



FINANCIAL REPORT

FIRST QUARTER - 2018



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Our Legacy

The journey of Matco started with the entrepreneurial aptitude of Syed Sarfaraz Ali Ghorī, who established his own company by the name of Muhammad Ali Trading Company (MATCO) in 1964 and initially began supplying and commissioning rice plant and equipment for the Government of Pakistan.

Today, Matco has over 150 global customers and exports its consumer products to over 40 countries worldwide. The company also holds Organic Certifications from the US NOP and EU Organic Certification from Control Union, and is an IFC investee company since 2012.

In 2015, Matco Rice Processing (Pvt.) Limited changed its name to Matco Foods (Pvt.) Limited, and subsequently to Matco Foods Limited before listing in PSX, reflecting its mission of becoming a leading food corporation. Matco is a committed member of the society and strives to make constructive efforts for the welfare of the community.



Business Profile

Matco Foods Limited is a leading Food Processing & Export Company in South-Asia which provides packed consumer foods products that offer convenience, and supplies quality ingredients to the pharmaceutical and confectionery industries. Matco's mission is to offer convenient, hygienic and quality food product solutions to its customers. The company's products include basmati rice, rice glucose, rice protein, pink salt, masalas and spices, dessert mixes and more.

With over 50 years of experience in the rice industry, and a global portfolio of more than 150 corporate customers, the company is the largest basmati rice exporter from Pakistan, and its flagship brand "Falak Basmati Rice" is available in more than 40 countries worldwide. Matco also exports private label brands to over 60 countries in the world. The company operates 5 rice processing and milling plants which include vertically-integrated paddy drying, storage, husking and processing facilities in Sadhoke, Punjab and Karachi, Sindh.

Matco Foods has recently diversified its operation within domain specialized products i.e. Rice Glucose and Rice Protein, with plant production capacity of 10,000 MT per annum of rice glucose and 1,000 MT of Rice Protein per annum. The project is complete and the commercial production of Rice Glucose and Rice Protein has started.

The company aims to serve the changing needs and preferences of global consumers and therefore holds Organic Certification from the US NOP and EU Organic Certification from Control Union. Matco Foods Limited is also the only IFC investee company in its sector since 2012.



Company Information

BOARD OF DIRECTORS

Mr. Jawed Ali Ghorl	Chairman
Mr. Khalid Sarfaraz Ghorl	Chief Executive Officer
Dr. Tariq Ghorl	Director
Mr. Faizan Ali Ghorl- CFA	Director
Mr. Syed Kamran Rashid	Independent Director
Mr. Naeem ur Rehman Akhoond	Independent Director
Mr. Abdul Samad Khan	Independent Director

AUDIT COMMITTEE

Mr. Naeem ur Rehman Akhoond	Chairman
Syed Kamran Rasheed	Member
Mr. Abdul Samad Khan	Member

CHIEF FINANCIAL OFFICER

Mr. Tariq Iqbal, ACA (Acting)

HUMAN RESOURCE & REMUNERATION COMMITTEE

Syed Kamran Rashid	Chairman
Mr. Jawed Ali Ghorl	Member
Dr. Tariq Ghorl	Member

COMPANY SECRETARY

Muhammad Latif Qureshi

LEGAL ADVISOR

Muhammad Javaid Akhter	A-55/56 Federal B Area Karachi Pakistan
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AUDITORS

Grant Thornton Anjum Rahman	Grant Thornton Anjum Rahman (GTAR) 1st and 3rd Floor, Modern Motor House Beaumont Road Karachi, Pakistan Tel (Office): +92 (21) 3567 2951-6 Fax: +92 (21) 3568 8834 Website: www.gtpak.com
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SHARE REGISTRAR

THK Associates (Private Limited)

1st Floor, 40-C Block 6, P.E.C.H.S
Karachi, 75400, P.O. Box. No. 8533
UAN: +92 (021) 111-000-322
Direct: +92 (021) 3416 8266-68-70
Fax: +92 (021) 3416 8271

BANKERS

Askari Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited

JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Standard Chartered Bank
United Bank Limited

COMPANY LOCATIONS

REGISTERED OFFICE

Matco Foods Limited
L-24/1 Block 21, F.B. Industrial Area, Karachi, Pakistan
P.O. Box No. 75950
Phone: +92(21) 3631 5099, +92(21) 3631 1649,
Fax: +92(21) 3632 0509

RICE PLANT

A 15-16, S.I.T.E. Super Highway,
Karachi, Pakistan
Phone: +92(21) 3688 1297, +92(333) 120 7780

RICE GLUCOSE PLANT

G-205, Gadap Road, S.I.T.E. Super highway,
Karachi, Pakistan

SADHOKE PLANT

50 KM, Main G.T. Road
Sadhoke District, Gujranwala, Punjab
P.O. Box No. 52386
Phone: +92(55) 666 5774, +92(55) 666 5676

Web Address
Email Address

www.matcofoods.com
contact@matcofoods.com

VISION

To become a leading global supplier of quality ingredients and consumer food products that offer convenience.

MISSION

To provide customers with premium quality products; to be innovative, customer oriented and create strong enduring partnerships with suppliers, to continuously invest in our staff – which we believe are the biggest asset of our company and to create long-term values for all stakeholders, shareholders, staff, customers, suppliers and wider community.



Directors' Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

By the Grace of Allah (SWT), the Directors of your company take pleasure in presenting 1st quarter un-audited results of Unconsolidated and Consolidated Financial Statements for the period ended September 30, 2018.

DESCRIPTION	UN CONSOLIDATED		CONSOLIDATED	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	-----Rupees in '000-----		-----Rupees in '000-----	
Sales – net	1,815,643	1,331,588	1,817,584	1,333,983
Cost of sales	(1,582,025)	(1,119,280)	(1,582,762)	(1,120,222)
Gross Profit	233,618	212,308	234,822	213,761
Selling and distribution	(71,263)	(47,626)	(71,263)	(47,626)
Administrative	(51,766)	(43,565)	(52,697)	(44,329)
Operating profit	110,589	121,117	110,862	121,806
Other Income	18,474	2,195	18,474	2,195
Financial Charges	(62,182)	(53,658)	(62,232)	(53,777)
Profit Before Tax	66,881	69,654	67,104	70,224
Income Tax	(16,318)	(13,303)	(16,316)	(13,327)
Profit For the Period	50,563	56,351	50,788	56,897
Earning Per Share	0.43	0.48	0.44	0.49

During the quarter July-September 2018, Pakistan's exports of Basmati rice has increased by 3.34% in volumetric terms and decreased by 8.94% in value terms. However, the Company has captured good volumes and registered overall revenue growth by 36.8% as compared to last period. The Company has exported 8,559 metric tons of basmati rice as compared to 7,237 metric tons in the last comparative period and thereby represents increase of 18.27%. The average selling price per metric ton during this quarter is USD 1,148 which was USD 1,118 in the last quarter and represents increase of 2.64%.

