



MATCO FOODS LIMITED

REACHING NEW HEIGHTS



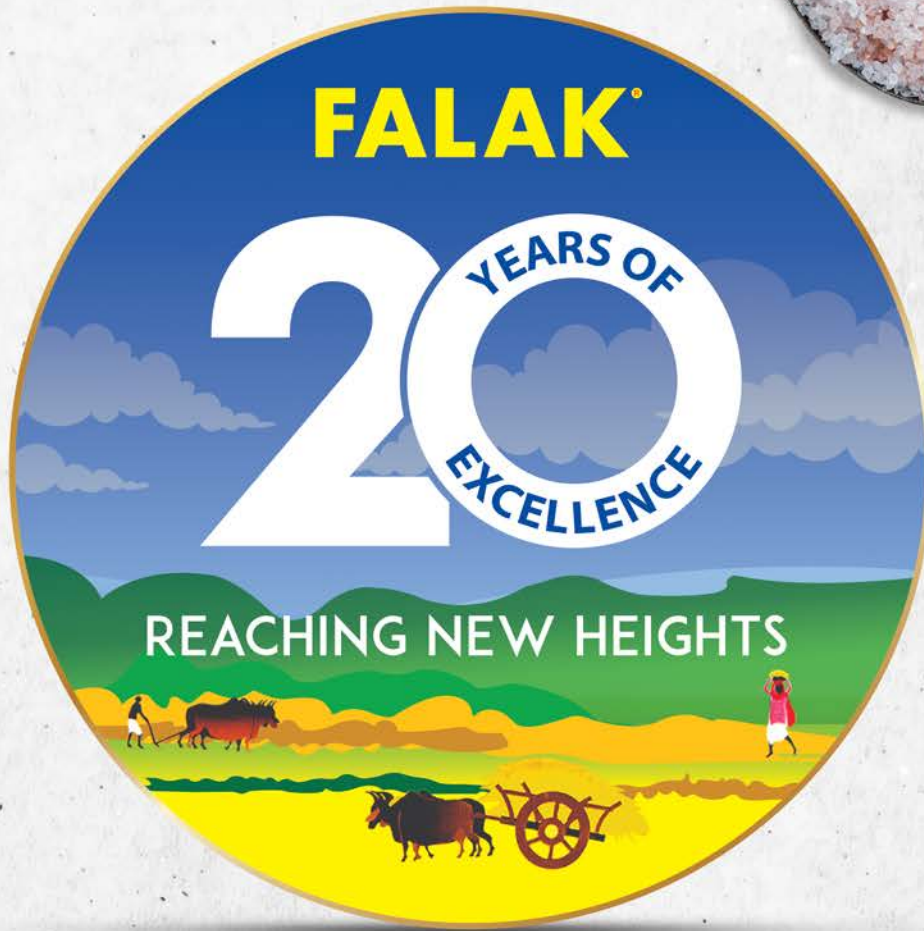
HALF YEARLY REPORT 2021

FALAK RICE



FALAK NEW PRODUCTS





This year we celebrate 20 Years of our Flagship Brand Falak, a legacy that spans over 60 countries, and reaches the hearts and households of millions.

Falak started as a brand for premium quality Basmati Rice in 2000, building trust amongst its customers with consistently premium and superior quality products. Today, the name Falak is synonymous with branded Pakistani Basmati Rice across the globe. Owing to this success and our promise of quality, excellence and innovation, we have successfully ventured into new food categories which have been met with tremendous success. Our new products under the Falak brand include Himalayan Pink Salt, Masalas and Herbs, Organic Brown Basmati Rice, Organic Rice Flour, Jaggery Powder and several others.

Our commitment to serve our global family with the best quality food products has paved the way for us to become a leading brand in households across the globe. We give thanks to all our valued business partners, stakeholders and loyal customers without whom this would not be possible, and look forward to reaching new heights with them in the future.

FALAK THROUGH THE YEARS

FALAK[®] MASALAS

هرزره چٹ پٹا!

www.falakrice.com
www.matcofoods.com



FALAK[®]

خوشبو اور ذائقہ!



www.falakrice.com | www.matcofoods.com

FALAK[®] HIMALAYAN PINK SALT





FALAK®
PREMIUM
BASMATI RICE



www.falakrice.com | www.matcofoods.com



FALAK®
EXTREME
BASMATI RICE

بریانی پرفیکٹ!



FALAK®
فلک باسمتی ہو تو ریسپی میں کیا رکھا ہے

www.falakrice.com | www.matcofoods.com



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OUR LEGACY

The journey of Matco started with the entrepreneurial aptitude of Syed Sarfaraz Ali Ghori, 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 50 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 pharmaceuticals and confectionery industries. 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, 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 70 countries worldwide. Matco also exports private label brands to over 70 countries across the globe. 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 30,000 MT per annum and 3,000 MT per annum of Rice Glucose and Rice Protein respectively.

