



**MATCO FOODS LIMITED**

# **FINANCIAL REPORT**

## **HALF YEAR 2019**



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## Our Legacy

The journey of Matco started with the entrepreneurial aptitude of Syed Sarfaraz Ali Ghor, 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 Ghor	Chairman
Mr. Khalid Sarfaraz Ghor	Chief Executive Officer
Dr. Tariq Ghor	Director
Mr. Faizan Ali Ghor- CFA	Director
Mr. Syed Kamran Rashid	Independent Director
Mr. Naeem ur Rehman Akhoond	Independent Director
Mr. Abdul Samad Khan	Independent Director
Mrs. Faryal Murtaza	Non-Executive Director
Ms. Umme Habibah	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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Umme Habibah	Chairman
Mrs. Faryal Murtaza	Member
Mr. Faizan Ali Ghor	Member

### COMPANY SECRETARY

Muhammad Latif Qureshi

### HEAD OF INTERNAL AUDIT

Mr. Saad Bin Aziz

### LEGAL ADVISOR

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

### 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

### 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

## 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.

## VISION

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



## Directors' Review

By the Grace of Allah (SWT), the Directors of your company take pleasure in presenting reviewed condensed interim financial information of the Company and Group for the six-months period ended December 31, 2018.

### OPERATING RESULTS

Description	UNCONSOLIDATED		CONSOLIDATED	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	-----Rupees in '000-----		-----Rupees in '000-----	
Sales - net	3,652,619	2,641,265	3,658,246	2,649,215
Cost of sales	(3,174,012)	(2,173,807)	(3,175,382)	(2,173,807)
Gross Profit	478,607	467,458	482,864	475,408
Selling and distribution	(144,901)	(107,349)	(144,901)	(109,241)
Administrative	(120,169)	(93,197)	(122,915)	(95,286)
Operating profit	213,537	266,911	215,048	270,881
Other Income	89,456	15,147	89,456	15,147
Financial Charges	(119,752)	(125,821)	(119,859)	(125,821)
Profit Before Tax	183,241	156,237	184,645	160,207
Income Tax	(31,240)	(26,493)	(31,240)	(26,493)
Profit For the Period	152,001	129,743	153,405	133,713
Earnings Per Share	1.24	1.39	1.25	1.43

During the six months i.e. July – December 2018, the Company has earned net profit of Rs. 152 million as compared to Rs. 129.743 million in the last period, thereby, represent increase of 17.16%. During the period, Pakistan's exports of Basmati rice has increased by 43.12% in volumetric terms and increased by 26.11% in value terms. However, the Company has captured good volumes and registered overall revenue growth by 38.29% as compared to last period. The Company has exported 16,540 metric tons of basmati rice as compared to 14,103 metric tons in the last comparative period and thereby represents increase of 17.28%. The average export selling price per metric ton during this six months is USD 1,118 which was USD 1,163 in the last comparative six months and represents decrease of 3.87%. However, the Company was benefited from increase in USD/PKR parity by 22.25% and this was contributed in overall topline of the Company. In addition, the Company has earned a total exchange gain of Rs. 61.54 million due to which other income has increased by 490.59%.

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.

### RICE DIVISION

The Company continued its focus on building the Falak brand in the local as well in the export market. During the six months under review, the Company has participated internationally in SIAL International Food Exhibition, France and locally exhibited in Jinnah University and Expo Eat Karachi and Lahore. The Company has received good response from consumers and distributors and will likely register satisfactory sales progress in coming months.

The Company also aggressively taking measures in brand marketing campaign and approaching new customers in local market through Van branding and market sampling in all major cities of Pakistan.

### 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. Plant is expected to come online into production by June 2019 – INSHA ALLAH.

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 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 six months under review, 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 masala and Dahi Bara masala under the umbrella of Falak brand which are demonstrating good customer demand.

### BARENTZ PAKISTAN (PROPOSED JOINT VENTURE COMPANY)

Matco Foods Limited has entered into an agreement with Barentz International (B.V.) to establish a Joint Venture company in Pakistan, subject to receipt of approval of Competition Commission of Pakistan. The investment in the joint venture company is subject to the approval of the Competition Commission of Pakistan and to completion of requisite compliance requirements under applicable law.

The principal activities of the proposed JV Company will be the import, sales, and distribution of ingredients used in pharmaceutical, personal care, food & nutrition, and animal nutrition in the life science and food nutrition sector. These activities are in line with Matco Foods existing rice glucose and rice protein business.

The Company is in the process of filing a pre-merger application to Competition Commission of Pakistan.



## Directors' Review

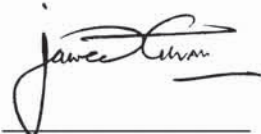
### FUTURE OUTLOOK

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 six months, 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. The focus for the Company's management will be on volumetric growth for both Basmati exports & local

### 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

## Barentz پاکستان (تجویز کردہ مشترکہ منصوبہ بندی)

میٹکو فوڈ کمپنی کے Barentz انٹرنیشنل کمپنی کے ساتھ پاکستان میں مشترکہ منصوبہ بندی کے ساتھ ایک کمپنی بنانے کا معاہدہ کیا ہے جس کا قیام (Competition Commission of Pakistan) کی اجازت سے مشروط ہے۔ مشترکہ منصوبہ بندی میں سرمایہ کاری (Competition Commission of Pakistan) کی اجازت اور قابل اطلاق قانون کی ضروریات سے مشروط ہے۔ تجویز کردہ مشترکہ منصوبہ بندی کے تحت قائم کمپنی کی بنیادی سرگرمیاں درآمد، فروختگی اور اجزاء کی تقسیم جو کہ فارماسیوٹیکل، ذاتی دیکھ بھال، خوراک اور غذائیت، لائف سائنس کے مطابق جانوروں کی خوراک اور غذا کی غذائیت کے شعبوں میں استعمال ہوگا۔ یہ سرگرمیاں کمپنی کی موجودہ رائس گلوکوز اور رائس پروٹین کے کاروبار سے منسلک ہیں۔ کمپنی ابھی (Competition Commission of Pakistan) میں پیشگی (Merger) درخواست جمع کروانے کے مراحل میں ہے۔

### مستقبل کا خاکہ:

پاکستانی معیشت پر اس وقت ذخائر کی بڑھتی ہوئی کمی اور بیرونی ذرائع پر انحصار کرنے کا دباؤ ہے۔ موجودہ اکاؤنٹ کے خسارے اور مالیاتی خسارے کو استحکام دینے کے لئے نئی حکومت نے چھ ماہ کے دوران روپے کی قدر میں کمی اور (KIBOR) (سود کی شرح) میں اضافے جیسے اقتصادی اقدامات اٹھائے جس سے پیداواری لاگت اور مالیاتی اخراجات میں اضافہ ہوا ہے۔ ایسے مزید سخت معاشی اقدامات کاروباری ماحول اور مجموعی مالیاتی پوزیشن پر ممکنہ طور پر منفی اثرات مرتب کر سکتے ہیں۔

کمپنی ان درپیش چیلنجز سے بخوبی آگاہ ہے اور اس کو بہتر بنانے اور پیداواری لاگت میں اپنے نقصانات کو کم سے کم سطح پر لانے کیلئے سپلائی چین اور لاجسٹک سرگرمیوں 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۔

آئندہ چھ ماہ کے دوران کمپنی انتظامیہ کی توجہ باسستی اور رائس گلوکوز کی برآمد اور مقامی فروخت کے حجم میں اضافے پر ہوگی۔

