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Half Yearly Report

31 December 2018



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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

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. Jawed Yameen	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. Muhammad Siraj	Chairman
Mr. Jawed Yameen	Member
Mr. Salman Haroon	Member

Legal Advisor

M/s. Ahmed & Qazi
Advocates & Legal Consultants

Share Registrar

M/s. F.D Registrar Services (SMC-Pvt) Limited
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, 2018.

Business Overview

Throughout the period, the Company attained a revenue of Rs. 35.659 million vs. 36.047 million in the corresponding period despite increasingly difficult economic conditions, competitive pressures and moving into off season. The gross margins infected refers to weakening sales of Syrup segment, less margin in Juice segment and inflated contribution of overheads.

During the reported period, the Company has launched its aerated water (CSD) braced by activation campaigns and the same been well received by consumers. Similarly, Syrup and Juice segment were launched with an improved taste and nutrition for more freshness.

Launching of the aerated water (CSD) was the center point of all activations. Consumers belonging to different age brackets were engaged to energize themselves with a chilled pet, especially in educational sector where students posed with props.

Financial Highlights

	2018 Rupees "000"	2017 Rupees "000"
Net sales	35,659	36,047
Gross loss	(16,955)	(17,716)
Depreciation	9,980	10,421
Pre-tax loss	(39,303)	(46,738)
After-tax profit / (loss)	(39,791)	(46,938)
Retained earnings	(444,864)	(411,846)

Future Prospects

We believe that there is only way up from here. We are keeping a watchful eye on how the events unfold.

The thing which is constant is change. We believe in change - in growing. It is because of this strong commitment to growth, will be investing in new food categories. We will remain devoted towards converting challenges into opportunities and developing crucial internal strengths to surpass them.

We believe that its sturdy financial position and free cash flow generating ability can continue to support investments in projects and avenues which can bring in further operational efficiencies and enhance shareholders' value.

Acknowledgement

We would like to express the Board's sincerest gratefulness to all stakeholders for their continued commitment and trust.



Chief Executive Office

Karachi
February 22, 2019



Director

ڈائریکٹرز رپورٹ

بورڈ کی جانب سے ہم کمپنی کی نظر ثانی شدہ عبوری مالیاتی معلومات برائے نصف سال، اختتام شدہ 31 دسمبر 2018ء پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ مذکورہ بالا عرصے کے دوران بڑھتی ہوئی مالی مشکلات کے باوجود جس میں مسابقت کا دباؤ اور سیزن کا ہونا شامل ہیں۔ کمپنی نے متعلقہ عرصے کے دوران 35.659 روپے کی آمدنی حاصل کی جبکہ گذشتہ سال کے اسی عرصے کی آمدنی 36.047 ملین روپے تھی۔ سیرپ کے شعبے میں کمی، جس کے شعبے میں حد کا کم ہونا اور بالائی اخراجات کا زیادہ ہونا، فروخت کی مجموعی حد پر اثر انداز ہوئے۔

زیر نظر عرصے کے دوران کمپنی نے اپنا ایریٹڈ واٹر (CSD) متعارف کروایا، جس کے لئے باقاعدہ ایک مہم چلائی گئی جس کی صارفین نے بہت پذیرائی کی۔ اسی طرح سیرپ اور جس کی مصنوعات کو زیادہ بہتر ذائقے اور تازگی و غذائیت کے ساتھ متعارف کروایا۔

تمام سرگرمیوں کا بنیادی اور مرکزی نقطہ ایریٹڈ واٹر (CSD) کو متعارف کرانا تھا، صارفین کے مختلف عمروں کے طبقات نے سنج مشروبات سے توانائی حاصل کی، خصوصاً تعلیمی اداروں میں طلباء و طالبات نے اسے گرجوشی سے پذیرائی بخشی۔

کمپنی کی ناقابل کارکردگی مندرجہ ذیل ہے۔

مالیاتی جھلکیاں	2018 روپے "000"	2017 روپے "000"
خالص فروخت	35,659	36,047
مجموعی نقصان	(16,955)	(17,716)
فروسی	9,980	10,421
قبل از ٹیکس نقصان	(39,303)	(46,738)
بعد از ٹیکس منافع / (نقصان)	(39,791)	(46,938)
جاری آمدنی	(444,864)	(411,846)

مستقبل کا منظر نامہ

ہم صرف اور صرف اس راستے پر یقین رکھتے ہیں جو ترقی کی جانب جاتا ہے۔ حالات کے وقوع پذیر ہونے پر ہماری گہری نظر ہوتی ہے ہمارے لئے جو چیز مستقل ہے وہ تبدیلی ہے، ہم تبدیلی پر اور ترقی و وا فرودگی پر یقین رکھتے ہیں۔ ترقی سے اس قومی وابستگی کی بدولت ہی فوڈ کی نئی مصنوعات میں سرمایہ کاری کی جارہی ہے اور کی جائے گی۔ ہم چیلینجز کو مواقع میں تبدیل کرنے پر یقین کرتے ہوئے اس کے لئے سرگرم رہیں گے، اس کے ساتھ ساتھ مخفی و اندرونی توانائی کو ہمیز بناتے ہوئے آگے بڑھیں گے۔ ہم اس بات پر بھی یقین رکھتے ہیں کہ مستحکم مالی حیثیت اور آزادانہ زر کا ہوا پیداکر کرنے کی صلاحیت ہی مختلف منصوبوں میں سرمایہ کاری کے سلسلے میں مددگار ثابت ہوتی ہیں اور اس کی وجہ سے ہی مزید عملیاتی کارکردگی اور شیئرز ہولڈرز کی قدر میں اضافہ ہوتا ہے۔