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 Ghori	Chairman
Mr. Khalid Sarfaraz Ghori	Chief Executive Officer
Dr. Tariq Ghori	Executive Director
Mr. Faizan Ali Ghori, CFA	Executive Director
Syed Kamran Rasheed	Independent Director
Mr. Abdul Samad Khan	Independent Director
Mrs. Faryal Murtaza	Non-executive Director
Ms. Umme Habibah	Independent Director
Mr. Agha Ahmed Shah	Independent Director

AUDIT COMMITTEE

Syed Kamran Rasheed	Chairman
Mr. Abdul Samad Khan	Member
Mr. Agha Ahmed Shah	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Umme Habibah	Chairman
Mr. Jawed Ali Ghori	Member
Mr. Khalid Sarfaraz Ghori	Member
Mr. Faizan Ali Ghori, CFA	Member
Mrs. Faryal Murtaza	Member

CHIEF FINANCIAL OFFICER

Mr. Muhammad Aamir Farooqui

COMPANY SECRETARY

Mr. Danish Ahmed

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 Motors House
Beaumont Road, Karachi, Pakistan
Tel (Office): +92 (21) 3567 2951-6
Fax: +92 (21) 3568 8834
Website: www.gtpak.com

SHARE REGISTRAR

CDC Share Registrar Services Limited

CDC House, 99-B, Block B,
S.M.C.H.S. Main Shahra-e-Faisal, Karachi - 74400
Tel: (92)) 0800-23275
Fax: (92-21) 34326053
URL: www.cdcsrsl.com
Email: info@cdcsrsl.com

BANKERS

Askari Bank Limited
Allied Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Metropolitan Bank Limited
Habib Bank Limited
Soneri Bank Limited
Pak Burnei Investment Company Limited

JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
Standard Chartered Bank
United Bank Limited
MCB Islamic Bank Limited
Pak Oman Investment Company Limited

COMPANY LOCATIONS

REGISTERED OFFICE

Matco Foods Limited
B-1/A, S.I.T.E. Phase 1, Super Highway Industrial,
Area, Karachi, Pakistan P.O. Box 75950
Phone: +92 (301) 8250969, +92 (21) 3631 5099
Fax: +92 (21) 3632 0509
Email: contact@matcofoods.com

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
Industrial Area, 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

www.matcofoods.com

Email Address

contact@matcofoods.com



VISION

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

MISSION

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

FALAK[®]

BASMATI RICE



DIRECTORS' REVIEW REPORT



By the Grace of Allah (SWT), the Directors of your company take pleasure in presenting un-audited condensed interim financial information of the Company and Group for the six-months period ended December 31, 2020.

Financial Results:

Description	Unconsolidated		Consolidated	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	-----Rupees in '000-----		-----Rupees in '000-----	
Sales – net	5,340,715	3,792,728	5,343,450	3,794,146
Cost of sales	(4,917,649)	(3,289,666)	(4,917,649)	(3,289,666)
Gross Profit	423,066	503,062	425,801	504,480
Selling and distribution	(92,328)	(95,496)	(92,328)	(105,625)
Administrative	(143,320)	(142,420)	(144,563)	(143,188)
Operating profit	187,418	265,146	188,910	255,667
Other Operating Income	30,984	16,687	30,988	16,687
Exchange loss	(73,979)	(13,064)	(73,979)	(13,064)
Financial Charges	(131,320)	(153,879)	(131,485)	(153,879)
Share of loss from Associated Company	-	-	(2,854)	(5,404)
(Loss) / Profit Before Tax	13,103	114,890	11,580	100,150
Income Tax	(52,069)	(37,034)	(52,069)	(37,034)
(Loss) / Profit for the Period	(38,966)	77,856	(40,489)	63,116
(Loss) / Earnings Per Share	(0.32)	0.64	(0.33)	0.52

During the six-months i.e. July 2020 – December 2020:

- The Company has incurred a net loss of Rs. 38.97 million in the six months as compared to profit of Rs. 77.86 million in the last period, thereby, represent decrease of 150.05%.
- Increasing cost of production due to inflationary pressure and exchange loss has decreased the profit before tax by 88.6% as compared to last comparative period.
- The Company has exported 20,870 metric tons of basmati rice as compared to 17,704 metric tons in the last comparative period and thereby represents increase of 17.88%.
- The average export selling price per metric ton during six months was USD 1,098 which was USD 1,005 in the last comparative six months.

During the current reporting period, we suffered increase in cost of doing business as Electric / Gas rates have been increased and Gas supply for the Company had been temporarily disconnected due to winter shortages of gas and that has affected cost of production, almost all expenses are on increasing trends. Further, due to selected shipment of Brown Rice, our margins were improved as compared to 1st Quarter of year 2020-21.

There was adverse movement in the US\$-PKR exchange rate which affected the export proceeds and created foreign exchange loss for the Company as US\$ decreased from 168 levels to 159 levels, over 5%

appreciation of the Pakistan Rupee. In the most recent quarter, freight rates have increased to all-time highs, with container shortages and shutouts from shipping vessels, caused by global shipping issues and demand of empty container in Far East. The cost of production for the Rice Glucose Division has also been adversely affected by raw material prices as there has been a sharp increase in demand for feed raw materials in Pakistan and globally driven by China. Selling prices domestically do not allow the Company to pass on the full impact of raw material prices increases, so the focus has been on selective and higher margin product ranges and reduction in costs through operational efficiencies. The Company facing all of above challenges with best efforts to minimize FX risks, Freight Risks and other such issues related to cost pressures.

Future Outlook:

Pakistan exported a little below 1.825 million tons of Basmati and non-Basmati rice in Jul-Dec 2020, against exports of 2.083 million tons in the same period of 2019, according to the Pakistan Bureau of Statistics (PBS). The decline in Pakistan Basmati rice exports down from \$381 million in Jul-Dec 2019 to \$263 million in Jul-Dec 2020, offset the rise from \$652 million to \$700.7 million in export earnings from non-Basmati types of rice.