The cost of production, on the other side, was also increased by 41.34% mainly because of increase in production overheads. The Company is continuously striving for growth in the business and taking cost effective measures to optimize the shareholders' value.

The Group profitability was almost on the same level as reported for the Company. The Subsidiary Company is facing challenges in the GCC region due to VAT implementation, region's political turmoil and overall sluggish business environment.

Directors' Report

RICE DIVISION

The Company continued its focus on building the Falak brand in the local as well in the export market. During the quarter under review, the Company has participated in IFT Chicago 2018 and exhibited in Jinnah University. Both of these marketing activities remain quite successful and the Company has received satisfactory response from consumers and distributors.

The Company aggressively following brand marketing campaign and approaching new customers in local market through Van branding and market sampling in all major cities of Pakistan. As a result of these measures, the Company's local sales increased by 38.08% as compared to last comparative period.

GLUCOSE DIVISION

The Company's new project Rice Glucose Division Phase – II is under construction in full swing. The Company also updates the developments in the project to the Pakistan Stock Exchange, Securities and Exchange Commission of Pakistan and shareholders through quarterly progress report on timely basis.

The Company existing Rice Glucose Plant Phase- I is operating at optimum capacity. Repeated orders are generating from existing customers in the local as well as in the export market. The Company's rice protein is high in demand in the export market and certain number of orders are in hand. The management is targeting major portion of sales through export to fetch high margins in the export markets and improve profitability.

NEW PRODUCT DEVELOPMENT

The Company is diversifying its business into new range of products such as masalas' variety, selling Pepper and Pink Salt in grinder bottle packing and Falak Kheer. All of these products exhibits good track record of sales and its sales growing day by day. During the quarter, The Company have launched new products in the US and EU markets such as Ginger paste, Garlic paste and Ginger garlic paste which will also be available in local market in coming months. The Company has also launched new unique masalas, Peri Peri masala and Dahi Bara masala under the umbrella of Falak brand which are demonstrating good customer demand.

FUTURE OUTLOOK

Pakistani economy is under pressure with widening depletion in reserves and reliance on external sources to cope up current account deficit and support the economic stability. During the quarter, new government has taken macro-economic steps such as devaluation of Pakistani Rupees and increase in KIBOR rate which resulted in increase in production cost and financial charges. Any further tough economic reforms may make business environment more suppressive and will likely impact on overall financial position.

The Company is well aware of these challenges and actively adopting cost effective measures including re-engineering its business processes to boost the efficiency of business operations in supply chain and logistics activities and revamping quality control department so that production losses can be minimized. The Company also planned to further reduce its short term borrowings to minimize the financial charges.

Directors' Report

ACKNOWLEDGEMENT

We wish to thank the Shareholders, Customers, Suppliers, Bankers and Distributors for providing us valuable support during the reporting period. We also wish to thank our Staff who remained committed to deliver towards the growth of the Company.



Jawed Ali Ghori
Chairman



Khalid Sarfaraz Ghori
Chief Executive Officer

ڈائریکٹر رپورٹ

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

اللہ تعالیٰ کے فضل سے آپ کی کمپنی کے ڈائریکٹر ان بمسرت 30 ستمبر 2018 کی ختم شدہ مدت کی پہلی سہ ماہی کے غیر آڈٹ شدہ Consolidated / Unconsolidated مالیاتی گوشواروں کے نتائج پیش کر رہے ہیں۔

DESCRIPTION	UN CONSOLIDATED		CONSOLIDATED	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	-----Rupees in '000-----		-----Rupees in '000-----	
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Income Tax	(16,318)	(13,303)	(16,316)	(13,327)
Profit For the Period	50,563	56,351	50,788	56,897
Earning Per Share	0.43	0.48	0.44	0.49

جولائی تا ستمبر 2018 سہ ماہی کے دوران پاکستانی باسستی چاول کی برآمد میں بالحاظ حجم 3.34% اضافہ ہوا جبکہ بالحاظ قدرہ 8.94% کمی واقع ہوئی۔ کمپنی نے گزشتہ سال کے مقابلے میں بہترین حجم کے ساتھ مجموعی طور پر حاصل آمدن میں 36.8% اضافہ ریکارڈ کیا۔ اسکے ساتھ گزشتہ عرصے میں کمپنی کی برآمد جو کہ 7,237 میٹرک ٹن کے مقابلے میں رواں عرصے میں کمپنی نے 8,559 میٹرک ٹن چاول برآمد کیا اس طرح برآمد میں 18.27% اضافہ دیکھنے میں آیا۔ رواں سہ ماہی کے دوران چاول کی اوسط برآمدی قیمت 1148 یو ایس ڈالر فی میٹرک ٹن رہی جو کہ گزشتہ سہ ماہی میں 1118 یو ایس ڈالر تھی۔ اس طرح قیمت میں 2.64% اضافہ رہا۔ دوسری جانب پیداواری لاگت میں بھی 41.34 فیصد اضافہ ہوا جس کی بڑی وجہ پیداواری اٹھنے والے دیگر اخراجات میں اضافہ تھا۔ کمپنی کاروبار میں اضافہ / فروغ کیلئے مسلسل کوشاں ہیں اور بہ موثر لاگت اقدامات کرتے ہوئے شیئر ہولڈرز کی قدر کو بہتر بنانے کیلئے مسلسل کوشاں ہیں۔

گروپ کا منافع بھی تقریباً اسی سطح پر رہا۔ ذیلی کمپنی کو GCC خطے میں VAT عملدرآمد، سیاسی افراتفری اور مجموعی تجارتی مندی کی فضاء کے باعث مشکلات درپیش ہیں۔

چاول کا شعبہ:

کمپنی نے فلک برانڈ کو مقامی اور بین الاقوامی مارکیٹ میں بہتر اور مستحکم کرنے کیلئے اپنی بھرپور توجہ مرکوز کی ہوئی ہے۔ زیر نظر سہ ماہی جائزے کے دوران کمپنی نے IFT شگا گو 2018 اور جناح یونیورسٹی کی نمائش میں شرکت کی۔ کمپنی کی جانب سے مذکورہ بالا دونوں مارکیٹنگ سرگرمیاں نہایت کامیاب رہیں اور کمپنی کو صارفین اور تقسیم کنندگان کی جانب سے نہایت مثبت اور تسلی بخش جواب ملا۔

کمپنی نے پاکستان کے تمام بڑے شہروں میں برانڈ مارکیٹنگ کی مہم چلاتے ہوئے وین برانڈنگ اور مارکیٹنگ سمپلنگ کے ذریعے نئے مقامی صارفین تک رسائی حاصل کی جسکی وجہ سے گزشتہ عرصے کے مقابلے میں کمپنی کی مقامی سیل میں 38.08% اضافہ ہوا۔