### اعتراف:

اس عرصے کے دوران ہم شیئرز، ہولڈرز، سپلائرز، کسٹمر، بینکرز اور ڈسٹری بیوٹرز کی جانب سے ان کی قیمتی حمایت فراہم کرنے پر تہہ دل سے مشکور ہیں اس کے ساتھ ساتھ ہم اپنے عملے کے بھی مشکور ہیں جن کی محنت اور لگن کے باعث کمپنی کی ترقی میں اضافہ ممکن ہوا۔



خالد سر فاراز غوری  
چیف ایگزیکٹو آفیسر



جاوید علی غوری  
چیئر مین



## ڈائریکٹر جائزہ

اللہ تعالیٰ کے فضل و کرم سے، آپ کی کمپنی کے ڈائریکٹر ان 31 دسمبر 2018 کو ختم ہونے والے چھ ماہی مالیاتی گوشوارے (غیر آڈٹ شدہ) کو پیش کرنے میں خوشی محسوس کرتے ہیں۔

### کارکردگی کے نتائج:

Description	UNCONSOLIDATED		CONSOLIDATED	
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Income Tax	(31,240)	(26,493)	(31,240)	(26,493)
Profit For the Period	152,001	129,743	153,405	133,713
Earnings Per Share	1.24	1.39	1.25	1.43

چھ ماہ کے دوران (جولائی تا دسمبر 2018) کمپنی نے خالص منافع 152 (ملین) کمایا جبکہ گزشتہ چھ ماہ کے مقابلے میں 129 (ملین) کمائے تھے جو کہ تقریباً 17.16 فیصد سے بڑھا ہے۔ اس ہی دورانیہ میں باسستی چاول کی پاکستانی برآمد 43.12 فیصد حجم کی مد میں بڑھی ہے اور قدر کی مد میں 26.11 فیصد بڑھی۔ البتہ کمپنی نے اچھا حجم حاصل کیا اور گزشتہ چھ ماہ کے مقابلے میں آمدن کو 38.29 فیصد سے بڑھایا۔ کمپنی نے چھ ماہ میں 16,540 میٹرک ٹن باسستی چاول برآمد کیا جبکہ گزشتہ چھ ماہ میں 14,103 میٹرک ٹن کیا تھا جو کہ 17.28 فیصد اضافہ دکھاتا ہے۔ چھ ماہ کے دوران اوسط برآمدی قیمت امریکی ڈالر میں 1118 فی میٹرک ٹن رہی جو کہ گزشتہ چھ ماہ کے دوران 1163 امریکی ڈالر فی میٹرک ٹن تھی یعنی 3.87 فیصد سے کم ہوئی۔ پاکستانی روپے کی قدر میں 22.05% کمی سے کمپنی کو فائدہ پہنچا اور اس نے کمپنی کے مجموعی آمدن میں اضافہ کیا۔ اس کے علاوہ کمپنی نے کرنسی میں تبادلہ سے 61.54 ملین روپے کا فائدہ حاصل کیا جس کی وجہ سے دیگر ذرائع آمدنی میں 490.59 فیصد اضافہ ہوا۔

گروپ کا منافع بھی تقریباً اس سطح پر رہا۔ ذیلی کمپنی کو GCC خطے میں VAT عملدرآمد، سیاسی افراتفری اور مجموعی تجارتی منڈی 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 کے لئے اپنی بھرپور توجہ مرکوز کی ہوئی ہے۔ زیر نظر چھ ماہی جائزے کے دوران کمپنی نے بین الاقوامی طور پر SIAL انٹرنیشنل فوڈ نمائش فرانس اور مقامی طور پر جناح یونیورسٹی اور EatExpo کراچی اور لاہور میں منعقد نمائش میں حصہ لیا۔ کمپنی کو صارفین اور تقسیم کاروں سے اچھا جواب موصول ہوا اور آنے والے مہینوں میں مستحکم فروخت اور ترقی کارجان درج کرنے کیلئے کوشاں ہے۔

کمپنی نے پاکستان کے تمام بڑے شہروں میں برانڈ مارکیٹنگ کی مہم چلاتے ہوئے وین برانڈنگ اور مارکیٹ سمپلنگ کے ذریعے نئے مقامی صارفین تک رسائی حاصل کی۔

### گلوکوز کا شعبہ

کمپنی کا نیا پروجیکٹ رائس گلوکوز ڈویژن فیز 2 بھرپور طریقے سے زیر تعمیر ہے۔ کمپنی پروجیکٹ میں جانے والی تعمیرات سے پاکستان اسٹاک ایکسچینج اور شیئر ہولڈرز کو بذریعہ ماہی رپورٹ بروقت مطلع کرتی ہے۔ توقع ہے کہ جون 2019 تک پلانٹ کا پیداواری عمل شروع ہو جائے گا۔

کمپنی کا موجودہ رائس گلوکوز پلانٹ فیز 1 منافع بخش حیثیت میں کام کر رہا ہے۔ برآمدگی اور مقامی صارفین سے دوبارہ آرڈرز موصول ہو رہے ہیں۔ انتظامیہ برآمدگی 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، گرانڈر بوتل پیکنگ میں کالی مرچ اور پسپا ہوا گلابی نمک شامل ہے۔ تمام مصنوعات کی فروخت کا ناصرف بہت اچھا مارکیٹ ٹریک ریکارڈ ہے بلکہ ان کی فروخت میں روز بروز اضافہ بھی ہو رہا ہے۔ رواں چھ ماہ کے دوران کمپنی نے نئی مصنوعات ادرک پیسٹ، لہسن پیسٹ اور ادرک لہسن پیسٹ جیسی مصنوعات کو امریکہ اور یورپی یونین کی مارکیٹوں میں متعارف کروایا ہے جو کہ مقامی مارکیٹ میں آئندہ مہینوں میں دستیاب ہونگی۔ فلک برانڈ کے تحت کمپنی نے منفرد مصالحہ متعارف کروائے ہیں، جس میں پیری پیری مصالحہ اور دہی بڑا مصالحہ شامل ہیں۔ جس کی صارفین کی جانب سے طلب قابل دید ہے۔



# Independent Auditor's Review Report

To the members of Matco Foods Limited

Report on review of Interim Unconsolidated  
Financial Statements

## INTRODUCTION

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Matco Foods Limited ("the Company") as at December 31, 2018 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the interim unconsolidated financial statements for the six-months period then ended (here-in-after referred to as the "interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of this interim unconsolidated financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim unconsolidated financial statements based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim unconsolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim unconsolidated financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## OTHER MATTERS

The figures in the condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows together with the relevant notes to the interim unconsolidated financial statements for the three-months and six-months period ended December 31, 2017 are neither reviewed nor audited.

The figures for the three-months period ended December 31, 2018 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz**.

**Grant Thornton Anjum Rahman**  
Chartered Accountants

Karachi  
Date: February 26, 2019



## MATCO FOODS LIMITED

### Condensed Interim Unconsolidated Statements Of Financial Position

As At December 31, 2018

		Un-audited December 31, 2018	Audited June 30, 2018
		-----Rupees in '000-----	
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current assets</b>			
Property, plant and equipment	7	2,370,308	2,168,585
Intangible assets	8	-	-
Long term deposits - net		13,764	13,049
Long-term investment	9	31,083	31,083
<b>Total non-current assets</b>		<b>2,415,155</b>	<b>2,212,717</b>
<b>Current assets</b>			
Stores, spares and loose tools		35,342	18,727
Stock-in-trade		5,798,616	5,138,981
Trade debts - considered goods	10	638,638	674,464
Short-term loans and advances		464,270	83,732
Trade deposits and prepayments		19,086	10,843
Short-term investment		313	500
Other receivables		142,390	85,370
Non-current assets held for sale	11	131,454	-
Cash and bank balances	12	309,238	823,079
<b>Total current assets</b>		<b>7,539,347</b>	<b>6,835,696</b>
<b>Total assets</b>		<b>9,954,502</b>	<b>9,048,413</b>

The annexed selected notes from 1 to 24 form an integral part of this condensed interim financial information.