As logistics related issues of container shortages ease out, greater volumes are expected from now onwards for Pakistan Basmati exports in the coming quarter especially to the EU and Middle East as we approach Ramadan. The impact of COVID-19 will continue to suppress demand as most countries still follow restricted public gathering, out of home food consumption and international travel for leisure and business. As per experts, with increased vaccination globally, COVID related restrictions may start approaching normalcy towards the end of this year 2021.

On the issue of the GI Tag application by India in the EU, and its potential ramifications for Pakistan - Pakistan has successfully opposed the application within the required notice period and submitted its Reasoned Statement. This is likely to lead into prolonged discussions and negotiations between Pakistan and India for a resolution through trade talks at EU and WTO and a potential joint GI application in EU for both countries. Meanwhile, Pakistan has successfully registered its own domestic GI application for Basmati under Pakistan's GI Act 2020 which was necessary for opposing India's GI Application in the EU.

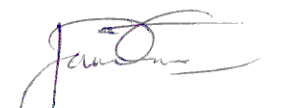
A recent meeting on agricultural reforms, noted that per-hectare yields of Pakistan's major crops remain too low. According to the Economic Survey of Pakistan, the national average yield of rice stood at 2.44 tons per hectare. Officials of the Ministry of National Food Security and Research told the meeting on agricultural reforms that the average per-hectare yield of rice in India was almost double. That is the main reason / factor of paddy price increase in Pakistan. Kala Shah Kaku Research Institute has announced successful trials of three higher yielding Basmati varieties this year – and efforts like these can potentially uplift the overall crop size of Basmati, allowing for even larger exportable surplus of this crop in Pakistan.

As far as the Company's Corn Starch Project is concerned, we have applied for 20 Acres land in Allama Iqbal City at Faisalabad Industrial Estate Development & Management Company. We are hopeful that our application will be approved in coming days and we will start further proceedings according to our time schedule. In Shaa Allah.

Acknowledgement:

The directors are thankful to our valued customers, financial institutions, shareholders and other stakeholders for their continued trust. The hard work of all employees is recognized and appreciated.

On behalf of the Board


Jawed Ali Ghori
Chairman


Khalid Sarfaraz Ghori
Chief Executive Officer

ڈائریکٹرز کی جائزہ رپورٹ

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

اللہ کے فضل و کرم سے، آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر، 2020 کو ختم ہونے والے چھ ماہ کی مدت کے کمپنی اور گروپ کے غیر آڈٹ کنڈنسڈ عبوری مالی معلومات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالی نتائج:

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(Loss) / Earnings Per Share	(0.32)	0.64	(0.33)	0.52

چھ ماہ کے دوران یعنی جولائی 2020ء - دسمبر 2020ء:

- پچھلی مدت میں 77.86 ملین روپے کے منافع کے مقابلے میں کمپنی کو اس چھ ماہی میں 38.97 ملین روپے کا خالص خسارہ ہوا ہے، اس طرح منافع میں 150.05 فیصد کمی واقع ہوئی ہے۔
- مہنگائی کے دباؤ کی وجہ سے پیداواری لاگت میں اضافہ اور زر مبادلہ کے نقصان کی وجہ سے گزشتہ تقابلی مدت کے مقابلے میں ٹیکس سے پہلے منافع میں 88.6 فیصد کمی واقع ہوئی ہے۔
- کمپنی نے گزشتہ تقابلی مدت میں 20,870 میٹرک ٹن کے مقابلے میں 17,704 میٹرک ٹن باسمتی چاول برآمد کیا ہے اور اس طرح 17.88 فیصد اضافے کی نمائندگی کی ہے۔
- چھ مہینوں کے دوران فی میٹرک ٹن اوسط برآمد قیمت 1,098 امریکی ڈالر تھی جو گزشتہ تقابلی چھ مہینوں میں 1,005 امریکی ڈالر تھی۔

موجودہ رپورٹنگ کی مدت کے دوران، ہمیں کاروبار کرنے میں لاگت میں اضافے کا سامنا کرنا پڑا کیونکہ الیکٹرک / گیس کے نرخ بڑھا دیئے گئے ہیں اور گیس کی موسم سرما میں کمی کی وجہ سے کمپنی کے لئے گیس کی فراہمی عارضی طور پر منقطع ہوگئی تھی اور اس سے پیداواری لاگت متاثر ہوئی تھی، تقریباً تمام اخراجات بڑھتے ہوئے رجحانات پر ہیں۔ مزید یہ کہ براؤن رائس کی منتخب کھپ کی وجہ سے، سال 2020-21 کے پہلے سہ ماہی کے مقابلہ میں ہمارے مارجن میں بہتری آئی ہے۔