گلوکوز کا شعبہ:

کمپنی کا نیا پروجیکٹ رائس گلوکوز ڈویژن فیز 2 بھر پور طریقے سے زیر تعمیر ہے کمپنی پروجیکٹ میں کی جانے والی تعمیراتی رفتار سے پاکستان اسٹاک ایکسچینج اور شیئرز ہولڈرز کو بذریعہ سہ ماہی رپورٹ بروقت مطلع کرتی ہے۔ کمپنی کا موجودہ رائس گلوکوز پلانٹ فیز 1 منافع بخش حیثیت میں کام کر رہا ہے۔ برآمدی اور مقامی صارفین سے دوبارہ آرڈرز موصول ہو رہے ہیں۔ برآمدی مارکیٹ میں رائس پروٹین کی بھرپور طلب ہونے کی وجہ سے کمپنی کے پاس برآمدی آرڈرز موجود ہیں۔ انتظامیہ برآمدی مارکیٹ میں زیادہ مارجن اور منافع میں اضافہ حاصل کرنے کیلئے برآمد کے ذریعے فروخت کے بڑے حصے کو ہدف بنانا چاہتی ہے۔

نئی مصنوعات کی ڈیولپمنٹ:

کمپنی نے اپنے کاروبار کو متنوع بنانے کیلئے نئی مصنوعات متعارف کروائی ہیں، جس میں فلک کھیر، مصالحہ کی ورائٹی، گرائنڈر بوتل پیکنگ میں کالی مرچ اور پسا ہوا گلابی نمک شامل ہے، تمام مصنوعات کی فروخت کا ناصرف بہت اچھا مارکیٹ ٹریک ریکارڈ ہے بلکہ انکی فروخت میں روز بروز اضافہ بھی ہو رہا ہے۔ رواں سہ ماہی کے دوران کمپنی نے نئی مصنوعات اورک پیسٹ، لہسن پیسٹ اور اورک لہسن پیسٹ جیسی مصنوعات کو امریکہ اور یورپی یونین کی مارکیٹوں میں متعارف کروایا ہے جو کہ مقامی مارکیٹ میں بھی آئندہ مہینوں میں دستیاب ہوگی۔ فلک برانڈ کے تحت کمپنی نے منفرد مصالحہ متعارف کروائے ہیں، جس میں پیری پیری مصالحہ اور دی بڑا مصالحہ شامل ہے جس کی صارفین کی جانب سے طلب قابلِ دید ہے۔

مستقبل کا خاکہ:

موجودہ پاکستانی معیشت مالیاتی ذخائر میں بڑھتی ہوئی کمی کی وجہ سے شدید باؤ کا شکار ہے اور معیشت کا انحصار بیرونی ذرائع پر ہے۔ موجودہ مالیاتی خسارے کو استحکام دینے کیلئے رواں سہ ماہی میں نئی حکومت نے میکرو اکنامک اقدامات کیئے ہیں جس میں پاکستانی روپے کی قدر میں کمی اور KIBOR (سود کی شرح) ریٹ میں اضافہ ہے۔ ان اقدامات کے نتیجے میں پیداواری لاگت میں اضافہ ہوگا۔ ایسے مزید سخت معاشی اقدامات کا رو باری ماحول اور مجموعی مالیاتی پوزیشن پر ممکنہ طور پر منفی اثرات مرتب کر سکتے ہیں۔ کمپنی ان درپیش چیلنجز سے بخوبی آگاہ ہے اور اسکو بہتر بنانے اور پیداواری لاگت میں اپنے نقصانات کو کم سے کم سطح پر لانے کے لئے سپلائی چین اور لاجسٹک سرگرمیاں کی ری انجینئرنگ اور کوالٹی کنٹرول کو بہتر بنانے جیسے اقدامات لے رہی ہے۔ مالیاتی چارجز کو کم کرنے کیلئے کمپنی نے قلیل مدتی قرضے کو مزید کم کرنے کا فیصلہ کیا ہے۔

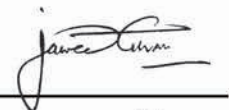
اعتراف

اس عرصے کے دوران ہم شیئرز ہولڈرز، سپلائرز، بینکرز اور ڈسٹری بیوٹرز کی جانب سے ان کی گراہ قدر سپورٹ فراہم کرنے اور انکی حوصلہ افزائی پر تہ دل سے مشکور ہیں اسکے ساتھ ساتھ ہم اپنے اسٹاف کے بھی مشکور ہیں جن کے خلوص اور محنت اور لگن کے باعث کمپنی کی نمو اور ترقی میں اضافہ ممکن ہوا۔



خالد سرفراز غوری

چیف ایگزیکٹو آفیسر



جاوید علی غوری

چئیرمین

MATCO FOODS LIMITED

Consolidated Condensed Interim Balance Sheet

As At September 30, 2018

		Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
ASSETS	Note		
Non-current assets			
Property, plant and equipment	6	2,201,107	2,168,585
Long term deposits		13,981	13,049
Total non-current assets		2,215,088	2,181,634
Current assets			
Stores and spares		19,841	18,727
Stock-in-trade		5,018,265	5,138,981
Trade debts - considered goods	7	568,046	709,705
Loans and advances		321,300	83,732
Trade deposits and prepayments		9,871	13,735
Short-term investment		347	500
Other receivables		93,974	85,074
Cash and bank balances	8	608,018	827,011
Total current assets		6,639,662	6,877,465
Total assets		8,854,750	9,059,099

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Consolidated Condensed Interim Balance Sheet

As At September 30, 2018

EQUITY AND LIABILITIES

Share capital and reserves

Authorized share capital

200,000,000 (June 2017: 200,000,000) ordinary shares of Rs. 10 each

Issued, subscribed and paid-up share capital

Capital reserve

Exchange revaluation reserve

Unappropriated profit

Surplus on revaluation of property, plant and equipment

Total shareholders' equity

Non-current liabilities

Long term finances - secured

Liabilities against assets subject to finance lease

Deferred liabilities

Deferred income

Total non-current liabilities

Current liabilities

Trade and other payables

Advance from customers - secured

Accrued mark-up

Short-term borrowings - secured

Current portion of long term finances - secured

Current portion of liabilities against assets subject to finance lease

Unpaid dividend

Provision for taxation - net

Total current liabilities

Total liabilities

Contingencies and commitments

Total equity and liabilities

Note

Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
2,000,000	2,000,000
9	
1,165,721	1,165,721
738,742	739,367
6,285	5,160
1,744,460	1,688,073
541,183	546,782
4,196,391	4,145,103
226,199	246,557
29,751	29,284
143,409	143,804
581	633
399,940	420,278
285,881	219,983
25,520	24,884
42,899	48,767
3,795,720	4,081,780
74,246	84,030
11,676	12,226
727	761
21,750	21,287
4,258,419	4,493,718
4,658,359	4,913,996
10	
8,854,750	9,059,099