## MATCO FOODS LIMITED

### Condensed Interim Consolidated Statements Of Financial Position

As At December 31, 2018

#### EQUITY AND LIABILITIES

##### Share capital and reserves

Authorized share capital  
200,000,000 (June 2018: 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 - net of tax

##### 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  
Advance against property  
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

The annexed selected notes from 1 to 24 form an integral part of this condensed interim financial information.

		Un-audited December 31, 2018	Audited June 30, 2018
		-----Rupees in '000-----	
<b>EQUITY AND LIABILITIES</b>	<b>Note</b>		
<b>Share capital and reserves</b>			
Authorized share capital 200,000,000 (June 2018: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	13	1,224,007	1,165,721
Capital reserve		680,467	739,367
Unappropriated profit		1,791,230	1,676,797
Surplus on revaluation of property, plant and equipment - net of tax		535,584	546,782
<b>Total shareholders' equity</b>		<b>4,231,288</b>	<b>4,128,667</b>
<b>Non-current liabilities</b>			
Long term finances - secured		257,831	246,557
Liabilities against assets subject to finance lease		46,115	29,284
Deferred liabilities	14	147,823	143,635
Deferred income		451	633
<b>Total non-current liabilities</b>		<b>452,220</b>	<b>420,109</b>
<b>Current liabilities</b>			
Trade and other payables		587,107	225,928
Advance from customers - secured		8,965	24,884
Advance against property		134,054	-
Accrued mark-up		50,608	48,767
Short-term borrowings - secured	15	4,382,060	4,081,780
Current portion of long term finances - secured		84,327	84,030
Current portion of liabilities against assets subject to finance lease		13,902	12,226
Unpaid dividend		8,912	761
Provision for taxation - net		1,059	21,261
<b>Total current liabilities</b>		<b>5,270,994</b>	<b>4,499,637</b>
<b>Total liabilities</b>		<b>5,723,214</b>	<b>4,919,746</b>
<b>Contingencies and commitments</b>	16		
<b>Total equity and liabilities</b>		<b>9,954,502</b>	<b>9,048,413</b>

The annexed selected notes from 1 to 24 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director



## MATCO FOODS LIMITED

Condensed Interim Unconsolidated Statements Of Profit And Loss  
For The Six Months Period Ended December 31, 2018

	Six months ended		Quarter ended	
	December	December	December	December
	31, 2018	31, 2017	31, 2018	31, 2017
	Un-audited	Un-audited	Un-audited	Un-audited
Note -----Rupees in '000-----				
Sales - net	3,652,619	2,641,265	1,835,035	1,309,677
Cost of sales	(3,174,012)	(2,173,807)	(1,591,250)	(1,054,527)
<b>Gross profit</b>	<b>478,607</b>	<b>467,458</b>	<b>243,785</b>	<b>255,150</b>
<b>Operating expenses</b>				
Selling and distribution	(144,901)	(107,349)	(73,638)	(59,723)
Administrative	(120,169)	(93,197)	(67,472)	(49,632)
	(265,070)	(200,547)	(141,110)	(109,355)
<b>Operating profit</b>	<b>213,537</b>	<b>266,911</b>	<b>102,675</b>	<b>145,795</b>
Other operating income	89,456	15,147	70,982	12,952
	302,993	282,058	173,657	158,747
Financial charges	(119,752)	(125,821)	(57,520)	(72,163)
<b>Profit before income tax</b>	<b>183,241</b>	<b>156,237</b>	<b>116,137</b>	<b>86,584</b>
Taxation	(31,240)	(26,493)	(14,924)	(13,190)
<b>Profit for the period</b>	<b>152,001</b>	<b>129,743</b>	<b>101,213</b>	<b>73,393</b>

		-----Rupees-----			
		Restated		Restated	
<b>Earnings per share - Basic and Diluted</b>	18	<b>1.24</b>	1.39	<b>0.83</b>	0.79

The annexed selected notes from 1 to 24 form an integral part of this condensed interim financial information.

## MATCO FOODS LIMITED

Condensed Interim Unconsolidated Statements Of Comprehensive Income  
For The Six Months Period Ended December 31, 2018

	Six months ended		Quarter ended	
	December	December 31,	December	December 31,
	31, 2018	2017	31, 2018	2017
	Un-audited	Un-audited	Un-audited	Un-audited
-----Rupees in '000-----				
<b>PROFIT FOR THE PERIOD</b>	<b>152,001</b>	129,743	<b>101,213</b>	73,393
<b>Other comprehensive income</b>				
Items that may be reclassified to statement of profit or loss subsequently	-	-	-	-
Items that will not be reclassified to statement of profit or loss				
- Remeasurement of defined benefits obligations	(2,137)	-	-	-
<b>Other comprehensive loss</b>	<b>(2,137)</b>	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>149,864</b>	<b>129,743</b>	<b>101,213</b>	<b>73,393</b>

The annexed selected notes from 1 to 24 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director



## MATCO FOODS LIMITED

### Condensed Interim Unconsolidated Statements Of Change In Equity For The Six Months Period Ended December 31, 2018

	Issued, subscribed and paid up capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
-----Rupees in '000'-----					
<b>Balance as at July 01, 2017</b>	874,291	318,383	1,378,822	571,665	3,143,161
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	129,743	-	129,743
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	129,743	-	129,743
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	12,264	(12,264)	-
<b>Transactions with owners</b>					
Dividend paid	-	-	-	-	-
<b>Balance as at December 31, 2017</b>	874,291	318,383	1,520,829	559,401	3,272,904
<b>Balance as at July 01, 2018</b>	1,165,721	739,367	1,676,797	546,782	4,128,667
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	152,001	-	152,001
Other comprehensive loss	-	-	(2,137)	-	(2,137)
Total comprehensive income	-	-	149,864	-	149,864
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	11,198	(11,198)	-
Preliminary expenses incurred for IPO	-	(614)	-	-	(614)
<b>Transactions with owners</b>					
Bonus shares issued in the ratio of 5 shares for every 100 shares held	58,286	(58,286)	-	-	-
Dividend paid @ Rs. 0.04 per share	-	-	(46,629)	-	(46,629)
<b>Balance as at December 31, 2018</b>	1,224,007	680,467	1,791,230	535,584	4,231,288

The annexed selected notes from 1 to 24 form an integral part of this condensed interim financial information.

## MATCO FOODS LIMITED

### Condensed Interim Unconsolidated Statements Of Cash Flows For The Six Months Period Ended December 31, 2018

		<b>Six months ended</b>	
		<b>December 31, 2018 Un-audited</b>	<b>December 31, 2017 Un-audited</b>
		-----Rupees in '000'-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations after working capital changes	19	(215,334)	(488,171)
Gratuity paid		(2,333)	(2,710)
Taxes paid		(56,241)	(29,871)
Finance cost paid		(117,911)	(111,883)
<b>Net cash used in operating activities</b>		(391,819)	(632,635)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure including capital work in progress		(419,760)	(121,936)
Proceeds from disposal of property, plant and equipment		7,187	5,962
Long term deposit		(715)	(856)
Long term investment	9	-	(7,500)
<b>Net cash used in investing activities</b>		(413,288)	(124,330)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances obtained - net of repayment		11,571	8,542
Finance lease obligation obtained - net of repayment		18,507	15,167
Preliminary expenses for initial public offering		(614)	-
Dividend paid		(38,478)	-
Short term finances obtained - net of repayment		300,280	739,097
<b>Net cash generated from financing activities</b>		291,266	762,806
<b>Net (decrease) / increase in cash and cash equivalents</b>		(513,841)	5,841
Cash and cash equivalents at the beginning of the period		823,079	111,055
<b>Cash and cash equivalents at the end of the period</b>		309,238	116,896

The annexed selected notes from 1 to 24 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director



## MATCO FOODS LIMITED

### Notes To The Condensed Interim Unconsolidated Financial Statements For The Six Months Period Ended December 31, 2018

#### 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, bran oil, rice glucose and rice protein. 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 Kamoke, District Gujranwala.