امریکی ڈالر کے زرمبادلہ کی شرح میں منفی تحریک رہی جس نے برآمدی آمدنی کو متاثر کیا اور کمپنی کے لئے زرمبادلہ کا نقصان ہوا کیونکہ امریکی ڈالر کی قیمت 168 سطح سے گھٹ کر 159 سطح پر آگئی، جو پاکستان روپے کی 5 فیصد تعریف سے زیادہ ہے۔ حالیہ سہ ماہی میں، سامان کی بحالی کی شرح ہر وقت بلند ہوچکی ہے، جہازوں سے کنٹینر کی قلت اور شٹ آؤٹ، جس کی وجہ عالمی مشرقی ممالک میں شپنگ کے مسائل اور خالی کنٹینر کی طلب ہے۔ چاول کے گلوکوز ڈویژن کے لئے پیداواری لاگت کو بھی خام مال کی قیمتوں سے بری طرح متاثر کیا گیا ہے کیونکہ پاکستان میں اور عالمی سطح پر چین کے زیر انتظام فیڈ خام مال کی طلب میں تیزی سے اضافہ ہوا ہے۔ مقامی طور پر قیمتوں کو بیچنے سے کمپنی کو خام مال کی قیمتوں میں اضافے کے مکمل اثرات کو گزرنے کی اجازت نہیں ہے، لہذا منتخب اور اعلیٰ مارجن پروڈکٹ اور آپریشنل اہلیت کے ذریعہ لاگت میں کمی پر توجہ دی جارہی ہے۔ کمپنی کو ایف ایکس خطرات، فریٹ رسک اور قیمت کے دباؤ سے متعلق ایسے دیگر امور کو کم سے کم کرنے کی پوری کوششوں کے ساتھ مذکورہ بالا تمام چیلنجز کا سامنا ہے۔

مستقبل کا خاکہ:-

پاکستان بیورو آف شماریات (پی بی ایس) کے مطابق، پاکستان نے جولائی سے دسمبر 2020 میں 1.825 ملین ٹن باسمنی اور نان باسمنی چاول کی برآمد کی، جبکہ 2019 کے اسی عرصے میں 2.083 ملین ٹن کی برآمد ہوئی تھی۔ جولائی سے دسمبر 2019 میں پاکستان کی باسمنی چاول کی برآمدات میں کمی 381 ملین سے کم ہوکر جولائی سے دسمبر 2020 میں 263.3 ملین رہ گئی ہے، جس نے غیر باسمنی اقسام کے چاول کی برآمد آمدنی میں 652 ملین ڈالر سے 700.7 ملین ڈالر ہونے والے اضافے کو ختم کردیا۔

جیسے ہی کنٹینر کی قلت سے متعلق رسد سے متعلق مسائل آسان ہو جائیں گے، آئندہ سہ ماہی میں پاکستان باسمنی برآمدات خاص طور پر یورپی یونین اور مشرق وسطیٰ میں رمضان المبارک کے قریب پہنچنے کے بعد زیادہ مقدار میں توقع کی جارہی ہے۔ COVID-19 کے اثرات مانگ کو دبا دیتے رہیں گے کیوں کہ بیشتر ممالک اب بھی گھریلو خوراک کی کھپت اور تفریح اور کاروبار کے لئے بین الاقوامی سفر کے باوجود محدود عوامی اجتماع کی پیروی کرتے ہیں۔ ماہرین کے مطابق، عالمی سطح پر ویکسی نیشن میں اضافے کے ساتھ، کوویڈ سے متعلق پابندیاں اس سال 2021 کے اختتام تک معمول پر آنا شروع کر سکتی ہیں۔

یورپی یونین میں ہندوستان کی طرف سے جی آئی ٹیگ درخواست کے معاملے، اور اس کے پاکستان کے لئے ممکنہ رکاوٹوں کے معاملے پر - پاکستان نے مطلوبہ نوٹس کی مدت کے اندر درخواست کی کامیابی کے ساتھ مخالفت کی ہے اور اپنا معقول بیان پیش کیا ہے۔ EU اور WTO میں تجارتی بات چیت اور دونوں ممالک کے لئے یورپی یونین میں مشترکہ جی آئی کی ایک ممکنہ درخواست کے ذریعے ایک حل کے لئے پاکستان اور ہندوستان کے درمیان طویل بحث و مباحثہ اور قیادت کا امکان ہے۔ دریں اثنا، پاکستان نے باسمنی کے لئے پاکستان کے جی آئی ایکٹ 2020 کے تحت اپنی گھریلو جی آئی درخواست کامیابی کے ساتھ رجسٹر کرلی ہے جو EU میں ہندوستان کی GI درخواست کی مخالفت کرنے کے لئے ضروری تھا۔

زرعی اصلاحات کے بارے میں ایک حالیہ اجلاس میں، نوٹ کیا گیا کہ پاکستان کی بڑی فصلوں کی فی ہیکٹر پیداوار بہت کم ہے۔ اقتصادی سروے آف پاکستان کے مطابق چاول کی قومی اوسط پیداوار فی ہیکٹر میں 2.44 ٹن رہی۔ وزارت برائے قومی خوراک تحفظ اور تحقیق کے عہدیداروں نے زرعی اصلاحات سے متعلق اجلاس کو بتایا

کہ ہندوستان میں چاول کی اوسط فی ہیکٹر پیداوار تقریباً دوگنا ہے۔ پاکستان میں دھان کی قیمت میں اضافے کی بنیادی وجہ / عمل ہے۔ کالا شاہ کاکو ریسرچ انسٹی ٹیوٹ نے رواں سال باسمتی اقسام کی تین زیادہ پیداوار دینے والی کامیاب آزمائشوں کا اعلان کیا ہے۔ اور ان جیسی کاوشوں سے باسمتی کی فصل کے مجموعی سائز کو ممکنہ طور پر ترقی مل سکتی ہے، جس سے پاکستان میں اس فصل کے زیادہ بڑے برآمدی سرپلس کو بھی موقع مل سکے گا۔