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Consolidated Condensed Interim Statement Of Profit Or Loss

For The Three-Month Period Ended September 30, 2018 (un-audited)

		Quarter ended	
		September 30, 2018	September 30,2017
	Note	-----Rupees in '000-----	
Sales - net		1,817,584	1,333,983
Cost of sales	11	(1,582,762)	(1,120,222)
GROSS PROFIT		234,822	213,761
OPERATING EXPENSES			
Selling and distribution		(71,263)	(47,626)
Administrative		(52,697)	(44,329)
		(123,960)	(91,955)
OPERATING PROFIT		110,862	121,806
Other operating income		18,474	2,195
		129,336	124,001
Financial charges		(62,232)	(53,777)
PROFIT BEFORE INCOME TAX		67,104	70,224
Income tax expense		(16,316)	(13,327)
PROFIT FOR THE PERIOD		50,788	56,897
EARNINGS PER SHARE - BASIC AND DILUTED (Restated - 2017)	12	0.44	0.49

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Consolidated Condensed Interim Statement Of Comprehensive Income For The Three-Month Period Ended September 30, 2018 (un-audited)

	Quarter ended	
	September 30, 2018	September 30, 2017
PROFIT FOR THE PERIOD	50,788	56,897
Other comprehensive income		
Items that may be reclassified to consolidated profit or loss subsequently		
- Exchange difference on translation of foreign currency	1,125	1,044
Items that will not be reclassified to consolidated profit or loss	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	51,913	57,941

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Consolidated Condensed Interim Statement Of Cash Flows

For The Three-Month Period Ended September 30, 2018 (un-audited)

		Three-months ended	
		September 30, 2018	September 30, 2017
		-----Rupees in '000-----	
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	13	258,724	225,798
Gratuity paid		(3,895)	(2,911)
Taxes paid		(15,749)	(13,656)
Finance cost paid		(68,101)	(67,882)
Net cash generated (used in) / from operating activities		170,979	141,349
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure including capital work in progress		(73,895)	(113,080)
Proceeds from disposal of property, plant and equipment		1,211	3,616
Preliminary expenses - paid		(625)	-
Long term deposit - paid		(932)	(856)
Net cash used in investing activities		(74,241)	(110,321)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net (paid)/obtained		(30,142)	(25,843)
Finance lease obligation - net paid		(621)	(2,750)
Dividend paid		(33)	-
Short term finances - net (paid)/obtained		(286,060)	11,801
Net cash used in financing activities		(316,856)	(16,792)
Net increase / (decrease) in cash and cash equivalents		(220,118)	14,236
Cash and cash equivalents at the beginning of the period		827,011	115,042
Effect of changes in exchange reserves		1,125	1,044
Cash and cash equivalents at the end of the period		608,018	130,322

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Consolidated Condensed Interim Statement Of Changes In Equity For The Three-Month Period Ended September 30, 2018 (un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Exchange revaluation reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
----- Rupees in '000' -----						
Balance as at July 01, 2017	874,291	318,383	(354)	1,390,325	571,665	3,154,310
Profit for the period	-	-	-	56,897	-	56,897
Other comprehensive income	-	-	1,044	-	-	1,044
Total comprehensive income	-	-	1,044	56,897	-	57,941
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	6,912	(6,912)	-
Transactions with owners						
Dividend paid	-	-	-	-	-	-
Balance as at September 30, 2017	874,291	318,383	690	1,454,134	564,753	3,212,251
Balance as at July 01, 2018	1,165,721	738,742	5,160	1,688,073	546,782	4,144,478
Profit for the period	-	-	-	50,788	-	50,788
Other comprehensive income	-	-	1,125	-	-	1,125
Total comprehensive income	-	-	1,125	50,788	-	51,913
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	5,599	(5,599)	-
Transactions with owners						
Dividend paid	-	-	-	-	-	-
Balance as at September 30, 2018	1,165,721	738,742	6,285	1,744,460	541,183	4,196,391

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Selected Note To The Consolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

1 LEGAL STATUS AND OPERATIONS

The 'Group' consists of:

Holding Company

- Matco Foods Limited (the Holding Company)

Subsidiary Company

- JKT General Trading FZE (subsidiary)
- Matco Marketing (Private) Limited

The Group is engaged in the business of processing and export of rice and flour, rice glucose and protein, manufacturing, general trading, exports/ imports and other related activities. Brief profile of the Holding Company and subsidiaries are as under:

a) Matco Foods Limited

Matco Foods Limited, ('the Company') was incorporated on April 14, 1990 in Karachi as a private limited company under the repealed Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange on February 13, 2018. The principal activity of the Company is to carry on the business of processing and export of rice, flour and other FMCG products. Registered office of the Company is situated at L-24/1, Block-21, Federal 'B' Industrial Area, Karachi, whereas the factories of the Company are situated at (i) M-II, A-15 & 16, SITE-II, Super highway Karachi; (ii) Riviana, A-21, SITE-II, Super highway Karachi; and (iii) M-III, Sadhoke, Tehsil Kamonke, District Gujranwala.

b) JKT General Trading FZE

JKT General Trading FZE, ('the establishment') is a free zone established in October 8, 2013 in Sharjah Free Zone, United Arab Emirates (UAE) under general trading license no. 12689. The principal activities of the establishment as per the trade license are general trading. The registered office of the establishment is at PO Box 123347, Sharjah, UAE.

c) Matco Marketing (Private) Limited

Matco Marketing (Private) Limited ('the company') has been established on June 16, 2016 with authorized and paid up with authorized and paid-up capital of PKR 10,000,000 and PKR 7,500,000 respectively.

The registered office of the company is situated at L-24/1, Block-21, Federal 'B' Industrial Area, Karachi. The principal activities of the company are wholesale, indenting agents and manufacturer's representative, sale representative either on commission or profit sharing basis, import, export, local distribution and sale of all kind of rice, cereals and related commodities.

2 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the three-month period ended September 30, 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

MATCO FOODS LIMITED

Selected Note To The Consolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the consolidated audited annual financial statements of the Group for the year ended June 30, 2018.

There are certain International Financial Reporting Standard, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2018. These are considered not to be relevant or to have any significant effects on Company's financial reporting and operations and are, therefore, not disclosed in the consolidated condensed interim financial information.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated condensed interim financial information is in conformity with the approved accounting standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of the applying the Company's accounting policies. Estimates and judgement are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this consolidated condensed interim financial information, the significant judgement made by management in applying the Group's accounting policies and the key sources of estimations and uncertainty were the same as those applied to the consolidated audited annual financial statements of the Group for the year ended June 30, 2018.

5 FUNCTIONAL AND PRESENTATION CURRENCY

This consolidated condensed interim financial information is presented in Pakistani Rupees which is also Group's functional currency.