The Company has 100% ownership in JKT General Trading FZE (subsidiary) a U.A.E 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.

The Company having 99.99% ownership in Matco Marketing (Private) Limited which was incorporated on June 16, 2016 with authorized and proposed paid-up capital of PKR 10,000,000 and PKR 7,500,000 respectively. The subsidiary is situated at L-24/1, Block-21, Federal 'B' Industrial Area, Karachi. However, no business activity has been carried out by the Company since its incorporation.

#### 2 SIGNIFICANT EVENTS AND TRANSACTIONS

There are no significant events and transactions occurred during the period.

#### 3 STATEMENT OF COMPLIANCE

These unconsolidated 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 as 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

- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions 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.

#### 4 BASIS OF PREPARATION

**4.1** These condensed interim unconsolidated financial statements do not include all the information and disclosures required in the unconsolidated annual audited financial statements, and should be read in conjunction with Company's unconsolidated annual audited financial statements for the year ended June 30, 2018.

## MATCO FOODS LIMITED

### Notes To The Condensed Interim Unconsolidated Financial Statements For The Six Months Period Ended December 31, 2018

**4.2** The figures in the condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows together with the relevant notes to the interim unconsolidated financial statements for the three-months and six-months period ended December 31, 2017 are neither reviewed nor audited. Further, the figures for the three-months period ended December 31, 2018 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have also not been reviewed by auditors.

#### 5 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers", IFRS 9 "Financial Instruments" and IFRS 5 "Non current assets held for sale and discontinued operations". The accounting policy adopted by the management are as follows:

##### IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Revenue from sale of goods is recognized when the Company satisfies a performance obligation by transferring promised goods to customer. Goods are transferred when the customer obtains their control (i.e. on dispatch of goods to customers). Revenue is recognized at transaction price (which excludes estimates of variable consideration). Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

## MATCO FOODS LIMITED

### Notes To The Condensed Interim Unconsolidated Financial Statements For The Six Months Period Ended December 31, 2018

#### IFRS 5 - Non current Assets Held for Sale and Discontinued Operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in the statement of profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment, are no longer amortized or depreciated.

#### 6 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim unconsolidated financial statements in conformity with the approved accounting standards 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 preparations of this condensed interim unconsolidated financial statements, the significant judgement made by management in applying the Company's accounting policies and the key sources of estimations and uncertainly were the same as those that applied to the audited annual financial statements of the Company for the year ended June 30, 2018.

#### 7 PROPERTY, PLANT AND EQUIPMENT

Note

		Un-audited December 31, 2018	Audited June 30, 2018
		-----Rupees in '000-----	
Operating fixed assets	7.1	1,991,304	2,163,163
Capital work in progress	7.2	379,004	5,422
		<b>2,370,308</b>	<b>2,168,585</b>

## MATCO FOODS LIMITED

### Notes To The Condensed Interim Unconsolidated Financial Statements For The Six Months Period Ended December 31, 2018

7.1 Details of additions and disposals to operating assets during the six months ended December 31, 2018 are as follows:

	Additions at cost	Deletions at net book value
	-----Rupees in '000-----	
Factory land	-	-
Factory building	573	-
Plant and machinery	6,225	-
Electric cables and fitting	23	-
Furniture and fixture	441	-
Motor Vehicles	36,053	(2,988)
Office Equipment	298	-
Factory Equipment	2,238	-
Computer	297	-
Mobile phone	30	-
<b>December 31, 2018</b>	<b>46,178</b>	<b>(2,988)</b>
June 30, 2018	546,416	(9,487)

7.2 Following is the movement in capital work in progress during the period.

	Un-audited December 31, 2018	Audited June 30, 2018
	-----Rupees in '000-----	
Opening balance	5,422	359,377
Additions during the period	373,582	55,051
	<b>379,004</b>	414,428
Transferred to operating fixed assets	-	(409,006)
Closing balance	<b>379,004</b>	<b>5,422</b>

#### 8 INTANGIBLE ASSETS

The Company has fully amortized computer software and Falak brands having cost of Rs. 14,707,766.



## MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

		Un-audited December 31, 2018	Audited June 30, 2018
<b>9 LONG-TERM INVESTMENT (at cost) - in related party</b>	<b>Note</b>	-----Rupees in '000-----	
JKT General Trading (FZE)- Sharjah Airport Free Zone	9.1	<b>23,583</b>	23,583
Matco Marketing (Private) Limited	9.2	<b>7,500</b>	7,500
		<b>31,083</b>	31,083
<b>9.1</b>	This represents investment in a wholly owned subsidiary, JKT General Trading FZE based in U.A.E. The Company has made an equity investment of USD 225,000 out of which shares of USD 40,872 have been issued. Shares for the remaining amount would be issued after completion of necessary regulatory formalities.		
<b>9.2</b>	On November 13, 2017, the Company had subscribed 749,996 shares of Matco Marketing (Private) Limited. However, Matco Marketing (Private) Limited has not commenced its operations since incorporation.		
<b>10 TRADE DEBTS</b>			
<b>Considered good</b>			
- Export- secured		<b>410,271</b>	500,159
- Local- unsecured		<b>228,367</b>	174,305
		<b>638,638</b>	674,464
<b>10.1</b>	Borrowings are secured by way of charge over trade debts of the Company.		
<b>11 NON-CURRENT ASSETS HELD FOR SALE</b>			
Certain assets (land and building) have been classified as held for sale due to the decision of the directors of the Company to sale its existing head office. The Company has identified the proposed buyer and in the process of finalization of deal. Therefore, the assets have been classified under IFRS 5- Non-current Assets Held for Sale and Discontinued Operations. Since the carrying value of assets (at revalued amount) were lower than fair value less cost to sell, therefore no adjustment were made in these condensed interim unconsolidated financial statements.			
<b>12 CASH AND BANK BALANCES</b>			
Cash in hand		<b>7,329</b>	4,507
Cash at bank		<b>225,709</b>	520,372
Term deposit certificates		<b>76,200</b>	298,200
		<b>309,238</b>	823,079

## MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Un-audited December 31, 2018	Audited June 30, 2018		Un-audited December 31, 2018	Audited June 30, 2018
		(Number of shares)	-----Rupees in '000-----	
<b>50,340,213</b>	50,340,213	Ordinary shares of Rs. 10 each:	<b>503,402</b>	503,402
<b>6,002,950</b>	6,002,950	- fully paid in cash	<b>60,030</b>	60,030
<b>66,057,536</b>	60,228,931	- issued for consideration other than cash	<b>660,575</b>	602,289
<b>122,400,699</b>	116,572,094	- issued as fully paid bonus shares	<b>1,224,007</b>	1,165,721

### 14 DEFERRED LIABILITIES

Staff gratuity scheme - unfunded	<b>68,410</b>	59,423
Deferred tax liability	<b>79,413</b>	84,212
	<b>147,823</b>	143,635