جہاں تک کارن اسٹارچ پروجیکٹ کا تعلق ہے، ہم نے فیصل آباد انڈسٹریل اسٹیٹ ڈویلپمنٹ اینڈ مینجمنٹ کمپنی میں علامہ اقبال صنعتی سٹی میں 20 ایکڑ اراضی کے لئے درخواست دی ہے۔ ہمیں امید ہے کہ آنے والے دنوں میں ہماری درخواست منظور ہو جائے گی اور ہم اپنے وقت کے نظام الاوقات کے مطابق مزید کارروائی شروع کر دیں گے۔ ان شاء اللہ۔

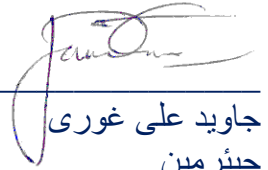
اعتراف:

ڈائریکٹرز ہمارے قابل قدر گراہکوں، مالیاتی اداروں، شیئر ہولڈرز اور دوسرے اسٹیک ہولڈرز کا ان کے مسلسل اعتماد پر شکریہ ادا کرتے ہیں۔ تمام ملازمین کی محنت کو تسلیم کیا جاتا ہے اور ان کی تعریف کی جاتی ہے۔

بورڈ کی جانب سے



خالد سرفراز غوری
چیف ایگزیکٹو آفیسر



جاوید علی غوری
چیئرمین

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Matco Foods Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Matco Foods Limited** as at **December 31, 2020** and the related 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, and notes to the unconsolidated condensed interim financial statements for the six-months period then ended (here-in-after referred to as the “unconsolidated condensed interim financial statements”). Management is responsible for the preparation and presentation of these unconsolidated condensed interim 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 unconsolidated condensed interim financial statements based on our review.

The figures of unconsolidated condensed interim financial statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarter ended December 31, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2020.

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 unconsolidated condensed interim 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.

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



Grant Thornton Anjum Rahman
Chartered Accountants

Karachi

Date: February 25, 2021

Half Yearly Accounts

Unconsolidated

December 31, 2020

(Unaudited)



Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

		Un-Audited December 31, 2020	Audited June 30, 2020
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,777,379	4,938,036
Intangible assets	7	-	-
Right-of-use assets		154,850	159,940
Long term deposits		14,425	12,578
Long term investments	8	55,583	55,583
Total non-current assets		5,002,237	5,166,137
Current assets			
Stores, spares and loose tools		60,026	45,022
Stock in trade	9	7,578,603	6,642,523
Trade debts	10	902,363	1,334,501
Loans and advances		140,092	118,620
Trade deposits and short term prepayments		6,328	8,164
Short-term investment		315	263
Other receivables		184,188	171,694
Taxation - net		31,527	51,069
Cash and bank balances	11	226,654	298,290
Total current assets		9,130,096	8,670,146
Assets classified as held for sale	12	165,000	-
Total assets		14,297,333	13,836,283

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

		Un-Audited December 31, 2020	Audited June 30, 2020
		-----Rupees in '000-----	
Note			
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (June 30, 2020: 200,000,000) shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital	13	1,224,007	1,224,007
Capital reserve		680,467	680,467
Unappropriated profit		2,147,778	2,241,381
Surplus on revaluation of property, plant and equipment - net of tax		2,608,982	2,622,193
Total shareholders' equity		6,661,234	6,768,048
Non-current liabilities			
Long-term finances-secured	14	436,728	396,448
Lease liabilities		114,002	120,977
Deferred liabilities	15	224,086	205,636
Deferred grant		1,219	2,317
Total non-current liabilities		776,035	725,378
Current liabilities			
Trade and other payables		517,466	1,015,172
Advance from customers - secured		26,134	51,979
Accrued mark-up		61,807	56,306
Due to related parties		6,971	6,971
Short-term borrowings-secured	16	6,078,036	5,115,897
Current portion of deferred grant		6,516	3,807
Current portion of long term finances-secured	14	139,212	57,673
Current portion of lease liabilities		23,128	21,497
Unpaid dividend		794	13,555
Total current liabilities		6,860,064	6,342,857
Total liabilities		7,636,099	7,068,235
Contingencies and commitments			
17			
Total equity and liabilities		14,297,333	13,836,283

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Unconsolidated Condensed Interim Statement of Profit Or Loss

For The Six Months Period Ended December 31, 2020

		Six months ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		Un-Audited	Un-Audited	Un-Audited	Un-Audited
	Note	-----Rupees in '000-----			
Sales - net	18	5,340,715	3,792,728	2,545,154	1,685,565
Cost of sales	19	(4,917,649)	(3,289,666)	(2,287,311)	(1,437,976)
Gross profit		423,066	503,062	257,843	247,589
Operating expenses					
Selling and distribution		(92,328)	(95,496)	(41,741)	(51,410)
Administrative		(143,320)	(142,420)	(77,811)	(79,920)
		(235,648)	(237,916)	(119,552)	(131,330)
Operating profit		187,418	265,146	138,291	116,259
Financial charges		(131,320)	(153,879)	(68,098)	(86,375)
Exchange loss		(73,979)	(13,064)	(19,628)	(924)
		(17,881)	98,203	50,565	28,960
Other operating income		30,984	16,687	24,430	10,982
Profit before income tax		13,103	114,890	74,995	39,942
Taxation		(52,069)	(37,034)	(31,183)	(18,516)
(Loss)/profit for the period		(38,966)	77,856	43,812	21,426
-----Rupees-----					
(Loss)/earnings per share - Basic and Diluted	20	(0.32)	0.64	0.36	0.18

