



Real Happiness

**Half year ended
December 31, 2022**

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Company Information

Board of Directors

Mr. Muhammad Atif
Mr. Muhammad Siraj
Ms. Hina Faiyaz
Mr. Salman Haroon
Ms. Saba Irfan
Mr. Muhammad Riaz
Qazi Muhammad Imran

Chief Executive Officer
Director
Independent Director
Independent Director
Independent Director
Director
Director

Company Secretary

Mr. Iqbal Shahid

Audit Committee

Mr. Salman Haroon
Mr. Muhammad Siraj
Ms. Hina Faiyaz

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

Bankers

Allied Bank Limited
Bank Al Falah Limited
MCB Bank Limited
Habib Metro 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' Review

FOR THE PERIOD ENDED DECEMBER 31, 2022

The Directors of Quice Food Industries Limited "the Company" are pleased to submit the unaudited financial report and the condensed interim financial information of the Company for the six months period ended December 31, 2022.

Business Performance Overview

During the period, the Company has posted a revenue of PKR. 258.19 million due to increase in local and export sales, as new local and export markets have been capitalized during the year by the grace of the Almighty. Increase in local business can be attributed largely to increased and better sales incentive plans for sales staff and the local Distributors.

However, persistent increase in cost of doing business due to historical widening of PKR-Forex parity gap and hyperinflationary economic environment has reduced the net returns of the Company and kept the bottom line at the same color.

Financial highlights

Below is the summary of financial results of the Company for the period ended December 31, 2022:

	2022 Rupees "000"	2021 Rupees "000"
Net sales	258,194	136,816
Gross profit	42,758	14,755
Operating loss	(14,153)	(7,670)
Pre-tax loss	(13,501)	(7,396)
After tax loss	(16,358)	(8,991)
Loss per share	(0.166)	(0.090)

Future Prospects

We are constantly working on new product developments, emerging new markets and cost controls through better business relationships with suppliers. Hopefully, with our vast experience and team work, things would be improved Inshallah.

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 by each member and are confident that they will continue to do so in the future.



Director

Karachi
February 27, 2023



Aslam Malik & Co. (Est. 1971)
Chartered Accountants

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Building Better Together

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, 2022 and the related condensed interim statement of profit or loss, the condensed interim statement of 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-months period then ended (here-in-after referred to as the "condensed 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 condensed interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss, the condensed interim statement of other comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2022.

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 condensed 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 condensed 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 Saleem.


Chartered Accountants



February 27, 2023
Lahore
UDIN: RR202210148r551nOtMq

Lahore Office (Head Office)

| Islamabad Office

| Karachi Office

| Quetta Office

Condensed Interim Statement of Financial Position (Unaudited)

AS AT DECEMBER 31, 2022

	Note	Unaudited December 31, 2022	Audited June 30, 2022
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property Plant and Equipment	5	337,644,106	349,996,280
Long term deposits		1,935,290	1,935,290
		<u>339,579,396</u>	<u>351,931,570</u>
CURRENT ASSETS			
Stores and spares		50,075,268	52,025,060
Stock-in-trade	6	629,154,129	560,624,975
Trade debts	7	62,460,596	102,587,952
Advances, deposits, prepayments & other receivables		94,603,667	52,626,476
Taxation - net		11,240,234	10,668,583
Cash and bank balances	8	768,392	10,805,222
		<u>848,302,286</u>	<u>789,338,268</u>
		<u>1,187,881,682</u>	<u>1,141,269,838</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
105,100,000 (June 2022: 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 2022 : 98,461,828) ordinary shares of Rs.10 each		984,618,280	984,618,280
Reserves		(266,546,410)	(250,965,685)
Discount on issuance of shares		(282,788,556)	(282,788,556)
Surplus on revaluation of property, plant and equipment		31,134,095	31,911,136
		<u>466,417,409</u>	<u>482,775,175</u>
NON-CURRENT LIABILITIES			
Deferred liabilities		8,176,663	7,340,593
Security deposit payables		144,500,000	144,500,000
		<u>152,676,663</u>	<u>151,840,593</u>
CURRENT LIABILITIES			
Trade and other payables		568,787,610	506,654,070
		<u>568,787,610</u>	<u>506,654,070</u>
		<u>721,464,273</u>	<u>658,494,663</u>
CONTINGENCIES AND COMMITMENTS			
	9	-	-
		<u>1,187,881,682</u>	<u>1,141,269,838</u>

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


Director


Director


Chief Financial Officer

Condensed Interim Profit & Loss Account (Unaudited)