### 15 SHORT TERM BORROWINGS - SECURED

<b>MCB Bank Limited (MCB)</b>		
Export refinance - (secured)	<b>419,752</b>	576,352
<b>United Bank Limited (UBL)</b>		
FAPC I - (Secured)	<b>597,397</b>	497,397
<b>Askari Bank Limited (AKBL)</b>		
Export refinance - (secured)	<b>482,500</b>	477,200
<b>National Bank of Pakistan (NBP)</b>		
Export refinance - (secured)	<b>400,000</b>	400,000
<b>Habib Metropolitan Bank Limited</b>		
Export refinance (secured)	<b>298,500</b>	298,900
Foreign bills purchased/negotiated	-	18,231
<b>Allied Bank Limited (ABL)</b>		
Export refinance	<b>250,000</b>	234,000
<b>Habib Bank Limited (HBL)</b>		
Export refinance	<b>368,200</b>	342,200
Carried forward	<b>2,816,349</b>	2,844,280

## MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

	Un-audited December 31, 2018	Audited June 30, 2018
	-----Rupees in '000-----	
Brought forward	2,816,349	2,844,280
<b>Standard Chartered Bank</b>		
Export refinance	230,000	201,500
<b>Faysal Bank Limited</b>		
Export refinance	549,500	549,500
<b>Bank Al Falah Limited</b>		
Export refinance	563,500	236,500
<b>Pak Oman Investment</b>		
Export refinance	-	250,000
<b>MIB Islamic Banking</b>		
Own Resource	222,711	-
	<b>4,382,060</b>	<b>4,081,780</b>

### 16 CONTINGENCIES AND COMMITMENTS

#### 16.1 Contingencies

**16.1.1** The civil suit No. 1635 of 2009 for possession and injunction was filed by the Company. The Company had filed the suit for possession of land as it was dispossessed by the defendants to be restored to it and a permanent injunction to restrain the defendants from alienation or transferring the land. The Honorable High Court of Sindh passed an order on November 19, 2009, thereafter the Honorable High Court of Sindh has granted permanent injunction in above suit on December 11, 2018 as we understand that the Company is not likely to suffer any losses on account of the above suit.

The Company has filed an appeal no. 157/2018 in the High Court of Sindh against order passed in appeal no. 311/2017. We have apprised the learned judge that the order passed in appeal no. 311/2017 was not in accordance with law, we have further submitted that the instant proceedings were a third round of litigation and not only both the earlier suit dismissed but indeed the dismissal order so passed were upheld in appeals. We further highlighted that law does not permit fresh proceeding having same cause of action which issue has already been adjudicated by the Courts and the suit (2141/2015) was dismissed by the trial court. In appeal no. 311/2017, the additional district judge committed a error of law in setting aside the suit dismissal order passed in suit no. 2141/2015. The learned judge on the basis of facts and applicable law granted us stay order duly suspending the operation of the impugned judgement passed in appeal no. 311/2017. We strongly understand that the Company is not likely to suffer any losses on account of proceeding in this suit.

## MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

**16.1.2** The Petition No. 3358/2011 and 1823/2013 were filed on December 13, 2011 and April 29, 2013 by the Company against Federal Board of Revenue (FBR) and Others, 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 Writ Petition No. 3358/11 and 1823/13. The Company has filed intra court appeal ICA no. 84/2015 and 85/2015 both are pending in honorable Islamabad High Court, Islamabad notice are issued and no proceeding till to date. We believe that the Company is not likely to suffer any losses on account of the above petition.

**16.1.3** 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 challenged the matter in the Honorable High Court of Sindh. 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. This suit was filed on June 10, 2013 and no proceeding till date and we understand that the Company is not likely to suffer any losses due to above suit.

Except for the above, there are no material changes in the status of the income tax and sales tax contingencies as reported in the annual audited financial statements for the year ended June 30, 2018.

#### 16.2 Commitments

Capital expenditure  
Forward exchange contracts to sell  
Letter of credit  
Ijara contracts

	Un-audited December 31, 2018	Audited June 30, 2018
	-----Rupees in '000-----	
Capital expenditure	187,087	345,992
Forward exchange contracts to sell	240,578	-
Letter of credit	-	300,482
Ijara contracts	-	75
	<b>427,665</b>	<b>646,549</b>



## MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 17 COST OF SALES

Rice consumed  
Packing materials consumed  
Stores, spares and loose tools consumed

#### Processing expenses

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

#### Cost of goods available for sale

#### Finished goods

Opening stock  
Closing stock

Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----	
3,027,042	1,906,645
122,699	87,171
41,884	6,046
3,191,625	1,999,861
131,533	104,442
47,452	52,960
472	574
5,874	5,583
9,023	8,209
9,948	-
9,627	6,136
23,882	7,499
4,685	3,063
5,682	6,504
8,845	5,119
341	427
2,952	2,700
515	493
66,876	72,389
3,340	-
1,152	-
332,199	276,099
883,119	827,310
(1,232,931)	(929,464)
(349,812)	(102,153)
3,174,012	2,173,807

### 18 EARNINGS PER SHARE - Basic and Diluted

#### Basic earnings per share

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

152001	129,743
122,400,699	93,257,699
1.24	1.39

## MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 18.1 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.

### 19 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Profit before taxation

#### Adjustments for non-cash items and other items:

Depreciation  
Exchange (gain)/loss - net  
Finance cost  
Gain on disposal of property, plant and equipment  
Provision for staff gratuity  
Unrealized loss on short term investment  
Amortization of deferred income  
Cash used in operations after working capital changes

Note

Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----	
183,241	156,237
83,594	90,487
(63,388)	5,066
119,752	125,821
(4,199)	(2,740)
9,183	8,649
187	144
(182)	296
(543,522)	(872,131)
(215,334)	(488,171)

### 19.1 Working capital changes

#### (Increase)/ decrease in current assets

Stores, spares and loose tools  
Stock-in-trade  
Trade debts - considered goods  
Loans and advances  
Trade deposits and prepayments  
Other receivables

#### Increase/(decrease) in current liabilities

Trade and other payables  
Advance from customers - secured  
Advance against property  
Net (increase) in working capital

Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----	
(16,615)	(14,422)
(659,635)	(501,449)
99,214	523
(380,538)	(97,363)
(8,243)	3,736
(57,020)	(5,771)
(1,022,837)	(614,746)
361,179	(129,471)
(15,918)	(127,913)
134,054	-
(543,522)	(872,130)

## MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 20 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### 20.1 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 condensed interim unconsolidated financial statements does not include all the financial risk management information and disclosures required in the audited annual financial statements.

#### 20.2 Fair value of financial assets and liabilities

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

### 21 TRANSACTIONS WITH RELATED PARTIES

		Un-audited December 31, 2018		Audited June 30, 2018	
		-----Rupees in '000-----			
Nature of relationship	Percentage of Holding	Transactions			
<b>Directors</b>		Godown rent paid to director		7,660	5,119
<b>Subsidiary</b>					
JKT General Trading FZE	100%	Sales		31,669	36,324
		Payment received on account of sales		38,338	31,575
Matco Marketing (Pvt.) Ltd	100%	Advance received		-	7,500
		Paid expenses on behalf		13	5
<b>Common Directors</b>					
Matco Engineering Co (Private) Limited	0%	Paid against service		39	2,637
<b>Trust operated by the Company</b>					
Ghori Trust	0%	Paid expenses on behalf		996	-
		Donation of funds		-	42

## MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 22 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim unconsolidated statement of financial position comprise of balances as per the audited unconsolidated financial statements of the Company for the year ended June 30, 2018 and the corresponding figures in the condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of cash flows and condensed interim unconsolidated statement of changes in equity comprise of balances of comparable period as per the condensed interim unconsolidated financial statements of the Company for the six months period ended December 31, 2017.

Moreover, Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards.

### 23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim unconsolidated financial statements was authorized for issue on February 26, 2019 by the board of directors of the Company.