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress

Note

Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
2,127,525	2,163,163
73,582	5,422
2,201,107	2,168,585

6.1 Details of additions and disposals to operating assets during the three-month period ended September 30, 2018 are as follows:

Factory land and building
Furniture and Fixture
Motor vehicle
Office equipment
Computers
Factory equipment
September 30, 2018

June 30, 2018

Additions at cost -----Rupees in '000-----	Deletions at net book value
550	-
25	-
3,956	(1,548)
144	-
95	-
964	-
5,734	(1,548)
546,416	(9,487)

MATCO FOODS LIMITED

Selected Note To The Consolidated Condensed Interim Financial Information
For The Three-Month Period Ended September 30, 2018 (un-audited)

		Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
7 TRADE DEBTS	Note		
Considered good			
- Export - secured	7.1	346,062	535,400
- Local - unsecured		221,984	174,305
		568,046	709,705

7.1 Borrowings are secured by way of charge over book debts of the Company.

8 CASH AND BANK BALANCES

Cash in hand	6,023	4,507
Cash at bank	395,795	524,304
Cash placed in Term Deposit Receipts	206,200	298,200
	608,018	827,011

9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	Un-audited September 30, 2018 (Number of shares)	Audited June 30, 2018	Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
Ordinary shares of Rs. 10 each:				
- fully paid in cash	50,340,213	50,340,213	503,402	503,402
- issued for consideration other than cash	6,002,950	6,002,950	60,030	60,030
- issued as fully paid bonus shares	60,228,931	60,228,931	602,289	602,289
	116,572,094	116,572,094	1,165,721	1,165,721

MATCO FOODS LIMITED

Selected Note To The Consolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Outstanding letters of guarantee

15,699

-

- 10.1.1** This civil suit No. 1635 of 2009 for possession and injunction has been filed by the Company in the Honorable High Court of Sindh against province of Sindh and other parties. The suit was filed for the possession of land, it was dispossessed by the defendants, to restore it and a permanent injunction to restrain the defendants from alienating or transferring the land. This suit was instituted on November 18, 2009.

In 2015 the plaintiff Mr. Syed Alay Sadqain Naqvi filed the suit no. 2141 in the court of senior civil judge against the Company and four others claiming to be the lawful owner of a piece of property, which is also the subject matter in suite No. 1635 of 2009 above. This suit has been dismissed by the senior civil judge on August 29, 2017 with a view that suit is hopelessly barred by law. However, Mr. Syed Alay Sadqain Naqvi has again filed appeal no. 311 of 2017 against the Company in the court of district session judge on the same subject matter. The subject matter of this suit has already been dismissed by the lower courts twice thus barred under the principle of res judicata.

- 10.1.2** The Petition No. 3358/2011 and 1823/2013 was instituted on December 13, 2011 and April 29, 2013 by the Company against Federal Board of Revenue (FBR) and Others in Honorable High Court of Islamabad. Whereby, the chargeability of the customs duty against import of storage silos has been challenged. It is pertinent to point out that the said import was exempt from duties and taxes vide SRO No. 575(I) 2006. Now through SRO dated October 23, 2012, the said silos have been added as clarificatory being exempt. The said chargeability of Customs Duty has been challenged of the intervening period through these petitions. Company has filed intra court appeal ICA no. 84/2015 and 85/2015 on February 26, 2015. Both the appeals are pending in Honorable High Court of Islamabad, notices are issued. In the meanwhile the Company has also filed suit no. 392 of 2015 against the Federal Board of Revenue and Model Customs Collectorate due to suspension of Company's Customs ID and the threatened suspension of NTN of Company. An interim restraining order against such suspension was granted in favour of Company by the Honorable High Court of Sindh, which is operative till date. The case is still pending adjudication. The Counsel hopes these cases will be decided in favor of the Company.

The management of the Company on the basis of the Counsel's opinion is confident that the Company is not likely to suffer any losses on account of the said petition.

- 10.1.3** In prior years Sindh Government imposed infrastructure cess @ 0.85% of import value on all imports into Pakistan. A large number of importers including the Company filed the Constitution Petition No. 2173 of 2013 in the Honorable High Court of Sindh against Province of Sindh. This petition was instituted on May 20, 2013. The honorable High Court of Sindh has issued an interim order allowing release of imported goods on 50% payment and 50% bank guarantee. The litigation is pending adjudication.

The management of the Company on the basis of the Counsel's opinion is confident that the Company is not likely to suffer any losses on account of the said petition.

MATCO FOODS LIMITED

Selected Note To The Consolidated Condensed Interim Financial Information
For The Three-Month Period Ended September 30, 2018 (un-audited)

		Quarter ended	
		Un-audited September 30, 2018	Un-audited September 30, 2017
		-----Rupees in '000-----	
11	COST OF SALES		
	Rice consumed	1,353,165	1,186,987
	Packing materials consumed	53,550	45,059
	Stores and spares consumed	4,886	3,657
		1,411,601	1,235,702
	Processing expenses		
	Salaries, wages and benefits	50,076	41,793
	Electricity and power	19,416	18,890
	Telephone and mobile	161	307
	Inspection charges	1,067	1,901
	Insurance	3,442	3,689
	Repairs and maintenance	3,419	2,335
	Fumigation charges	4,990	3,328
	Water charges	4,876	234
	Canteen	1,430	1,693
	Diesel and oil	1,321	720
	Staff welfare	374	1,075
	Security expenses	2,771	3,209
	Godown expenses	4,055	2,437
	Rent, rates and taxes	340	352
	Vehicle running expenses	1,079	853
	Medical	166	155
	Depreciation	33,096	28,453
	Others	48	1,231
	Cost of goods available for sale	132,127	112,657
	Finished goods		
	Opening stock	883,119	531,071
	Closing stock	(844,085)	(759,209)
		39,034	(228,138)
		1,582,762	1,120,222
12	EARNINGS PER SHARE - Basic and Diluted		
	Basic earnings per share		
	Profit for the period (Rupees in thousands)	50,788	56,897
	Number of ordinary shares	116,572,094	87,429,094
	Weighted average number of shares	116,572,094	116,572,094
	Earnings per share (Rupees - Restated)	0.44	0.49

MATCO FOODS LIMITED

Selected Note To The Consolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

12.1 Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.