FOR THE PERIOD ENDED DECEMBER 31, 2022

	Quarter ended		Six months period ended	
	Dec-31, 2022	Dec-31, 2021	Dec-31, 2022	Dec-31, 2021
----- Rupees -----				
Sales	114,930,141	59,389,941	258,193,742	136,815,737
Cost of Sales	(98,496,656)	(48,121,103)	(215,435,565)	(122,060,339)
Gross Profit	16,433,485	11,268,838	42,758,177	14,755,398
Distribution Cost	(17,883,749)	(9,593,758)	(34,612,846)	(13,203,792)
Administrative Expenses	(6,998,279)	(6,113,565)	(22,299,272)	(9,221,332)
	(24,882,028)	(15,707,323)	(56,912,118)	(22,425,124)
Operating Loss	(8,448,543)	(4,438,485)	(14,153,941)	(7,669,726)
Other Operating Income	293,415	191,901	730,062	307,522
	(8,155,128)	(4,246,584)	(13,423,879)	(7,362,204)
Finance Cost	(65,225)	(30,967)	(76,864)	(34,143)
Loss before taxation	(8,220,353)	(4,277,551)	(13,500,743)	(7,396,347)
Taxation	(1,297,294)	(672,955)	(2,857,023)	(1,595,010)
Loss after taxation	(9,517,647)	(4,950,506)	(16,357,766)	(8,991,357)
Loss per share	(0.097)	(0.050)	(0.166)	(0.090)

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


Director


Director


Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

FOR THE PERIOD ENDED DECEMBER 31, 2022

	Quarter ended		Six months period ended	
	Dec-31, 2022	Dec-31, 2021	Dec-31, 2022	Dec-31, 2021
	----- Rupees -----			
Loss after taxation	(9,517,647)	(4,950,506)	(16,357,766)	(8,991,357)
Other comprehensive income that cannot be classified through profit and loss	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(9,517,647)</u>	<u>(4,950,506)</u>	<u>(16,357,766)</u>	<u>(8,991,357)</u>

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


Director


Director


Chief Financial Officer

Condensed Interim Cash Flow Statement (Unaudited)

FOR THE PERIOD ENDED DECEMBER 31, 2022

	Half Year Ended	
	December 31, 2022	December 31, 2021
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(13,500,743)	(7,396,347)
Adjustment for non cash items:		
Depreciation	13,128,972	14,278,691
Provision for gratuity	836,070	694,123
	13,965,042	14,972,814
Net cash from operations before working capital changes	464,299	7,576,467
Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	1,949,792	(2,124,864)
Stock-in-trade	(68,529,154)	11,487,370
Trade debts	40,127,356	(19,279,988)
Advances, deposits, prepayments & other receivables	(41,977,191)	8,430,621
	(68,429,197)	(1,486,861)
Increase / (decrease) in current liabilities		
Trade and other payables	62,133,540	4,125,709
Net working capital changes	(6,295,657)	2,638,847
Income tax paid	(3,428,674)	(923,121)
Net cash flow from operating activities	(9,260,032)	9,292,193
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(776,798)	144,278
Net cash used in investing activities	(776,798)	144,278
CASH FLOWS FROM FINANCING ACTIVITIES		
Security deposit receivable	-	(337,060)
Net cash flow from financing activities	-	(337,060)
Net decrease in cash and cash equivalents	(10,036,830)	9,099,411
Cash and cash equivalents at the beginning of the period	10,805,222	2,092,425
Cash and cash equivalents at the end of the period	768,392	11,191,836

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



Director



Director




Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

FOR THE PERIOD ENDED DECEMBER 31, 2022

PARTICULARS	SHARE CAPITAL	RESERVES					SHARE-HOLDERS' EQUITY	
		CAPITAL		REVENUE		TOTAL		
		Premium on issue of share capital	Discount on issue of share capital	Surplus on revaluation of PPE	Subtotal			Accumulated loss
----- Rupees -----								
Balance as at June 30, 2021 - Audited	984,618,280	6,875,000	(282,788,556)	33,699,487	(242,214,069)	(236,063,981)	(478,278,050)	506,340,230
Incremental depreciation transferred to retained earnings	-	-	-	(988,187)	(988,187)	988,187	-	-
Net loss for the period ended	-	-	-	-	-	(8,991,357)	(8,991,357)	(8,991,357)
Balance as at December 31, 2021	<u>984,618,280</u>	<u>6,875,000</u>	<u>(282,788,556)</u>	<u>32,711,300</u>	<u>(243,202,256)</u>	<u>(244,067,151)</u>	<u>(487,269,407)</u>	<u>497,348,873</u>
Balance as at June 30, 2022	984,618,280	6,875,000	(282,788,556)	31,911,136	(244,002,420)	(257,840,685)	(501,843,105)	482,775,175
Incremental depreciation transferred to retained earnings	-	-	-	(777,041)	(777,041)	777,041	-	-
Net loss for the period ended	-	-	-	-	-	(16,357,766)	(16,357,766)	(16,357,766)
Balance as at December 31, 2022	<u>984,618,280</u>	<u>6,875,000</u>	<u>(282,788,556)</u>	<u>31,134,095</u>	<u>(244,779,461)</u>	<u>(273,421,410)</u>	<u>(518,200,871)</u>	<u>466,417,409</u>

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


 Director


 Chief Financial Officer

Notes to the Condensed Interim Financial Statements

FOR THE PERIOD ENDED DECEMBER 31, 2022

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. The principle office of the company is situated at W57, Madina Palace, Mezzanine Floor, Faran Co-operative Society, Dhoraji Colony, Karachi, Pakistan.