### 24 GENERAL

Figures have been rounded off to the nearest thousand of PKR, unless otherwise stated.



Chief Executive Officer



Chief Financial Officer



Director



## MATCO FOODS LIMITED

Condensed Interim Consolidated Statements Of Financial Position  
As At December 31, 2018

		Un-audited December 31, 2018	Audited June 30, 2018
	Note	-----Rupees in '000-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	2,370,309	2,168,585
Intangible assets	8	-	-
Long term deposits - net		13,764	13,049
<b>Total non-current assets</b>		<b>2,384,073</b>	<b>2,181,634</b>
<b>Current assets</b>			
Stores, spares and loose tools		35,342	18,727
Stock-in-trade		5,798,616	5,138,981
Trade debts - considered goods	9	666,338	709,705
Short-term loans and advances		464,270	83,732
Trade deposits and prepayments		21,226	13,735
Short-term investment		313	500
Other receivables		142,275	85,074
Non-current assets held for sale	10	131,454	-
Cash and bank balances	11	328,041	827,012
<b>Total current assets</b>		<b>7,587,875</b>	<b>6,877,466</b>
<b>Total assets</b>		<b>9,971,948</b>	<b>9,059,100</b>

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

## MATCO FOODS LIMITED

Condensed Interim Consolidated Statements Of Financial Position  
As At December 31, 2018

		Un-audited December 31, 2018	Audited June 30, 2018
		-----Rupees in '000-----	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		2,000,000	2,000,000
200,000,000 (June 2018: 200,000,000)			
ordinary shares of Rs. 10 each			
		<b>2,000,000</b>	<b>2,000,000</b>
Issued, subscribed and paid-up share capital	12	1,224,007	1,165,721
Capital reserve		680,467	739,367
Exchange revaluation reserve		10,715	5,160
Unappropriated profit		1,803,910	1,688,073
Surplus on revaluation of property, plant and equipment - net of tax		535,584	546,782
<b>Total shareholders' equity</b>		<b>4,254,683</b>	<b>4,145,103</b>
<b>Non-current liabilities</b>			
Long term finances - secured		257,831	246,557
Liabilities against assets subject to finance lease		46,115	29,284
Deferred liabilities	13	148,045	143,804
Deferred income		451	633
<b>Total non-current liabilities</b>		<b>452,442</b>	<b>420,278</b>
<b>Current liabilities</b>			
Trade and other payables		580,936	219,983
Advance from customers - secured		8,965	24,884
Advance against property		134,054	-
Accrued mark-up		50,608	48,767
Short-term borrowings - secured	14	4,382,060	4,081,780
Current portion of long term finances - secured		84,327	84,030
Current portion of liabilities against assets subject to finance lease		13,902	12,226
Unpaid dividend		8,912	761
Provision for taxation - net		1,059	21,288
<b>Total current liabilities</b>		<b>5,264,823</b>	<b>4,493,719</b>
<b>Total liabilities</b>		<b>5,717,265</b>	<b>4,913,997</b>
<b>Contingencies and commitments</b>	15		
<b>Total equity and liabilities</b>		<b>9,971,948</b>	<b>9,059,100</b>

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

**MATCO FOODS LIMITED**

Condensed Interim Consolidated Statements Of Profit And Loss  
For The Six Months Period Ended December 31, 2018

		Six months ended		Quarter ended	
		December 31, 2018 Un-audited	December 31, 2017 Un-audited	December 31, 2018 Un-audited	December 31, 2017 Un-audited
	<b>Note</b>	-----Rupees in '000-----			
<b>Sales - net</b>		<b>3,658,246</b>	2,649,215	<b>1,840,662</b>	1,323,183
<b>Cost of sales</b>	16	<b>(3,175,382)</b>	(2,173,807)	<b>(1,592,620)</b>	(1,054,527)
<b>Gross profit</b>		<b>482,864</b>	475,408	<b>248,042</b>	268,656
<b>Operating expenses</b>					
Selling and distribution		<b>(144,901)</b>	(109,241)	<b>(73,638)</b>	(62,566)
Administrative		<b>(122,915)</b>	(95,286)	<b>(70,218)</b>	(53,178)
		<b>(267,816)</b>	(204,527)	<b>(143,856)</b>	(115,744)
<b>Operating profit</b>		<b>215,048</b>	270,881	<b>104,186</b>	152,912
Other operating income		<b>89,456</b>	15,147	<b>70,982</b>	12,952
		<b>304,504</b>	286,028	<b>175,168</b>	165,864
Financial charges		<b>(119,859)</b>	(125,821)	<b>(57,627)</b>	(72,163)
<b>Profit before income tax</b>		<b>184,645</b>	160,207	<b>117,541</b>	93,701
Income tax expense		<b>(31,240)</b>	(26,493)	<b>(14,924)</b>	(13,190)
<b>Profit for the period</b>		<b>153,405</b>	133,714	<b>102,617</b>	80,511

				-----Rupees-----	
				--Restated--	--Restated--
<b>Earnings per share - Basic and Diluted</b>	17	<b>1.25</b>	1.43	<b>0.84</b>	0.86

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

**MATCO FOODS LIMITED**

Condensed Interim Consolidated Statements Of Comprehensive Income  
For The Six Months Period Ended December 31, 2018

	Six months ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Un-audited	Un-audited	Un-audited	Un-audited
	-----Rupees in '000-----			
<b>PROFIT FOR THE PERIOD</b>	<b>153,405</b>	133,714	<b>102,617</b>	80,511
<b>Other comprehensive income</b>				
Items that may be reclassified to statement of profit or loss subsequently	-	-	-	-
- Exchange difference on translation of foreign currency	5,555	896	-	626
Items that will not be reclassified to statement of profit or loss				
- Remeasurement of defined benefits obligations	(2,137)	-	-	-
<b>Other comprehensive loss</b>	<b>3,418</b>	896	-	626
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>156,823</b>	134,610	<b>102,617</b>	81,137
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:</b>				
Shareholders of the Holding Company	156,823	134,610	102,617	81,137
Non-controlling interest	-	-	-	-
	<b>156,823</b>	134,610	<b>102,617</b>	81,137

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

  
\_\_\_\_\_  
Director



## MATCO FOODS LIMITED

### Condensed Interim Consolidated Statements Of Change In Equity For The Six Months Period Ended December 31, 2018

	Issued, subscribed and paid up capital	Capital reserve	Exchange revaluation reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Equity attributable to the Holding Company's Shareholders	Total
Rupees in '000'							
<b>Balance as at July 01, 2017</b>	874,291	318,383	(354)	1,390,325	571,665	3,154,310	3,154,310
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	133,713	-	133,713	133,713
Other comprehensive income	-	-	896	-	-	896	896
Total comprehensive income	-	-	896	133,713	-	134,609	134,609
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax	-	-	-	12,264	(12,264)	-	-
<b>Transactions with owners</b>							
Dividend paid	-	-	-	-	-	-	-
<b>Balance as at December 31, 2017</b>	874,291	318,383	542	1,536,302	559,401	3,288,919	3,288,919
<b>Balance as at July 01, 2018</b>	1,165,721	739,367	5,160	1,688,073	546,782	4,145,103	4,145,103
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	153,405	-	153,405	153,405
Other comprehensive income	-	-	5,555	(2,137)	-	3,418	3,418
Total comprehensive income	-	-	5,555	151,268	-	156,823	156,823
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax	-	-	-	11,198	(11,198)	-	-
Preliminary expenses incurred for IPO	-	(614)	-	-	-	(614)	(614)
<b>Transactions with owners</b>							
Bonus shares issued in the ratio of 5 shares for every 100 shares held	58,286	(58,286)	-	-	-	-	-
Dividend paid @ Rs. 0.04 per share	-	-	-	(46,629)	-	(46,629)	(46,629)
<b>Balance as at December 31, 2018</b>	1,224,007	680,467	10,715	1,803,910	535,584	4,254,683	4,254,683

