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First Quarterly
Report
30 September 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

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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
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' Review

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 first quarter ended September 30th 2019.

Business Overview

All over the tenure, the Company dominated a revenue of Rs.27.104 million v.s. 13.462 million in the corresponding period of the last year. Overall sales reflected double growth over the last corresponding period and the profit after tax also improved by 63% in the current period.

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

Financial highlights

	2019 Rupees "000"	2018 Rupees "000"
Net sales	27,104	13,462
Gross loss	4,546	16,057
Depreciation	6,603	4,892
Pre-tax loss	14,244	23,146
After-tax loss	14,583	23,314

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.

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 Officer



Director

Karachi
October 29, 2019

ڈائریکٹرز رپورٹ

ڈائریکٹرز کی نظر جانی

کوئٹہ نوڈ انڈسٹریز لمیٹڈ (کمپنی) کا بورڈ آف ڈائریکٹرز 30 ستمبر 2019 کو اختتام شدہ سہ ماہی کیلئے کمپنی کی مالیاتی کارکردگی اور مالیاتی بیانات کے معاملات کو آپ کے ملاحظے کیلئے پیش کرتے ہوئے مسرت محسوس کرتا ہے۔

کاروباری جائزہ

کمپنی نے گزشتہ سال اسی عرصے کے دوران 13.462 ملین روپے کے حصول زر کے مقابلے میں اسی سہ ماہی میں 27.104 ملین روپے کا حصول زر کیا۔ گزشتہ سال کے متعلقہ عرصے کے مقابلے میں اس سہ ماہی میں مجموعی فروخت میں دگنا اضافہ جبکہ بعد از ٹیکس منافع میں 63% دیکھا گیا۔ مذکورہ بالا عرصے کے لئے کمپنی کی مالیاتی کارکردگی کا گزشتہ سال کے اسی عرصے سے موازنہ مندرجہ ذیل ہے۔

	2018 2019	2019
خالص فروخت	13,462	27,104
مجموعی خسارہ	16,057	4,546
فرسودگی	4,892	6,603
خسارہ (قبل از ٹیکس)	23,146	14,244
خسارہ (بعد از ٹیکس)	23,314	14,583

ڈالر کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے قیمت خرید (مقامی درآمد) میں اضافہ ہوا، جس سے پیداواری لاگت میں بھی اضافہ ہوا۔ مزید برآں پیداواری لاگت میں اضافے میں ٹیکس اور بجلی کی قیمتوں میں اضافے کا بھی بڑا حصہ ہے۔ فروخت کے مجموعی خسارے میں کمی واقع ہوئی اور گزشتہ سال کے اسی عرصے کے مقابلے میں حجم کے لحاظ سے کمپنی کے مارکیٹ شیئر میں اضافہ ہوا۔

مستقبل کے جائزے

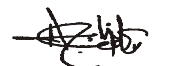
ہمیں اعتماد ہے کہ طویل المدتی لحاظ سے پیداوار کے معاملے میں ہم ایک تعمیراتی رجحان رکھیں گے۔ بہر حال ”روپے کی قیمت میں کمی“ افراط زر اور پیداواری لاگت میں اضافے کی وجہ سے ہم قلیل المدتی مسائل کی پیش بینی کر سکتے ہیں جو مستقبل کے نتائج پر اثر انداز ہو سکتے ہیں۔ ہم صرف بلندی کی جانب سفر پر یقین رکھتے ہیں۔ ہم اپنے ارد گرد پیش آنے والے واقعات پر گہری نظر رکھے ہوئے ہیں۔ انتظامیہ اپنی مخصوص سوچ، فکر کی بدولت ان مسائل کا سامنا کرنے اور ان سے عہدہ برآں ہو کر قابل منافع پیداوار میں سرمایہ کاری کرنے پر پختہ یقین رکھتی ہے، جس سے ہم اپنی برانڈ کو مزید مستحکم بنا سکتے ہیں۔

اعتراف خدمات

ہم اپنے شیئر ہولڈر اور صارفین کا شکریہ ادا کرنے کا موقع حاصل کر رہے ہیں جنہوں نے ہماری مصنوعات پر اعتماد کیا اور کمپنی کی ترقی کو یقین بنانے میں اپنا تعاون فراہم کیا۔