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For The Six Months Period Ended December 31, 2020

	Six months ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	-----Rupees in '000-----			
(LOSS)/PROFIT FOR THE PERIOD	(38,966)	77,856	43,812	21,426
Other comprehensive income				
Items that may be reclassified to statement of profit or loss subsequently	-	-	-	-
Items that will not be reclassified to statement of profit or loss subsequently	-	-	-	-
Remeasurement of defined benefit obligation	(12,767)	(9,282)	-	-
Other comprehensive loss	(12,767)	(9,282)	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(51,733)	68,574	43,812	21,426

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Changes In Equity

For The Six Months Period Ended December 31, 2020 (Un-Audited)

	Issued, subscribed and paid up share capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
	----- Rupees in '000' -----				
Balance as at July 01, 2019	1,224,007	680,467	2,157,355	445,145	4,506,974
Total comprehensive income for the period					
Profit for the period	-	-	77,856	-	77,856
Other comprehensive loss	-	-	(9,282)	-	(9,282)
Total comprehensive income	-	-	68,574	-	68,574
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	9,596	(9,596)	-
Transactions with owners					
Dividend paid @ Rs. 0.07 per share	-	-	(85,680)	-	(85,680)
Balance as at December 31, 2019	1,224,007	680,467	2,149,845	435,549	4,489,868
Balance as at July 01, 2020	1,224,007	680,467	2,241,381	2,622,193	6,768,048
Total comprehensive income for the period					
Loss for the period	-	-	(38,966)	-	(38,966)
Other comprehensive loss	-	-	(12,767)	-	(12,767)
Total comprehensive loss	-	-	(51,733)	-	(51,733)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	13,211	(13,211)	-
Transactions with owners					
Dividend paid @ Rs. 0.45 per share	-	-	(55,081)	-	(55,081)
Balance as at December 31, 2020	1,224,007	680,467	2,147,778	2,608,982	6,661,234

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Unconsolidated Condensed Interim Statement of Cash Flows

For The Six Months Period Ended December 31, 2020

		Six months ended	
		December 31, 2020 (Un-audited)	December 31, 2019 (Un-audited)
Note		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	21	(804,532)	(828,638)
		(2,977)	(1,281)
		(38,189)	(40,718)
		(119,978)	(146,785)
		(965,676)	(1,017,422)
CASH FLOWS FROM INVESTING ACTIVITIES			
		(124,495)	(162,180)
		15,547	3,338
		(5,937)	(394)
		(1,847)	(1,417)
	8	-	(24,500)
		(116,732)	(185,153)
CASH FLOWS FROM FINANCING ACTIVITIES			
		121,819	(47,584)
		(5,344)	(687)
		(67,842)	(72,613)
		962,139	1,803,105
		1,010,772	1,682,221
		(71,636)	479,646
		298,290	78,381
		226,654	558,027

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

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 (Now: Companies Act, 2017). The Company was listed on Pakistan Stock Exchange Limited on February 13, 2018. The principal activity of the Company is to carry out the business of processing, export of rice, rice glucose, rice protein and trade of biscuits, pink salt, bran oil, masala and kheer. The registered office of the Company is situated at B-1/A, S.I.T.E.-II Phase 1, Super Highway Industrial Area, Karachi; whereas the factories of the Company are situated at (i) Plot A-15 & 16, SITE-II, Super highway Karachi; (ii) A-21, SITE-II, Super highway Karachi; (iii) G-205, SITE-II, Super highway Karachi and (iv) 50 KM G.T Road, Sadhoke, Tehsil Kamoke, District Gujranwala.

The Company has 100% ownership in JKT General Trading FZE (subsidiary) a U.A.E. based company which is situated at P.O.Box 123347, Sharjah - U.A.E, and registered with Government of Sharjah. The business of the subsidiary is purchasing and selling of processed rice.

The Company has 99.99% ownership in Matco Marketing (Private) Limited (subsidiary) which was incorporated on June 16, 2016 with authorized and paid-up share capital of PKR 10,000,000 and PKR 7,500,000 respectively. The subsidiary is situated at B-1/A, S.I.T.E. Phase 1, Super Highway Industrial Area, Karachi. However, no business activity has been carried out by the subsidiary since its incorporation.

Matco Foods Limited has 49% ownership in Barentz Pakistan (Private) Limited which was incorporated on June 28, 2019 with authorized and paid-up capital of PKR 100,000,000 and PKR 50,000,000 respectively.

2 SIGNIFICANT EVENTS AND TRANSACTIONS

During the current period, the Board of directors approved the sale of its existing land at G- 06, Eastern Industrial Zone, Bin Qasim amounting to Rs. 165 million as discussed in note 12 to these unconsolidated condensed interim financial statements. The asset, therefore, has been classified under "IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations".

3 BASIS OF PREPARATION

3.1 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;
- 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.

