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Third Quarterly
Report
31 March 2019



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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

QUICE FOOD INDUSTRIES LIMITED

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

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

The Board of Directors of Quice Food Industries Limited (the Company) takes pleasure in presenting their review on financial performance and affairs of the Company financial statements for the nine months ended March 31st 2019.

Business Overview

All over the tenure, the Company dominated a revenue of Rs. 65.723 million vs. 56.885 million in the corresponding period of the last year. Overall sales reflected 15.54% growth over the last corresponding period and the profit after tax also improved by 13.72% in the current period.

A brief review of the Company's financial performance for the nine months period against the corresponding period of the last year is as follows:

Financial highlights

	2019 Rupees "000"	2018 Rupees "000"
Net sales	65,723	56,885
Gross loss	(22,737)	(22,571)
Depreciation	14,616	15,423
Pre-tax loss	(49,351)	(57,807)
After-tax loss	(50,216)	(58,201)

The rupee devaluation per US dollar increasing the cost of purchases (local / imports), therefore, the cost of production has increased, and increases in the cost of gas and electricity contributes mainly to the increase in product cost. Marginal decline in gross loss percentage to sale was improved during this period as compare to corresponding period of the last year refers to increase in market share in term of volume. On the other hand, gross loss states weakening sales of Syrup segment, less margin in Juice segment and inflated contribution of overheads and restructuring of discounts, offered to the distributors, was also carried out during this tenure.

Provision for tax is accounted for on minimum tax on turnover basis for business results delivered during the reported period.

Future Prospects

We endure to have a constructive outlook on the long-term growth. However, we do foresee certain headwinds in the short term in the form of Rupee depreciation, higher inflation and input costs which might have an impact on the future results.

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

The management remains fully committed towards managing these challenges and delivering sustainable profitable growth capitalizing on our strong brands and operational excellence with distinction mindset.

Acknowledgement

We take this opportunity to thank our valued shareholders and consumers who have trust in our products and continue to provide sustained support in ensuring the progress of the Company



Chief Executive Office

Karachi
April 24, 2019



Director

ڈائریکٹرز رپورٹ

کوئس فوڈ انڈسٹریز لمیٹڈ (کمپنی) کا بورڈ آف ڈائریکٹرز کمپنی کی مالیاتی کارکردگی اور معاملات اور مالیاتی گوشوارہ جو 31 مارچ 2019ء کو اختتام پذیر ہوا نومبر کے لئے ہے، کو پیش کرتے ہوئے مسرت محسوس کرتا ہے۔

کاروباری جائزہ

کمپنی نے زیر نظر عرصے کے دوران 65.723 ملین روپے کی آمدنی حاصل کی جبکہ گذشتہ سال کے اسی عرصے میں 56.885 ملین روپے کی آمدنی ہوئی تھی۔

موجودہ عرصے میں گذشتہ سال کے اسی عرصے کے مقابلے میں مجموعی فروخت میں %15.54 کا اضافہ اور بعد از ٹیکس منافع میں %13.72 اضافہ ظاہر ہوتا ہے۔

کمپنی کی موجودہ نو (9) ماہ کی مالیاتی کارکردگی کا جائزہ اور اس کا گذشتہ سال کے اسی عرصے کی کارکردگی سے موازنہ مندرجہ ذیل ہے۔

مالیاتی جھلکیاں	2019 روپے "000"	2018 روپے "000"
خالص فروخت	65,723	56,885
مجموعی نقصان	(22,737)	(22,571)
فرسودگی	14,616	15,423
قبل از ٹیکس نقصان	(49,351)	(57,807)
بعد از ٹیکس نقصان	(50,216)	(58,201)

امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی سے قیمت خریداری (مقامی درآمد شدہ) میں اضافے کی وجوہات میں بجلی اور گیس کی قیمتوں میں بھی اضافہ شامل ہے۔ اس عرصے میں فروخت کے مجموعی خسارے کے فی صد میں کمی بمقابلہ گذشتہ سال اسی عرصے کے مشاہدے میں آئی جس کی وجوہات میں حجم کے لحاظ سے مارکیٹ شیئر میں اضافہ شامل ہے۔ جبکہ دوسری جانب مجموعی خسارہ سیرپ کے شعبے میں کمزور فروخت جوس کے شعبے میں کم شرح منافع اور بالائی اخراجات میں اضافے کی وجہ سے ہوا۔ اس عرصے کے دوران تقسیم کاروں کو پیش کی جانے والی رعایتوں کا دوبارہ تعین بھی اس خسارے کی وجوہات میں شامل ہے۔ مذکورہ عرصے کے مالیاتی نتائج مرتب کرنے کے لئے فروخت پر کم از کم ٹیکس، کی بنیاد پر ٹیکس کی مد میں حساب کیا گیا ہے۔