اعتراف

ہم شیئرز ہولڈرز کے مستقل اعتماد اور ان کی کمپنی سے وابستگی کا بورڈ کی جانب سے مخلصانہ ممنون ہونے کا اظہار کرتے ہیں۔



Chief Executive Office



Director

کراچی
22 فروری 2019

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, 2018, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement cash flow, and notes to the financial statements for the six month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this 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 this interim financial information based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 have not been reviewed, as we are required to review only the cumulative figures for the six-months ended December 31, 2018.

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 Mohammad Aslam Malik.

Place: Karachi
Date: February 22, 2019

(Aslam Malik & Co.)
Chartered Accountants

Condensed Interim Balance Sheet

As At December 31, 2018

	Note	Unaudited	Audited
		December 31 2018	June 30, 2018
		Rupees	Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property Plant and Equipment	5	400,330,273	402,314,103
Long term deposits		1,819,200	1,819,200
		<u>402,149,473</u>	<u>404,133,303</u>
CURRENT ASSETS			
Stores and spares		3,668,051	7,419,631
Stock-in-trade		299,491,829	288,152,301
Trade debts		2,536,180	9,310,190
Short term investments	6	8,328,278	13,166,533
Advances, deposits, prepayments & other receivables		22,860,654	27,413,047
Tax refunds due from government		11,671,627	10,397,422
Cash and bank balances		788,659	1,855,717
		<u>349,345,278</u>	<u>357,714,841</u>
		<u>751,494,751</u>	<u>761,848,144</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (30 June 2017: 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 2017: 98,461,828) ordinary shares of Rupees 10 each		984,618,280	984,618,280
Reserves		(444,864,903)	(406,539,644)
Total equity		<u>539,753,377</u>	<u>578,078,636</u>
Surplus on revaluation of property, plant and equipment		23,161,050	24,626,998
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity		4,180,695	3,761,695
CURRENT LIABILITIES			
Trade and other payables		184,399,629	155,380,815
Total liabilities		<u>188,580,324</u>	<u>159,142,510</u>
CONTINGENCIES AND COMMITMENTS			
	7	<u>751,494,751</u>	<u>761,848,144</u>
TOTAL EQUITY AND LIABILITIES			

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, 2018

Note	HALF YEAR ENDED		QUARTER ENDED	
	December 31	December 31	December 31	December 31
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
Sales	35,658,677	36,047,547	22,197,015	11,323,618
Cost of Sales	(52,613,512)	(53,764,185)	(23,095,191)	(23,181,683)
Gross Loss	(16,954,835)	(17,716,639)	(898,176)	(11,858,065)
Distribution Cost	(9,496,180)	(15,751,370)	(7,390,134)	(7,708,587)
Administrative Expenses	(11,709,684)	(9,891,690)	(7,206,637)	(4,872,335)
Other Operating Expenses	(1,283,995)	-	-	-
	(22,489,859)	(25,643,060)	(14,596,771)	(12,580,922)
Operating Loss	(39,444,694)	(43,359,699)	(15,494,947)	(24,438,987)
Other Operating Income	220,970	(3,319,428)	661,400	(3,414,083)
Loss From Operations	(39,223,724)	(46,679,127)	(14,833,547)	(27,853,070)
Finance Cost	(79,635)	(59,083)	(39,793)	(14,600)
Loss Before Taxation	(39,303,359)	(46,738,210)	(14,873,340)	(27,867,670)
Taxation	(487,848)	(200,083)	(319,577)	(88,884)
Loss After Taxation	(39,791,207)	(46,938,293)	(15,192,917)	(27,956,554)
Loss Per Share- Basic And Diluted (Rupees)	(0.40)	(0.48)	(0.15)	(0.28)

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, 2018

	HALF YEAR ENDED		QUARTER ENDED	
	December 31	December 31	December 31	December 31
	2018	2017	2018	2017
	Rupees	Rupees	Rupees	Rupees
Loss After Taxation	(39,791,207)	(46,938,293)	(15,192,917)	(27,956,554)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Loss For The Period	(39,791,207)	(46,938,293)	(15,192,917)	(27,956,554)