			Un-audited September 30, 2018 -----Rupees in '000-----	Un-audited September 30, 2017
13	CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES	Note		
	Profit before taxation		67,104	70,224
	Adjustments for non-cash items and other items:			
	Depreciation		41,371	35,566
	Finance cost		62,232	53,777
	Exchange gain - net		(9,386)	(1,227)
	Gain on disposal of property, plant and equipment		(753)	(1,970)
	Provision for staff gratuity		3,500	2,500
	Unrealized loss on short term investment		153	-
	Amortization of deferred income		(52)	(497)
	Cash generated from operations after working capital changes	13.1	94,555	67,425
			258,724	225,798
13.1	Working capital changes			
	(Increase)/ decrease in current assets			
	Stores, spares and loose tools		(1,137)	(5,347)
	Stock-in-trade		120,716	331,701
	Trade debts - considered goods		151,045	6,565
	Loans and advances		(237,567)	28,185
	Trade deposits and prepayments		3,864	(1,169)
	Other receivables		(8,900)	197
			28,021	360,132
	Increase/(decrease) in current liabilities			
	Trade and other payables		65,898	(197,526)
	Advance from customers - secured		636	(95,181)
	Net (increase) in working capital		94,555	67,425

MATCO FOODS LIMITED

Selected Note To The Consolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

14.1 Financial risk factors

The Company's activities exposes it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently this unconsolidated condensed interim financial information does not include all the financial risk management information and disclosures required in the unconsolidated audited annual financial statements.

14.2 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the unconsolidated condensed interim financial information approximate their fair values.

15 TRANSACTIONS WITH RELATED PARTIES

Nature of relationship	% of Holding	Transactions
Directors & family		Godown rent
		Godown rent paid to director
Subsidiary		
JKT General Trading FZE	100%	Sales
		Payment received on account of sales
Common Directors		
MatcoEngineering Company	0%	Paid against service for Rice Glucose Project
Trust operated by the company		
Ghori Trust	0%	Donation of funds

Quarter ended	
Un-audited September 30, 2018	Un-audited September 30, 2017
-----Rupees in '000-----	
53,550	45,059
(2,453)	(2,149)
16,496	17,784
36,329	21,416
-	(2,637)
(59)	(129)

MATCO FOODS LIMITED

Selected Note To The Consolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34- 'Interim Financial Reporting', corresponding figures in the consolidated condensed interim balance sheet comprise of balances as per the consolidated audited financial statements of the Company for the year ended June 30, 2018 and the corresponding figures in the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows comprise of balances of comparable period as per the consolidated condensed interim financial information of the Company for the three-month period ended September 30, 2017.

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 29, 2018, by the board of directors of the Group.

18 GENERAL

Figures have been rounded-off to nearest thousand rupee.

Chief Executive Officer

Chief Financial Officer

Director

MATCO FOODS LIMITED

Unconsolidated Condensed Interim Balance Sheet

As At September 30, 2018

	Note	Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,201,107	2,168,585
Long term deposits		13,688	13,049
Long-term investment	6	31,083	31,083
Total non-current assets		2,245,878	2,212,717
Current assets			
Stores and spares		19,841	18,727
Stock-in-trade		5,018,265	5,138,981
Trade debts - considered goods	7	533,981	674,464
Loans and advances		321,300	83,732
Trade deposits and prepayments		6,721	10,843
Short-term investment		347	500
Other receivables		93,811	85,370
Cash and bank balances	8	601,051	823,079
Total current assets		6,595,317	6,835,696
Total assets		8,841,195	9,048,413

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Unconsolidated Condensed Interim Balance Sheet

As At September 30, 2018

EQUITY AND LIABILITIES

Share capital and reserves

Authorized share capital

200,000,000 (June 2017: 200,000,000) ordinary shares of Rs. 10 each

Issued, subscribed and paid-up share capital

Capital reserve

Unappropriated profit

Surplus on revaluation of property, plant and equipment

Total shareholders' equity

Non-current liabilities

Long term finances - secured

Liabilities against assets subject to finance lease

Deferred liabilities

Deferred income

Total non-current liabilities

Current liabilities

Trade and other payables

Advance from customers - secured

Accrued mark-up

Short-term borrowings - secured

Current portion of long term finances - secured

Current portion of liabilities against assets subject to finance lease

Unpaid dividend

Provision for taxation - net

Total current liabilities

Total liabilities

Contingencies and commitments

Total equity and liabilities


Note

Un-audited September 30, 2018	Audited June 30, 2018
-----Rupees in '000-----	
2,000,000	2,000,000
1,165,721	1,165,721
738,742	739,367
1,732,959	1,676,797
541,183	546,782
4,178,605	4,128,667
226,199	246,557
29,751	29,284
143,409	143,635
581	633
399,940	420,109
290,111	225,928
25,520	24,884
42,899	48,767
3,795,720	4,081,780
74,246	84,030
11,676	12,226
727	761
21,751	21,261
4,262,650	4,499,637
4,662,590	4,919,746
8,841,195	9,048,413

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Unconsolidated Condensed Interim Statement Of Profit Or Loss
For The Three-Month Period Ended September 30, 2018 (un-audited)

		Quarter ended	
		September 30, 2018	September 30, 2017
		-----Rupees in '000-----	
	Note		
Sales - net		1,815,643	1,331,588
Cost of sales	11	(1,582,025)	(1,119,280)
GROSS PROFIT		233,618	212,308
OPERATING EXPENSES			
Selling and distribution		(71,263)	(47,626)
Administrative		(51,766)	(43,565)
		(123,029)	(91,191)
OPERATING PROFIT		110,589	121,117
Other operating income		18,474	2,195
		129,063	123,312
Financial charges		(62,182)	(53,658)
PROFIT BEFORE INCOME TAX		66,881	69,654
Income tax expense		(16,318)	(13,303)
PROFIT FOR THE PERIOD		50,563	56,351
EARNINGS PER SHARE - BASIC AND DILUTED (Restated - 2017)	12	0.43	0.48

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Unconsolidated Condensed Interim Statement Of Comprehensive Income For The Three-Month Period Ended September 30, 2018 (un-audited)

	Quarter ended	
	September 30, 2018	September 30, 2017
PROFIT FOR THE PERIOD	50,563	56,351
Other comprehensive income		
Items that may be reclassified to unconsolidated profit or loss subsequently	-	-
Items that will not be reclassified to unconsolidated profit or loss	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	50,563	56,351

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Unconsolidated Condensed Interim Statement Of Cash Flows

For The Three-Month Period Ended September 30, 2018 (un-audited)

		Three-months ended	
		September 30, 2018	September 30, 2017
		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	13	256,299	207,916
Gratuity paid		(3,726)	(2,763)
Taxes paid		(15,749)	(13,632)
Finance cost paid		(68,050)	(67,763)
Net cash generated (used in) / from operating activities		168,774	123,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure including capital work in progress		(73,895)	(113,080)
Proceeds from disposal of property, plant and equipment		1,212	3,615
Preliminary expenses		(625)	-
Long term deposit - made		(638)	(856)
Net cash used in investing activities		(73,946)	(110,321)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net paid		(30,142)	(25,843)
Finance lease obligation - net paid		(621)	(2,750)
Dividend paid		(33)	-
Short term finances - net (paid)/obtained		(286,060)	20,175
Net cash used in financing activities		(316,856)	(8,418)
Net increase / (decrease) in cash and cash equivalents		(222,028)	5,019
Cash and cash equivalents at the beginning of the period		823,079	111,055
Cash and cash equivalents at the end of the period		601,051	116,074