2. BASIS OF PREPARATION

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. The accounting and reporting standards applicable in Pakistan for interim financial reporting 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; and
- Provision of and directives issued under the Companies Act, 2017.

Where the provision of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention except for staff retirement benefits that is determined under actuarial valuation annually and Land, building improvements and plant and machinery which are stated at revalued amount in accordance with the criteria laid down under International Accounting Standard (IAS) 16 'Property, Plant and Equipment'.

These condensed interim financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees, which is the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of Rupees.

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 2022.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND RISK MANAGEMENT

Estimates, judgments and risk management objectives and policies are consistent with that disclosed in the audited financial statements for the year ended 30 June 2022.

	Unaudited December 31, 2022	Audited June 30, 2022
5. PROPERTY, PLANT AND EQUIPMENT		
	----- Rupees-----	
Operating Assets -note 5.1	294,976,556	307,328,730
Capital Work-in-Progress	42,667,550	42,667,550
	<u>337,644,106</u>	<u>349,996,280</u>
5.1		
Opening book value	307,328,730	333,270,011
Add: Cost of additions during the period / year	776,798	3,068,100
Surplus on revaluation	-	-
Less: Depreciation charged during the period / year	<u>(13,128,972)</u>	<u>(29,009,381)</u>
Disposal during the period / year	-	-
	<u>(13,128,972)</u>	<u>(29,009,381)</u>
	<u>294,976,556</u>	<u>307,328,730</u>
5.2		
All the non-current assets of the Company are located in Pakistan.		
6. STOCK IN TRADE		
Raw and packing materials	41,478,927	356,795,488
Finished goods	303,029,961	219,184,246
Provision for slow moving items	<u>(15,354,759)</u>	<u>(15,354,759)</u>
	<u>629,154,129</u>	<u>560,624,975</u>

Notes to the Condensed Interim Financial Statements

FOR THE PERIOD ENDED DECEMBER 31, 2022

		Unaudited December 31, 2022	Audited June 30, 2022
		----- Rupees-----	
7.	TRADE DEBTS - considered good		
	Considered good (Unsecured)	62,460,596	102,587,952
7.1	The aging of trade debts as at December 31, 2022 is as follows:		
	Neither past due nor impaired (0-30)	20,939,492	14,029,565
	Past due but not impaired (31-60)	10,133,915	-
	Past due but not impaired (61 and above)	31,387,189	88,558,386
		<u>62,460,596</u>	<u>102,587,951</u>
7.2	As at December 31, 2022, an amount of Rupees 24.765 million (June 2022: 1.054 million) refer to foreign debtors.		
7.3	No aggregate outstanding balance of trade debtors due from related parties at the end of any month during the period.		
7.4	As at December 31, 2022, no amount was due from related parties for which impairment needs to be tested (June 2022: Nil).		
8.	CASH AND BANK BALANCES	Unaudited December 31, 2022	Audited June 30, 2022
		----- Rupees-----	
	Cash in hand	252,017	891,208
	With banks:		
	- Current accounts	34,678	384,741
	- Saving accounts	481,697	9,529,273
		<u>516,375</u>	<u>9,914,014</u>
		<u>768,392</u>	<u>10,805,222</u>
8.1	Saving accounts earned at weighted average rate of 13.96% per annum (June-2022: 12.25% per annum).		
9.	CONTINGENCIES AND COMMITMENTS		
9.1	Contingencies		
	Securities and Exchange Commission of Pakistan (SECP) has fined the Company and all the directors for Rupees 0.785 million (June 2022: 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 have filed appeal before SECP and expect the favorable outcome.		
9.2	Commitments		
	There were no capital or other commitments at the balance sheet date (June 2022: Nil).		
10.	SALES - net	Unaudited December 31, 2022	Audited June 30, 2022
		----- Rupees-----	
	Local	134,130,225	110,028,471
	Export	147,783,177	46,224,685
		281,913,402	156,253,156
	Federal excise duty	(1,322,823)	(701,264)
	Sales tax	(22,396,837)	(18,736,154)
		<u>258,193,742</u>	<u>136,815,738</u>
10.1	Export Sales comprise of sale made in USA, UK, Middle East, South Africa and Mauritius regions.		
10.2	Revenue has been recognized at a point in time for local sales made during the year.		
11.	TRANSACTIONS WITH RELATED PARTIES		
	The related parties comprise of shareholders, directors of the Company, employees benefit funds and key management employees and carried out in the normal course of business. There were no other related parties transactions during the period December 31, 2022.		
12.	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.		
13.	GENERAL		
	This condensed interim financial statements was approved by the Board of Directors and authorized for issue on February 27, 2022.		



Director



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