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

## MATCO FOODS LIMITED

### Condensed Interim Consolidated Statements Of Cash Flows For The Six Months Period Ended December 31, 2018

		Half Year ended	
		December 31, 2018 Un-audited	December 31, 2017 Un-audited
		-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations after working capital changes	Note 18	(205,911)	(478,074)
Gratuity paid		(2,333)	(2,710)
Taxes paid		(56,241)	(29,871)
Finance cost paid		(118,019)	(111,883)
Exchange revaluation reserve		5,555	896
<b>Net cash used in operating activities</b>		(376,949)	(621,642)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure including capital work in progress		(419,760)	(121,936)
Proceeds from disposal of property, plant and equipment		7,187	5,962
Long term deposit		(715)	(856)
<b>Net cash used in investing activities</b>		(413,288)	(116,830)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances obtained - net of repayment		11,571	8,542
Finance lease obligation obtained - net of repayment		18,507	15,167
Preliminary expenses incurred for initial public offering		(614)	-
Dividend paid		(38,478)	-
Short term finances obtained - net of repayment		300,280	717,564
<b>Net cash generated from financing activities</b>		291,266	741,273
<b>Net (decrease) / increase in cash and cash equivalents</b>		(498,971)	2,801
Cash and cash equivalents at the beginning of the period		827,012	115,042
<b>Cash and cash equivalents at the end of the period</b>		328,041	117,843

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director

## MATCO FOODS LIMITED

### Notes To The Condensed Interim Consolidated Financial Statements For The Six Months Period Ended December 31, 2018

#### 1 LEGAL STATUS AND OPERATIONS

The 'Group' consists of:

##### Holding Company

- Matco Foods Limited (the Holding Company)

##### Subsidiary Group

- 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. Principal activity of the Company is to carry on the business of processing and export of rice and flour. 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 Kamoke, District Gujranwala.

##### b) JKT General Trading FZE

JKT General Trading FZE, ('the establishment') is a free zone establishment with limited liability registered in Saif-Zone, Sharjah, United Arab Emirates (UAE) under general trading license no. 12689. The principal activity of the Company is purchasing and selling of processed rice.

The registered office of the establishment is at P.O. Box 123347, Sharjah, UAE.

The subsidiary has been established on October 8, 2013.

##### c) Matco Marketing (Private) Limited

Matco Marketing (Private) Limited ('the company') has been established on June 16, 2016 with authorized and 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.

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.

## MATCO FOODS LIMITED

### Notes To The Condensed Interim Consolidated Financial Statements For The Six Months Period Ended December 31, 2018

#### 2 SIGNIFICANT EVENTS AND TRANSACTIONS

There are no significant events and transactions occurred during the period.

#### 3 STATEMENT OF COMPLIANCE

These consolidated 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 as 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
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions 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.

#### 4 BASIS OF PREPARATION

**4.1** These condensed interim consolidated financial statements do not include all the information and disclosures required in the consolidated annual audited financial statements, and should be read in conjunction with Group's consolidated annual audited financial statements for the year ended June 30, 2018.

**4.2** The figures in the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows together with the relevant notes to the interim consolidated financial statements for the three-months and six-months period ended December 31, 2017 are neither reviewed nor audited. Further, the figures for the three-months period ended December 31, 2018 in the condensed interim consolidated statement of profit or loss and condensed interim consolidated statement of comprehensive income have also not been reviewed by auditors.

#### 5 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers", IFRS 9 "Financial Instruments" and IFRS 5 "Non current assets held for sale and discontinued operations". The accounting policy adopted by the management are as follows:

##### IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.



## MATCO FOODS LIMITED

### Notes To The Condensed Interim Consolidated Financial Statements For The Six Months Period Ended December 31, 2018

Revenue from sale of goods is recognized when the Group satisfies a performance obligation by transferring promised goods to customer. Goods are transferred when the customer obtains their control (i.e. on dispatch of goods to customers). Revenue is recognized at transaction price (which excludes estimates of variable consideration). Hence, the Group has concluded that it is in compliance with the requirements of the new accounting standard.

#### IFRS 5 - Non current Assets Held for Sale and Discontinued Operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognized in the statement of profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment, are no longer amortized or depreciated.

## MATCO FOODS LIMITED

### Notes To The Condensed Interim Consolidated Financial Statements For The Six Months Period Ended December 31, 2018

#### 6 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of the applying the Group'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 preparations of this condensed interim consolidated financial statements, the significant judgement made by management in applying the Group's accounting policies and the key sources of estimations and uncertainly were the same as those that applied to the audited annual financial statements of the Group for the year ended June 30, 2018.

#### 7 PROPERTY, PLANT AND EQUIPMENT

Note

Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----	
1,991,304	2,163,163
379,004	5,422
<b>2,370,309</b>	<b>2,168,585</b>

7.1 Details of additions and disposals to operating assets during the six months ended December 31, 2018 are as follows:

	Additions at cost	Deletions at net book value
-----Rupees in '000-----		
Factory land	-	-
Factory building	573	-
Plant and machinery	6,225	-
Electric cables and fitting	23	-
Furniture and fixture	441	-
Motor Vehicles	36,053	-
Office Equipment	298	-
Factory Equipment	2,238	(2,988)
Computer	297	-
Mobile phone	30	-
<b>December 31, 2018</b>	<b>46,178</b>	<b>(2,988)</b>
June 30, 2018	546,416	(9,487)

## MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

**7.2** Following is the movement in capital work in progress during the period.

	Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----		
Opening balance	5,422	359,377
Additions during the period	373,582	55,051
	379,004	414,428
Transferred to operating fixed assets	-	(409,006)
Closing balance	379,004	5,422

## 8 INTANGIBLE ASSETS

The Group has fully amortized computer software and Falak brands having cost of Rs. 14,707,766.

	Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----		
<b>Considered good</b>		
- Export - secured	437,971	535,401
- Local - unsecured	228,367	174,305
	666,338	709,705

**9.1** Borrowings are secured by way of charge over trade debts of the Holding Company.

## 10 NON-CURRENT ASSETS HELD FOR SALE

Certain assets (land and building) have been classified as held for sale due to the decision of the directors of the Holding Company to sale its existing head office. The Holding Company has identified the proposed buyer and in the process of finalization of deal. Therefore, the assets have been classified under IFRS 5- Non-current Assets Held for Sale and Discontinued Operations. Since the carrying value of assets (at revalued amount) were lower than fair value less cost to sell, therefore no adjustment were made in these condensed interim consolidated financial statements.

	Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----		
Cash in hand	7,329	4,507
Cash at bank	244,512	524,304
Term deposit certificates	76,200	298,200
	328,041	827,012

## 11 CASH AND BANK BALANCES

## MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

## 12 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Un-audited December 31, 2018		Audited June 30, 2018	Un-audited December 31, 2018		Audited June 30, 2018
(Number of shares)			-----Rupees in '000-----		
			Ordinary shares of Rs. 10 each:		
50,340,213	50,340,213	- fully paid in cash	503,402	503,402	
6,002,950	6,002,950	- issued for consideration other than cash	60,030	60,030	
66,057,536	60,228,931	- issued as fully paid bonus shares	660,575	602,289	
122,400,699	116,572,094		1,224,007	1,165,721	

## 13 DEFERRED LIABILITIES

	Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----		
Staff gratuity scheme - unfunded	68,410	59,423
Deferred tax liability	79,413	84,211
Employee's end of service benefit	222	169
	148,045	143,804



## MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 14 SHORT TERM BORROWINGS - SECURED

#### MCB Bank Limited (MCB)

Export refinance - (secured)

#### United Bank Limited (UBL)

FAPCI - (Secured)

#### Askari Bank Limited (AKBL)

Export refinance - (secured)

#### National Bank of Pakistan (NBP)

Export refinance - (secured)

#### Habib Metropolitan Bank Limited

Export refinance (secured)

Foreign bills purchased/negotiated

#### Allied Bank Limited (ABL)

Export refinance

#### Habib Bank Limited (HBL)

Export refinance

#### Standard Chartered Bank

Export refinance

#### Faysal Bank Limited

Export refinance

#### Bank Al Falah Limited

Export refinance

#### Pak Oman Investment

Export refinance

#### MIB Islamic Banking

Own Resource

Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----	
<b>419,752</b>	576,352
<b>597,397</b>	497,397
<b>482,500</b>	477,200
<b>400,000</b>	400,000
<b>298,500</b>	298,900
-	18,231
<b>250,000</b>	234,000
<b>368,200</b>	342,200
<b>230,000</b>	201,500
<b>549,500</b>	549,500
<b>563,500</b>	236,500
-	250,000
<b>222,711</b>	-
<b>4,382,060</b>	<b>4,081,780</b>

## MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 15 CONTINGENCIES AND COMMITMENTS

#### 15.1 Contingencies

**15.1.1** The civil suit No. 1635 of 2009 for possession and injunction was filed by the Company. The Company had filed the suit for possession of land as it was dispossessed by the defendants to be restored to it and a permanent injunction to restrain the defendants from alienation or transferring the land. The Honorable High Court of Sindh passed an order on November 19, 2009, thereafter the Honorable High Court of Sindh has granted permanent injunction in above suit on December 11, 2018 as we understand that the Holding Company is not likely to suffer any losses on account of the above suit.

The Holding Company has filed an appeal no. 157/2018 in the High Court of Sindh against order passed in appeal no. 311/2017. We have apprised the learned judge that the order passed in appeal no. 311/2017 was not in accordance with law, we have further submitted that the instant proceedings were a third round of litigation and not only both the earlier suit dismissed but indeed the dismissal order so passed were upheld in appeals. We further highlighted that law does not permit fresh proceeding having same cause of action which issue has already been adjudicated by the Courts and the suit (2141/2015) was dismissed by the trial court. In appeal no. 311/2017, the additional district judge committed a error of law in setting aside the suit dismissal order passed in suit no. 2141/2015. The learned judge on the basis of facts and applicable law granted us stay order duly suspending the operation of the impugned judgement passed in appeal no. 311/2017. We strongly understand that the Holding Company is not likely to suffer any losses on account of proceeding in this suit.

**15.1.2** The Petition No. 3358/2011 and 1823/2013 were filed on December 13, 2011 and April 29, 2013 by the Holding Company against Federal Board of Revenue (FBR) and Others, 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 Writ Petition No. 3358/11 and 1823/13. The Holding Company has filed intra court appeal ICA no. 84/2015 and 85/2015 both are pending in honorable Islamabad High Court, Islamabad notice are issued and no proceeding till to date. We believe that the Holding Company is not likely to suffer any losses on account of the above petition.

**15.1.3** 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 Holding Company challenged the matter in the Honorable High Court of Sindh. 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. This suit was filed on June 10, 2013 and no proceeding till date and we understand that the Holding Company is not likely to suffer any losses due to above suit.

Except for the above, there are no material changes in the status of the income tax and sales tax contingencies as reported in the annual audited financial statements for the year ended June 30, 2018.

## MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 15.2 Commitments

Capital expenditure
Forward exchange contracts to sell
Letter of credit
Ijara contracts

Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----	
187,087	345,992
240,578	-
-	300,482
-	75
427,665	646,549

### 16 COST OF SALES

Rice consumed
Packing materials consumed
Stores, spares and loose tools consumed

3,028,412	1,906,645
122,699	87,171
41,884	6,046
3,192,995	1,999,862

#### Processing expenses

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

131,533	104,442
47,452	52,960
472	574
5,874	5,583
9,023	8,209
9,948	-
9,627	6,136
23,882	7,499
4,685	3,063
5,682	6,504
8,845	5,119
341	427
2,952	2,700
515	493
66,876	72,389
3,340	-
1,152	-

#### Cost of goods available for sale

332,199	276,098
---------	---------

#### Finished goods

Opening stock
Closing stock

883,119	827,310
(1,232,931)	(929,464)
(349,812)	(102,154)
3,175,382	2,173,806

## MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 17 EARNINGS PER SHARE - Basic and Diluted

#### Basic earnings per share

Profit for the period (Rupees in thousands)	153,405	133,714
Weighted average number of shares	122,400,699	93,257,699
Earnings per share (Rupees - Restated)	1.25	1.43

#### 17.1 Diluted earning per share

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

### 18 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Note

Profit before taxation	184,645	160,207
<b>Adjustments for non-cash items and other items:</b>		
Depreciation	83,594	90,487
Exchange (gain)/loss - net	(63,388)	5,066
Finance cost	119,859	125,821
Gain on disposal of property, plant and equipment	(4,199)	(2,740)
Provision for staff gratuity	9,207	8,649
Unrealized loss on short term investment	187	144
Amortization of deferred income	(181)	296
Cash generated from operations after working capital changes	(535,636)	(866,004)
	(205,911)	(478,074)



## MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 18.1 Working capital changes

#### (Increase)/ decrease in current assets

	Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----		
Stores, spares and loose tools	(16,615)	(14,422)
Stock-in-trade	(659,635)	(501,449)
Trade debts - considered goods	106,756	14,472
Loans and advances	(380,538)	(97,363)
Trade deposits and prepayments	(7,492)	5,614
Other receivables	(57,202)	(5,771)
	<b>(1,014,725)</b>	<b>(598,919)</b>

#### Increase/(decrease) in current liabilities

Trade and other payables	360,953	(139,172)
Advance from customers - secured	(15,918)	(127,913)
Advance against property	134,054	-
<b>Net (increase) in working capital</b>	<b>(535,636)</b>	<b>(866,004)</b>

### 19 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### 19.1 Financial risk factors

The Group'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 condensed interim consolidated financial statements does not include all the financial risk management information and disclosures required in the audited annual financial statements.

#### 19.2 Fair value of financial assets and liabilities

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

## MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements  
For The Six Months Period Ended December 31, 2018

### 20 TRANSACTIONS WITH RELATED PARTIES

Nature of relationship	Percentage of Holding	Transactions	Un-audited December 31, 2018	Audited June 30, 2018
-----Rupees in '000-----				
<b>Directors</b>				
		Godown rent paid to director	7,660	5,119
<b>Common Directors</b>				
Matco Engineering Co. (Private) Limited	0%	Paid against service	39	2,637
<b>Trust operated by the Group</b>				
Ghuri Trust	0%	Paid expenses on behalf of Donation of funds	996	-
			-	42

### 21 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim consolidated statement of financial position comprise of balances as per the audited consolidated financial statements of the Group for the year ended June 30, 2018 and the corresponding figures in the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of cash flows and condensed interim consolidated statement of changes in equity comprise of balances of comparable period as per the condensed interim consolidated financial statements of the Group for the six months period ended December 31, 2017.

Moreover, Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards.

### 22 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial statements was authorized for issue on February 26, 2019 by the board of directors of the Group.

### 23 GENERAL

Figures have been rounded off to the nearest thousand of PKR, unless otherwise stated.



Chief Executive Officer



Chief Financial Officer



Director