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Unconsolidated Condensed Interim Statement Of Changes In Equity For The Three-Month Period Ended September 30, 2018 (un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
Rupees in '000'					
Balance as at July 01, 2017	874,291	318,383	1,378,822	571,665	3,143,161
Profit for the period	-	-	56,351	-	56,351
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income/(loss)	-	-	56,351	-	56,351
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of tax	-	-	6,912	(6,912)	-
Transactions with owners					
Dividend paid	-	-	-	-	-
Balance as at September 30, 2017	874,291	318,383	1,442,084	564,753	3,199,511
Balance as at July 01, 2018	1,165,721	738,742	1,676,797	546,782	4,128,042
Profit for the period	-	-	50,563	-	50,563
Other comprehensive income/(loss)	-	-	-	-	-
Total comprehensive income/(loss)	-	-	50,563	-	50,563
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation net of tax	-	-	5,599	(5,599)	-
Transactions with owners					
Dividend paid	-	-	-	-	-
Balance as at September 30, 2018	1,165,721	738,742	1,732,959	541,183	4,178,605

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

MATCO FOODS LIMITED

Selected Note To The Unconsolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

1 LEGAL STATUS AND OPERATIONS

Matco Foods Limited, ('the Company') was incorporated on April 14, 1990 in Karachi as a private limited company under the repealed Companies Ordinance, 1984. The Company is listed on Pakistan Stock Exchange on February 13, 2018. Principal activity of the Company is to carry on the business of processing, export of rice and trade of biscuit and bran oil. Registered office of the Company is situated at L-24/1, Block-21, Federal 'B' Industrial Area, Karachi; whereas the factories of the Company are situated at (i) M-II, A-15 & 16, SITE-II, Super highway Karachi; (ii) Riviana, A-21, SITE-II, Super highway Karachi; and (iii) M-III, Sadhoke, Tehsil Kamonke, District Gujranwala.

The Company has 100% ownership in JKT General Trading FZE (subsidiary) a Dubai based company is situated at P.O.Box 123347, Sharjah- U.A.E, and registered with government of Sharjah. The operational status of the company is purchasing and selling of processed rice and the auditors of the company has expressed unqualified opinion as on financial year ended June 30, 2018.

During the period, the Company has incorporated another subsidiary Matco Marketing (Private) Limited through 100% ownership. The subsidiary is situated at L-24/1, Block-21, Federal 'B' Industrial Area, Karachi. Matco Marketing was incorporated on June 16, 2016 with authorized and proposed paid-up capital of PKR 10,000,000 and PKR 7,500,000 respectively. However, no business activity has been carried out by the Company since its incorporation.

2 STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Company for the three-month period ended September 30, 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 Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the unconsolidated audited annual financial statements for the year ended June 30, 2018.

There are certain International Financial Reporting Standard, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2018. These are considered not to be relevant or to have any significant effects on Company's financial reporting and operations and are, therefore, not disclosed in the unconsolidated condensed interim financial information.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated condensed interim financial information is in conformity with the approved accounting standards which requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of the applying the Company's accounting policies. Estimates and judgement are continually evaluated and are based on historical experience and other factors, including the expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

During the preparation of this unconsolidated condensed interim financial information, the significant judgement made by management in applying the Company's accounting policies and the key sources of estimations and uncertainty were the same as those applied to the unconsolidated audited annual financial statements of the Company for the year ended June 30, 2018.

MATCO FOODS LIMITED

Selected Note To The Unconsolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

5	PROPERTY, PLANT AND EQUIPMENT	Note	Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
	Operating fixed assets	5.1	2,127,525	2,163,163
	Capital work in progress		73,582	5,422
			2,201,107	2,168,585

- 5.1** Details of additions and disposals to operating assets during the three-month period ended September 30, 2018 are as follows:

	Additions at cost -----Rupees in '000-----	Deletions at net book value
Factory land and building	550	-
Furniture and Fixture	25	-
Motor vehicle	3,956	(1,548)
Office equipment	144	-
Computers	95	-
Factory equipment	964	-
September 30, 2018	5,734	(1,548)
June 30, 2018	546,416	(9,487)

6	LONG-TERM INVESTMENT (at cost) - in related party	Note	Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
	JKT General Trading (FZE) - Sharjah Airport Free Zone	6.1	23,583	23,583
	Matco Marketing (Private) Limited	6.2	7,500	7,500
			31,083	31,083

- 6.1** This represents investment in a wholly owned subsidiary, JKT General Trading FZE in Dubai. The Company has made an equity investment of USD 40,872.
- 6.2** The Company has made equity investment of PKR 7.5 million in the Matco Marketing (Private) Limited in November 13, 2017. The principal activities of the subsidiary are wholesale, indenting agents and manufacturer's representative, sale representative either on commission or porfit sharing basis, import, export, local distribution and sale of all kind of rice, cereals and related commodities. However, no business operations started till yet.

MATCO FOODS LIMITED

Selected Note To The Unconsolidated Condensed Interim Financial Information
For The Three-Month Period Ended September 30, 2018 (un-audited)

		Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
7 TRADE DEBTS	Note		
Considered good			
- Export - secured	7.1	311,997	500,159
- Local - unsecured		221,984	174,305
		533,981	674,464

7.1 Borrowings are secured by way of charge over book debts of the Company.

8 CASH AND BANK BALANCES

Cash in hand	6,023	4,507
Cash at bank	388,828	520,372
Cash placed in Term Deposit Receipts	206,200	298,200
	601,051	823,079

9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	Un-audited September 30, 2018 (Number of shares)	Audited June 30, 2018	Un-audited September 30, 2018 -----Rupees in '000-----	Audited June 30, 2018
Ordinary shares of Rs. 10 each:				
- fully paid in cash	50,340,213	50,340,213	503,402	503,402
- issued for consideration other than cash	6,002,950	6,002,950	60,030	60,030
- issued as fully paid bonus shares	60,228,931	60,228,931	602,289	602,289
	116,572,094	116,572,094	1,165,721	1,165,721

MATCO FOODS LIMITED

Selected Note To The Unconsolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Outstanding letters of guarantee

15,699

-

- 10.1.1** This civil suit No. 1635 of 2009 for possession and injunction has been filed by the Company in the Honorable High Court of Sindh against province of Sindh and other parties. The suit was filed for the possession of land, it was dispossessed by the defendants, to restore it and a permanent injunction to restrain the defendants from alienating or transferring the land. This suit was instituted on November 18, 2009.