3.2 These unconsolidated condensed interim 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, 2020.

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

3.3 Standards, Amendments and Interpretations to Approved Accounting Standards

Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current period.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
-----------------------------------	--

IFRS 16 - Covid-19 Related rent concessions (Amendments to IFRS 16)	June 1, 2020
Adoption of the above standard have no significant effect on the amounts for the period ended December 31, 2020.	

3.4 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 9 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendments to IFRS 9)	January 1, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
IAS 16 - Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
IAS 41 - Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the unconsolidated condensed interim financial statements of the Company.	

3.4.1 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

4 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, 2020 unless otherwise specified.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated condensed interim 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 unconsolidated condensed interim financial statements, 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 that applied to the audited annual financial statements of the Company for the year ended June 30, 2020.

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	-----Rupees in '000-----	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	4,696,959	4,876,056
Capital work in progress	6.2	80,420	61,980
		<u>4,777,379</u>	<u>4,938,036</u>

6.1 Details of additions and disposals to fixed operating assets during the six months ended December 31, 2020 are as follows:

		Additions at cost	Disposals / Transfers at net book value
	Note	-----Rupees in '000-----	
Factory building		2,303	-
Land	12	-	165,000
Plant and machinery		15,345	-
Electric cables and fitting		180	-
Furniture and fixture		61	-
Motor vehicles		15,478	3,049
Office equipment		1,303	-
Factory equipment		9,873	-
Computers		34	-
Mobile phone		882	17
Generator		65	-
December 31, 2020		<u>45,524</u>	<u>168,066</u>
June 30, 2020		<u>252,812</u>	<u>3,682</u>

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

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

	(Un-Audited) December 31, 2020 -----Rupees in '000-----	(Audited) June 30, 2020
Opening balance	61,979	6,258
Additions during the period	84,907	61,979
	146,886	68,237
Transferred to operating fixed assets	(66,466)	(6,258)
Closing balance	80,420	61,979

7 INTANGIBLE ASSETS

This represent fully amortised computer software having cost of Rs. 14.71 million.

8 LONG-TERM INVESTMENTS

JKT General Trading (FZE)	8.1	23,583	23,583
Matco Marketing (Private) Limited	8.2	7,500	7,500
Barentz Pakistan (Private) Limited	8.3	24,500	24,500
		55,583	55,583

8.1 On October 8, 2013, the Company incorporated a new wholly owned subsidiary, JKT General Trading FZE in U.A.E. The principal activities are general trading, export / import and other related activities. The Company has made an equity investment of USD 255,000 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.

8.2 On November 13, 2017, the Company has subscribed 749,996 shares out of 750,000 shares of Matco Marketing (Private) Limited. However, Matco Marketing (Private) Limited has not commenced its operations since incorporation.

8.3 On June 28, 2019, the company has been incorporated in Paksitan as per agreement between Matco Foods Limited and Barentz International B.V. Matco Foods Limited has subscribed 49% of total shahreholding of Rs. 50 million, thereby, constituting a joint venture.

	(Un-Audited) December 31, 2020 -----Rupees in '000-----	(Audited) June 30, 2020
9 STOCK IN TRADE		
Raw materials	5,917,778	5,435,051
Packing materials	165,793	85,443
Work in process	-	-
Finished goods	1,514,726	1,141,723
	7,598,297	6,662,217
Provision for slow moving / obsolete items	(19,694)	(19,694)
	7,578,603	6,642,523

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

10 TRADE DEBTS

Considered good

- Export - secured
- Local - unsecured

(Un-Audited) December 31, 2020	(Audited) June 30, 2020
-----Rupees in '000-----	

778,562	1,192,598
123,801	141,903
902,363	1,334,501

10.1 Borrowings are secured by way of charge over trade debts of the Company.

(Un-Audited) December 31, 2020	(Audited) June 30, 2020
-----Rupees in '000-----	

11 CASH AND BANK BALANCES

- Cash in hand
- Cash at bank
- Term deposit certificates

4,404	5,139
221,050	291,951
1,200	1,200
226,654	298,290

12 ASSETS CLASSIFIED AS HELD FOR SALE

Certain assets (land) have been classified as held for sale due to the decision of the directors of the Company to sale its existing land at G- 06, Eastern Industrial Zone, Bin Qasim . 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 was made in these unconsolidated condensed interim financial statements.

13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

(Un- December 31, 2020 (Number of shares)	(Audited) June 30, 2020
--	-------------------------------

(Un-Audited) December 31, 2020	(Audited) June 30, 2020
-----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
66,057,535	66,057,535	- issued as fully paid bonus shares	660,575	660,575
122,400,698	122,400,698		1,224,007	1,224,007

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

(Un-Audited) December 31, 2020	(Audited) June 30, 2020
-----Rupees in '000-----	

14 LONG TERM FINANCES - SECURED

From banking companies and financial institution:

- MCB Bank Limited	155,274	166,075
- Pak Oman Investment Company Limited	80,136	24,566
- Soneri Bank Limited	30,000	30,000
- Habib Bank Limited	93,855	98,829
- MCB Islamic Limited	148,180	69,633
- Meezan Bank Limited	68,495	65,018
	<u>575,940</u>	<u>454,121</u>
Current portion of long term finances	<u>(139,212)</u>	<u>(57,673)</u>
	<u>436,728</u>	<u>396,448</u>

- 14.1 The Company has obtained long term finance facility from various banks for plant & machinery expansion. The facilities available from different banks are secured by way of 1st pari passu hypothecation charge of present and future fixed assets (excluding land and building) of the Company.