ڈائریکٹر



چیف ایگزیکٹو آفیسر
کراچی۔

29 اکتوبر 2019ء



BALANCE SHEET - Unaudited
AS AT SEPTEMBER 30, 2019

Note	Unaudited Sep-30, 2019	Audited June-30, 2019		
---- Rupees ----				
ASSETS				
NON-CURRENT ASSETS				
Fixed Assets				
	Property, plant and equipment	5	347,008,952	353,612,373
	Long term deposits		1,819,200	1,819,200
			<u>348,828,152</u>	<u>355,431,573</u>
CURRENT ASSETS				
	Stores and spares		4,435,680	4,666,032
	Stock-in-trade		310,584,224	329,273,427
	Trade debts		4,070,258	9,885,896
	Short term investments	6	5,599,820	6,253,392
	Advances, deposits, prepayments & other receivables		35,629,237	15,349,681
	Taxation - net		11,073,220	11,246,404
	Cash and bank balances		3,489,419	10,685,820
			<u>374,881,858</u>	<u>387,360,652</u>
	TOTAL ASSETS		<u>723,710,010</u>	<u>742,792,225</u>
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized share capital				
	105,100,000 (30 June 2019: 105,100,000) ordinary shares of Rs 10 each		1,051,000,000	1,051,000,000
	Issued, subscribed and paid up share capital and reserves			
	98,461,828 (June 2019 : 98,461,828) ordinary shares of Rs. 10 each		984,618,280	984,618,280
	Reserves		(478,693,747)	(464,666,474)
	Surplus on revaluation of property, plant and equipment		26,889,981	27,445,919
	Total equity		<u>532,814,514</u>	<u>547,397,725</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
	Deferred liabilities		19,916,391	19,523,867
	Security deposit payables		56,600,000	56,600,000
			<u>76,516,391</u>	<u>76,123,867</u>
CURRENT LIABILITIES				
	Trade and other payables		113,151,605	118,043,133
	Short term position of deferred liability		1,227,500	1,227,500
			<u>114,379,105</u>	<u>119,270,633</u>
	Total liabilities		<u>190,895,496</u>	<u>195,394,500</u>
	CONTINGENCIES AND COMMITMENTS	7	-	-
	TOTAL EQUITY AND LIABILITIES		<u>723,710,010</u>	<u>742,792,225</u>

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

Chief Executive Officer

Director

Chief Financial Officer



PROFIT AND LOSS ACCOUNT - Unaudited
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Note	Quarter Ended	
	Sep-30, 2019	Sep-30, 2018
---- Rupees ----		
SALES	27,103,755	13,461,662
Cost of sales	(31,649,752)	(29,518,321)
GROSS LOSS	(4,545,997)	(16,056,659)
Distribution cost	(5,266,318)	(2,106,046)
Administrative expenses	(3,973,293)	(4,503,047)
Other operating expenses	(653,572)	(440,430)
	<u>(9,893,183)</u>	<u>(7,049,523)</u>
Operating loss	(14,439,180)	(23,106,182)
Other operating income	238,239	-
	<u>(14,200,941)</u>	<u>(23,106,182)</u>
Finance cost	(43,474)	(39,842)
LOSS BEFORE TAXATION	<u>(14,244,415)</u>	<u>(23,146,024)</u>
Taxation	(338,797)	(168,271)
LOSS AFTER TAXATION	<u>(14,583,212)</u>	<u>(23,314,295)</u>
LOSS PER SHARE	<u>(0.148)</u>	<u>(0.237)</u>

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

Chief Executive Officer

Director

Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME - Unaudited
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	Sep-30, 2019	Sep-30, 2018
	---- Rupees ----	
LOSS AFTER TAXATION	(14,583,212)	(23,314,295)
<i>Other comprehensive income that cannot be classified through profit and loss</i>	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(14,583,212)	(23,314,295)

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

Chief Executive Officer

Director

Chief Financial Officer



CASH FLOW STATEMENT - Unaudited
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Note	Quarter Ended	
	Sep-30, 2019	Sep-30, 2018
	---- Rupees ----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(14,244,415)	(23,146,024)
Adjustment for non cash items:		
Depreciation	6,603,421	4,892,344
Provision for gratuity	392,524	209,500
Gain on disposal of investment	-	431,198
Remeasurement loss on investmnt	653,572	-
	<u>7,649,517</u>	<u>5,533,042</u>
Net cash used in operations before working capital changes	(6,594,898)	(17,612,982)
Working capital changes (Increase) / decrease in current assets		
Stores and spares	230,352	(839,269)
Stock-in-trade	18,689,203	(14,777,587)
Trade debts	5,815,638	3,273,763
Advances, deposits, prepayments & other receivables	(20,279,556)	(1,113,883)
	4,455,637	(13,456,976)
Increase / (decrease) in current liabilities		
Trade and other payables	(4,891,528)	30,539,600
Net working capital changes	(435,891)	17,082,623
Income tax paid	(165,612)	(255,062)
Net cash used in operating activities	<u>(7,196,401)</u>	<u>(785,421)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(39,002)
Net cash used in investing activities	-	(39,002)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	(7,196,401)	(824,423)
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	<u>3,489,419</u>	<u>1,031,294</u>