مستقبل کے امکانات

ہم پیداوار میں طویل المدتی تعمیراتی کارکردگی پیش کرنے کا عزم رکھتے ہیں۔ بہر حال ہمیں مستقبل قریب میں آنے والی مشکلات کا بھی ادراک ہے، جن میں روپے کی قدر میں مزید کمی افراط زر میں اضافہ اور کاروباری لاگت میں اضافہ شامل ہے۔ جن کا اثر مستقبل میں آنے والے نتائج پر پڑ سکتا ہے۔ ہم صرف ترقی کی شاہراہ پر آگے بڑھنے پر یقین رکھتے ہیں۔ ہم نے ارد گرد ہونے والے حالات و واقعات پر گہری نظر رکھی ہوئی ہے۔ انتظامیہ بھرپور طریقے سے اپنے اس عزم پر قائم ہے کہ ہم آنے والے چیلنجز کا بھرپور طریقے سے مقابلہ کریں گے اور پائیدار اور منافع بخش پیداوار جو ہمارے مضبوط برانڈز میں سرمایہ کاری سے حاصل ہوگی اس کے لئے اعلیٰ سوچ کیساتھ شاندار عملی کارکردگی مہیا کریں گے۔

اعتراف

اس موقع سے فائدہ اٹھاتے ہوئے ہم اپنے شیئرز ہولڈرز اور صارفین کا شکریہ ادا کرتے ہیں جنہوں نے ہماری مصنوعات پر اعتماد کیا اور اپنے تعاون سے نوازنا جاری رکھا۔ جس سے کمپنی کی ترقی یقینی ثابت ہوئی۔



Chief Executive Office



Director

24 اپریل 2019



Condensed Interim Balance Sheet

As At March 31, 2019

	Note	Unaudited March 31 2019 Rupees	Audited June 30, 2018 Rupees
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property Plant and Equipment	5	395,798,241	402,314,103
Long term deposits		1,819,200	1,819,200
		397,617,441	404,133,303
CURRENT ASSETS			
Stores and spares		3,219,827	7,419,631
Stock-in-trade		280,625,942	288,152,301
Trade debts		2,491,195	9,310,190
Short term investments	6	7,440,420	13,166,533
Advances, deposits, prepayments & other receivables		22,412,641	27,413,047
Tax refunds due from government		11,389,622	10,397,422
Cash and bank balances		5,571,848	1,855,717
		333,151,495	357,714,841
TOTAL ASSETS		730,768,936	761,848,144
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		(455,289,509)	(406,539,644)
Total equity		529,328,771	578,078,636
Surplus on revaluation of property, plant and equipment		23,161,050	24,626,998
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred liabilities - Provision for gratuity		4,390,195	3,761,695
CURRENT LIABILITIES			
Trade and other payables		173,888,920	155,380,815
Total liabilities		178,279,115	159,142,510
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	7	730,768,936	761,848,144

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 Nine Months Ended March 31, 2019

Note	NINE MONTHS ENDED		QUARTER ENDED	
	March 31 2019	March 31 2018	March 31 2019	March 31 2018
	Rupees	Rupees	Rupees	Rupees
Sales	65,723,431	56,885,502	30,064,754	20,837,955
Cost of Sales	(88,460,660)	(79,456,612)	(35,847,148)	(25,692,427)
Gross Loss	(22,737,229)	(22,571,111)	(5,782,394)	(4,854,472)
Distribution Cost	(11,235,881)	(20,275,239)	(1,739,701)	(4,523,869)
Administrative Expenses	(14,398,138)	(12,786,465)	(2,688,454)	(2,894,775)
Other Operating Expenses	(1,239,895)	(2,837,618)	44,100	-
	(26,873,914)	(35,899,322)	(4,384,055)	(7,418,644)
Operating Loss	(49,611,143)	(58,470,433)	(10,166,449)	(12,273,116)
Other Operating Income	352,164	723,571	131,194	1,205,381
Loss From Operations	(49,258,979)	(57,746,862)	(10,035,255)	(11,067,735)
Finance Cost	(91,885)	(60,118)	(12,250)	(1,035)
Loss Before Taxation	(49,350,864)	(57,806,980)	(10,047,505)	(11,068,770)
Taxation	(864,949)	(394,268)	(377,101)	(194,185)
Loss After Taxation	(50,215,813)	(58,201,248)	(10,424,606)	(11,262,955)
Loss Per Share- Basic And Diluted (Rupees)	(0.51)	(0.59)	(0.11)	(0.11)