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, 2018

	HALF YEAR ENDED	
	December 31	December 31
	2018	2017
Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(39,303,359)	(46,738,210)
Adjustment for non cash items:		
Depreciation	9,980,078	10,421,132
Provision for gratuity	419,000	452,138
(Gain)/Loss on disposal of investment	80,705	1,002,910
Remeasurement (Gain) / Loss on Investmnt	1,203,287	2,936,026
	11,683,070	14,812,206
Net cash used in from operations before working capital changes	(27,620,289)	(31,926,004)
Working capital changes (Increase) / decrease in current assets		
Stores and spares	3,751,580	(230,494)
Stock-in-trade	(11,339,528)	20,780,610
Trade debts	6,774,010	7,956,378
Advances, deposits, prepayments & other receivables	4,552,393	(2,069,071)
	3,738,455	26,437,423
Increase / (decrease) in current liabilities		
Trade and other payables	30,141,685	6,816,846
Net working capital changes	33,880,140	33,254,268
Income tax paid	(2,884,924)	(1,907,611)
Net cash flow from operating activities	3,374,927	(579,347)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(7,996,248)	(6,637,193)
Short term investments	3,554,263	7,854,753
Net cash used in investing activities	(4,441,985)	1,217,560
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	(1,067,058)	638,213
Cash and cash equivalents at the beginning of the period	1,855,717	601,070
Cash and cash equivalents at the end of the period	788,659	1,239,283

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, 2018

	RESERVES				SHAREHOLDER'S EQUITY	
	Premium on issue of capital	Discount on issue of capital	Accumulated loss	Revaluation Surplus	Total	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Balance as at June 30, 2017 - Restated (Audited)	6,875,000	(282,788,556)	(90,067,065)	26,718,801	(365,980,621)	618,637,659
Incremental depreciation transferred to retained earnings	-	-	1,629,274	(1,629,274)	1,629,274	1,629,274
Comprehensive loss for the period ended	-	-	(46,938,293)	-	(46,938,293)	(46,938,293)
Balance as at December 31, 2017 - (Unaudited)	6,875,000	(282,788,556)	(135,376,084)	25,089,527	(411,289,640)	573,328,640
Incremental depreciation transferred to retained earnings	-	-	462,529	(462,529)	462,529	462,529
Comprehensive income for the period ended	-	-	4,287,467	-	4,287,467	4,287,467
Balance as at June 30, 2018 - (Audited)	6,875,000	(282,788,556)	(130,626,088)	24,626,998	(406,539,644)	578,078,636
Incremental depreciation transferred to retained earnings	-	-	1,465,948	(1,465,948)	1,465,948	1,465,948
Comprehensive loss for the half year ended December 31, 2018	-	-	(39,791,207)	-	(39,791,207)	(39,791,207)
Balance as at December 31, 2018 - (Unaudited)	6,875,000	(282,788,556)	(168,951,347)	23,161,050	(444,864,903)	539,753,377

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, 2018

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 2018 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 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 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 2018.

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 2018.

	Unaudited December 31, 2018	Audited June 30, 2018
	Rupees	Rupees

5. PROPERTY, PLANT AND EQUIPMENT

Operating Assets - note 5.1	220,426,514	227,946,342
Capital Work-in-Progress	179,903,759	174,367,761
	<u>400,330,273</u>	<u>402,314,103</u>

		Unaudited December 31, 2018	Audited June 30, 2018
		Rupees	Rupees
5.1	Opening book value	227,946,342	239,880,816
	Add: Cost of additions during the period / year	2,460,250	3,379,535
	Surplus on revaluation		4,999,796
	Less: Depreciation charged during the period / year	(9,980,078)	(20,313,805)
	Disposal during the period / year	-	-
		<u>(9,980,078)</u>	<u>(20,313,805)</u>
		<u>220,426,514</u>	<u>227,946,342</u>
6.	SHORT TERM INVESTMENTS		
	Equity investments	6.1 2,514,928	6,582,207
	Islamic Fund	6.2 5,813,350	6,584,326
		<u>8,328,278</u>	<u>13,166,533</u>
6.1	Equity Investments		
	<u>Marketable securities - Listed</u>		
	Cost of listed Shares	6,582,207	24,578,631
	Purchased during the year	-	-
	Disposal during the year	(3,634,968)	(15,339,938)
		<u>2,947,239</u>	<u>9,238,693</u>
	Fair value reserve	(432,311)	(2,656,486)
	Fair Value of listed shares	<u>2,514,928</u>	<u>6,582,207</u>
6.1.1	This includes investments in different listed securities.		
6.2	Islamic Fund		
	Investment in Islamic Certificate	<u>5,813,350</u>	<u>6,584,326</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 (June 2017: 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 2018: Nil).		

8. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise directors, distributor and major supplier.

Nature of relationship	Nature of transactions	Unaudited December 31, 2018	Unaudited December 31, 2017
		Rupees	Rupees
Major customers	Sales	18,690,903	18,362,047
Major suppliers	Purchases	39,119,327	3,354,692

Key management personnel	Loans and advances	Unaudited December 31, 2017	Audited June 30, 2017
		Rupees	Rupees
		4,649,231	5,190,995

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 February 22, 2019.

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.



Chief Executive Officer



Director



Chief Financial Officer