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

Chief Executive Officer

Director

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY - Unaudited
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

PARTICULARS	SHARE CAPITAL				RESERVES			SHAREHOLDERS' EQUITY	
	SHARE CAPITAL		CAPITAL		REVENUE		TOTAL		
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	
Balance as at June 30, 2018 - Audited (Restated)	984,618,280	6,875,000	(282,788,556)	24,626,998	(251,286,558)	(139,755,624)	(391,042,182)	593,576,098	
Incremental depreciation transferred to retained earnings	-	-	-	(615,675)	615,675	-	-	-	
Net loss for the period ended	-	-	-	-	(23,314,295)	(23,314,295)	(23,314,295)	(23,314,295)	
Balance as at September 30, 2018	<u>984,618,280</u>	<u>6,875,000</u>	<u>(282,788,556)</u>	<u>24,011,323</u>	<u>(251,902,233)</u>	<u>(162,454,244)</u>	<u>(414,356,477)</u>	<u>570,261,803</u>	
Balance as at June 30, 2019	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	-	-	-	(555,938)	555,938	-	-	-	
Net loss for the period ended	-	-	-	-	(14,583,212)	(14,583,212)	(14,583,212)	(14,583,212)	
Balance as at September 30, 2019	<u>984,618,280</u>	<u>6,875,000</u>	<u>(282,788,556)</u>	<u>26,889,981</u>	<u>(249,023,575)</u>	<u>(202,780,192)</u>	<u>(451,803,767)</u>	<u>532,814,513</u>	

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


Chief Executive Officer


Director


Chief Financial Officer



NOTES TO THE QUARTERLY FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 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. BASIS OF PREPARATION

2.1 Statement of compliance

This interim financial report of the Company for the period ended 30 September 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.

2.2 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.

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 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in preparation of this interim financial information are the same as those applied to the annual financial statements for the year ended 30 June 2019.

Unaudited Sep-30, 2019	Audited June 30, 2019
----- Rupees-----	
291,133,025	297,736,446
55,875,927	55,875,927
<u>347,008,952</u>	<u>353,612,373</u>

5. PROPERTY, PLANT AND EQUIPMENT

Operating Assets - note 5.1
Capital Work-in-Progress

	Unaudited Sep-30, 2019	Audited June 30, 2019
	----- Rupees-----	
5.1 Opening book value	297,736,446	227,946,342
Add: Cost of additions during the period / year	-	89,128,257
Surplus on revaluation	-	1,527,022
Less: Depreciation charged during the period / year	(6,603,421)	(20,865,175)
Disposal during the period / year	-	-
	(6,603,421)	(20,865,175)
	<u>291,133,025</u>	<u>297,736,446</u>

6. SHORT TERM INVESTMENTS

Fair value through profit or loss	6.1	1,318,060	1,381,210
Units of mutual funds	6.2	4,281,760	4,872,182
		<u>5,599,820</u>	<u>6,253,392</u>
6.1 Fair value through profit or loss			
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		(63,150)	(677,829)
Fair Value of listed shares		<u>1,318,060</u>	<u>1,381,210</u>
6.1.1 This includes investments in different listed securities.			
6.2 Units of mutual funds			
Investment in Islamic stock fund		<u>4,281,760</u>	<u>4,872,182</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 0.785million (June 2017:0.785million) 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.

7.2 Commitments

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

8. TRANSACTIONS WITH RELATED PARTIES

There were no related parties transaction during the period September 30, 2019 (2018: NIL).

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 interim financial information was approved by the Board of Directors and authorized for issue on October 29, 2019.

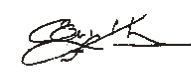
11. GENERAL

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.



Muhammad Atif
Chief Executive Officer



Muhammad Siraj
Director



Muhammad Imran
Chief Financial Officer