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 Nine Months Ended March 31, 2019

	NINE MONTHS ENDED		QUARTER ENDED	
	March 31 2019	March 31 2018	March 31 2019	March 31 2018
	Rupees	Rupees	Rupees	Rupees
Loss After Taxation	(50,215,813)	(58,201,248)	(10,424,606)	(11,262,955)
Other Comprehensive Income	-	-	-	-
Total Comprehensive Loss For The Period	(50,215,813)	(58,201,248)	(10,424,606)	(11,262,955)

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 Nine Months Ended March 31, 2019

Note	NINE MONTHS ENDED	
	March 31 2019	March 31 2018
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(49,350,864)	(57,806,980)
Adjustment for non cash items:		
Depreciation	14,616,110	15,422,621
Provision for gratuity	628,500	678,207
(Gain)/Loss on disposal of investment	36,945	560,341
Remeasurement (Gain) / Loss on Investment	1,202,950	2,277,277
	16,484,505	18,938,446
Net cash used in from operations before working capital changes	(32,866,359)	(38,868,534)
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	4,199,804	(471,452)
Stock-in-trade	7,526,359	14,151,811
Trade debts	6,818,995	7,870,833
Advances, deposits, prepayments & other receivables	5,000,406	(4,691,947)
	23,545,564	16,859,245
Increase / (decrease) in current liabilities		
Trade and other payables	19,630,976	24,783,768
Net working capital changes	43,176,540	41,643,012
Income tax paid	(2,980,024)	(1,817,603)
Net cash flow from operating activities	7,330,157	956,875
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(8,100,248)	(14,135,226)
Proceeds from disposal of short term investments	4,486,222	14,394,431
Net cash used in investing activities	(3,614,026)	259,205
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	3,716,131	1,216,080
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	5,571,848	1,817,150

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 Nine Months Ended March 31, 2019

	RESERVES				SHAREHOLDER'S EQUITY	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
SHARE CAPITAL						
Premium on issue of capital	6,875,000	(282,788,556)	(90,067,065)	26,718,801	(365,980,621)	618,637,659
Discount on issue of capital	-	-	2,145,440	(2,145,440)	2,145,440	2,145,440
	-	-	(58,201,248)	-	(58,201,248)	(58,201,248)
Balance as at June 30, 2017 - Restated (Audited)	6,875,000	(282,788,556)	(146,122,873)	24,573,361	(422,036,429)	562,581,851
Incremental depreciation transferred to retained earnings	-	-	(53,637)	53,637	(53,637)	(53,637)
Comprehensive income for the period ended	-	-	15,550,422	-	15,550,422	15,550,422
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	-	-	(50,215,813)	-	(50,215,813)	(50,215,813)
Balance as at March 31, 2019 - (Unaudited)	6,875,000	(282,788,556)	(179,375,953)	23,161,050	(455,289,509)	529,328,771

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 Nine Months Ended March 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. 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.

5. PROPERTY, PLANT AND EQUIPMENT

Operating Assets - note 5.1
Capital Work-in-Progress

Unaudited March 31, 2019	Audited June 30, 2018
Rupees	Rupees
215,790,482	227,946,342
180,007,759	174,367,761
395,798,241	402,314,103

- 5.1 Opening book value
 Add: Cost of additions during the period / year
 Surplus on revaluation
 Less: Depreciation charged during the period / year
 Disposal during the period / year

	Unaudited March 31, 2019	Audited June 30, 2018
	Rupees	Rupees
	227,946,342	239,880,816
	2,460,250	3,379,535
		4,999,796
	(14,616,110)	(20,313,805)
	-	-
	(14,616,110)	(20,313,805)
	<u>215,790,482</u>	<u>227,946,342</u>

6. SHORT TERM INVESTMENTS

- Equity investments
 Islamic Fund

6.1	1,627,070	6,582,207
6.2	5,813,350	6,584,326
	<u>7,440,420</u>	<u>13,166,533</u>

6.1 Equity Investments

Marketable securities - Listed

- Cost of listed Shares
 Purchased during the year
 Disposal during the year

	6,582,207	24,578,631
	-	-
	(4,523,167)	(15,339,938)
	2,059,040	9,238,693
	(431,970)	(2,656,486)
	<u>1,627,070</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>
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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 2018: 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

Key management personnel

Nature of transactions

Loans and advances

	Unaudited March 31, 2019	Unaudited June 30, 2018
	Rupees	Rupees
	3,401,890	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 April 24, 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