / (loss) per share	(0.06)	0.01	(0.17)	(0.14)
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Unaudited Dec-31, 2020	Audited June 30, 2020
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----- Rupees -----

9. TRANSACTIONS WITH RELATED PARTIES

Nature of relationship	Nature of transactions		
Key management	Managerial remuneration	1,609,008	1,790,448

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.

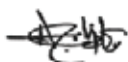
11. DATE OF AUTHORIZATION

This condensed interim financial information was approved by the Board of Directors and authorized for issue on February 24, 2021.

12. GENERAL

Figures have been rounded off to the nearest Rupee.

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017 and IFRS.



Chief Executive



Director



Chief Financial Officer

If undelivered, please return to:

Quice Food Industries Limited

WS7, Madina Palace, Mezzanine Floor,
Faran Co-operative Society, Dhoraji Colony,
Karachi-74800, Pakistan.

Phone: 021-34857177-79