In 2015 the plaintiff Mr. Syed Alay Sadqain Naqvi filed the suit no. 2141 in the court of senior civil judge against the Company and four others claiming to be the lawful owner of a piece of property, which is also the subject matter in suite No. 1635 of 2009 above. This suit has been dismissed by the senior civil judge on August 29, 2017 with a view that suit is hopelessly barred by law. However, Mr. Syed Alay Sadqain Naqvi has again filed appeal no. 311 of 2017 against the Company in the court of district session judge on the same subject matter. The subject matter of this suit has already been dismissed by the lower courts twice thus barred under the principle of res judicata.

- 10.1.2** The Petition No. 3358/2011 and 1823/2013 was instituted on December 13, 2011 and April 29, 2013 by the Company against Federal Board of Revenue (FBR) and Others in Honorable High Court of Islamabad. Whereby, the chargeability of the customs duty against import of storage silos has been challenged. It is pertinent to point out that the said import was exempt from duties and taxes vide SRO No. 575(I) 2006. Now through SRO dated October 23, 2012, the said silos have been added as clarificatory being exempt. The said chargeability of Customs Duty has been challenged of the intervening period through these petitions. Company has filed intra court appeal ICA no. 84/2015 and 85/2015 on February 26, 2015. Both the appeals are pending in Honorable High Court of Islamabad, notices are issued. In the meanwhile the Company has also filed suit no. 392 of 2015 against the Federal Board of Revenue and Model Customs Collectorate due to suspension of Company's Customs ID and the threatened suspension of NTN of Company. An interim restraining order against such suspension was granted in favour of Company by the Honorable High Court of Sindh, which is operative till date. The case is still pending adjudication. The Counsel hopes these cases will be decided in favor of the Company.

The management of the Company on the basis of the Counsel's opinion is confident that the Company is not likely to suffer any losses on account of the said petition.

- 10.1.3** In prior years Sindh Government imposed infrastructure cess @ 0.85% of import value on all imports into Pakistan. A large number of importers including the Company filed the Constitution Petition No. 2173 of 2013 in the Honorable High Court of Sindh against Province of Sindh. This petition was instituted on May 20, 2013. The honorable High Court of Sindh has issued an interim order allowing release of imported goods on 50% payment and 50% bank guarantee. The litigation is pending adjudication.

The management of the Company on the basis of the Counsel's opinion is confident that the Company is not likely to suffer any losses on account of the said petition.

MATCO FOODS LIMITED

Selected Note To The Unconsolidated Condensed Interim Financial Information
For The Three-Month Period Ended September 30, 2018 (un-audited)

11 COST OF SALES

Rice consumed
Packing materials consumed
Stores and spares consumed

Processing expenses
Salaries, wages and benefits
Electricity and power
Telephone and mobile
Inspection charges
Insurance
Repairs and maintenance
Fumigation charges
Water charges
Canteen
Diesel and oil
Staff welfare
Security expenses
Godown expenses
Rent, rates and taxes
Vehicle running expenses
Medical
Depreciation
Others

Cost of goods available for sale

Finished goods

Opening stock
Closing stock

Quarter ended	
Un-audited September 30, 2018	Un-audited September 30, 2017
-----Rupees in '000-----	
1,353,165	1,186,987
53,550	45,059
4,886	3,657
1,411,601	1,235,702
50,076	41,793
19,416	18,890
161	307
1,067	1,901
2,705	2,747
3,419	2,335
4,990	3,328
4,876	234
1,430	1,693
1,321	720
374	1,075
2,771	3,209
4,055	2,437
340	352
1,079	853
166	155
33,096	28,453
48	1,231
131,390	111,715
883,119	531,071
(844,085)	(759,209)
39,034	(228,138)
1,582,025	1,119,280

12 EARNINGS PER SHARE - Basic and Diluted

Basic earnings per share

Profit for the period (Rupees in thousands)
Number of ordinary shares
Weighted average number of shares
Earnings per share (Rupees - Restated)

50,563	56,351
116,572,094	87,429,094
116,572,094	116,572,094
0.43	0.48

MATCO FOODS LIMITED

Selected Note To The Unconsolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

12.1 Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.

			Un-audited September 30, 2018	Un-audited September 30, 2017
			-----Rupees in '000-----	
13	CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES	Note		
	Profit before taxation		66,881	69,654
	Adjustments for non-cash items and other items:			
	Depreciation		41,371	35,566
	Finance cost		62,182	53,658
	Exchange gain - net		(9,386)	(1,227)
	Gain on disposal of property, plant and equipment		(753)	(1,970)
	Provision for staff gratuity		3,500	2,500
	Unrealized loss on short term investment		153	-
	Amortization of deferred income		(52)	(497)
	Cash generated from operations after working capital changes	13.1	92,403	50,232
			256,299	207,916
13.1	Working capital changes			
	(Increase)/ decrease in current assets			
	Stores, spares and loose tools		(1,114)	(5,347)
	Stock-in-trade		120,716	331,701
	Trade debts - considered goods		149,868	(9,403)
	Loans and advances		(237,567)	28,185
	Trade deposits and prepayments		4,122	(2,870)
	Other receivables		(8,441)	879
			27,584	343,145
	Increase/(decrease) in current liabilities			
	Trade and other payables		64,183	(197,731)
	Advance from customers - secured		636	(95,181)
	Net (increase) in working capital		92,403	50,232

MATCO FOODS LIMITED

Selected Note To The Unconsolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

14.1 Financial risk factors

The Company's activities exposes it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

There have been no changes in the risk management policies during the period, consequently this unconsolidated condensed interim financial information does not include all the financial risk management information and disclosures required in the unconsolidated audited annual financial statements.

14.2 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the unconsolidated condensed interim financial information approximate their fair values.

15 TRANSACTIONS WITH RELATED PARTIES

Nature of relationship	% of Holding	Transactions
Directors & family		Godown rent
		Godown rent paid to director
Subsidiary		
JKT General Trading FZE	100%	Sales
		Payment received on account of sales
Common Directors		
MatcoEngineering Company	0%	Paid against service for Rice Glucose Project
Trust operated by the company		
Ghori Trust	0%	Donation of funds

Quarter ended	
Un-audited September 30, 2018	Un-audited September 30, 2017
-----Rupees in '000-----	
4,055	2,437
(2,453)	(2,149)
16,496	17,784
36,329	21,416
-	(2,637)
(59)	(129)

MATCO FOODS LIMITED

Selected Note To The Unconsolidated Condensed Interim Financial Information For The Three-Month Period Ended September 30, 2018 (un-audited)

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34- 'Interim Financial Reporting', corresponding figures in the unconsolidated condensed interim balance sheet comprise of balances as per the unconsolidated audited financial statements of the Company for the year ended June 30, 2017 and the corresponding figures in the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows comprise of balances of comparable period as per the unconsolidated condensed interim financial information of the Company for the three-month period ended September 30, 2017.

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 29, 2018, by the board of directors of the Company.

18 GENERAL

Figures have been rounded-off to nearest thousand rupee.



Chief Executive Officer



Chief Financial Officer



Director

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