15 DEFERRED LIABILITIES

Staff gratuity scheme - unfunded	129,713	105,601
Deferred tax liability	94,373	100,035
	<u>224,086</u>	<u>205,636</u>

16 SHORT-TERM BORROWINGS SECURED

Export re-finance	4,396,949	3,931,349
Own resource	1,516,282	893,066
FE-25 Scheme	-	266,616
Foreign bills purchased/negotiated	164,805	24,866
	<u>6,078,036</u>	<u>5,115,897</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The current status of the contingencies is same as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2020, except for the below mentioned updates.

This contingency has been explained in note 19.1.6 to the financial statement of the year ended June 30, 2020. Subsequently, the Company has obtained the stay order from the Sindh High court (SHC) on October 15, 2020 against the gas distribution companies for recovering of outstanding GIDC and disconnection of gas supply. The Company estimates that potential exposure in respect of GIDC would be Rs. 16 million. In view of the stay order, management is of the view that since the company has neither collected nor passed the burden of its cess to its customers therefore the company is under no obligation to pay GIDC, hence no provision is recorded in these unconsolidated condensed interim financial statements.

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

17.2 Commitments

Letter of credit
Letter of guarantee

(Un-Audited) December 31, 2020	(Audited) June 30, 2020
-----Rupees in '000-----	
-	24,580
15,398	15,398
15,398	39,978

18 SALES - NET

Export sales
Local sales

Sales discount / return
Sales tax
Freight
Clearing & Forwarding

Un-Audited December 31, 2020	Un-Audited December 31, 2019
-----Rupees in '000-----	
4,138,742	2,922,414
1,406,841	973,813
5,545,583	3,896,227
(27,373)	(15,502)
(14,456)	(5,728)
(141,769)	(61,531)
(21,270)	(20,738)
5,340,715	3,792,728

19 COST OF SALES

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

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

Cost of goods available for sale

Balance carried forward

4,446,486	3,134,538
243,985	146,486
68,433	38,070
4,758,904	3,319,094
213,282	172,798
86,247	67,399
794	392
4,194	4,906
20,538	8,633
13,886	6,523
31,451	22,856
8,284	7,671
6,761	6,621
7,076	7,965
300	441
3,642	3,052
2,295	1,014
103,331	95,520
10,421	5,324
19,246	310
5,290,652	3,730,519
5,290,652	3,730,519

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

		Un-Audited December 31, 2020	Un-Audited December 31, 2019
		-----Rupees in '000-----	
	<i>Balance brought forward</i>	5,290,652	3,730,519
	Finished goods		
	Opening stock	1,141,723	882,396
	Closing stock	(1,514,726)	(1,323,249)
		(373,003)	(440,853)
		4,917,649	3,289,666
20	(LOSS)/EARNINGS PER SHARE - BASIC & DILUTED		
	Basic (loss)/earnings per share		
	(Loss)/Profit for the period (Rupees in thousands)	(38,966)	77,856
	Number of ordinary shares	122,400,698	122,400,698
	(Loss)/Earnings per share	(0.32)	0.64
20.1	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.		
21	CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES		
		Note	
	Profit before taxation	13,103	114,890
	Adjustments for non-cash charges and other items:		
	Depreciation	128,113	119,400
	Exchange loss - net	73,979	13,064
	Finance cost	125,479	153,879
	Gain on disposal of property, plant and equipment	(12,481)	(1,823)
	Provision for staff gratuity	14,322	14,677
	Unrealized gain on short term investment	(52)	(70)
	Amortization of deferred income	-	(65)
	Working capital changes	(1,146,995)	(1,242,590)
	Cash used in operations	(804,532)	(828,638)
21.1	Working capital changes		
	(Increase)/ decrease in current assets		
	Stores, spares and loose tools	(15,004)	(1,373)
	Stock-in-trade	(936,080)	(1,594,558)
	Trade debts - considered good	358,159	115,815
	Loans and advances	(21,472)	127,370
	Trade deposits and prepayments	1,836	(1,528)
	Other receivables	(12,494)	33,225
	<i>Balance carried forward</i>	(625,055)	(1,321,049)

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

Balance brought forward

Increase/(decrease) in current liabilities

Trade and other payables

Deferred grant

Advance from customers - secured

Net increase in working capital

Un-Audited December 31, 2020	Un-Audited December 31, 2019
-----Rupees in '000-----	
(625,055)	(1,321,049)
(497,706)	69,193
1,611	-
(25,845)	9,266
(1,146,995)	(1,242,590)

22 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

22.1 Financial risk

The Company's activities expose 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 statements does not include all the financial risk management information and disclosures required in the audited annual financial statements.

22.2 Fair value of financial assets and liabilities

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

23 TRANSACTIONS WITH RELATED PARTIES

23.1 Transactions with related parties, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

				(Un-Audited) December 31, 2020	(Un-Audited) December 31, 2019
				-----Rupees in '000-----	
Nature of relationship	Percentage of Holding	Transactions			
Directors		Godown rent paid to director		8,352	8,106
Subsidiary					
JKT General Trading FZE	100%	Sales		14,919	10,080
		Payment received on account of sales		14,919	10,080
Matco Marketing (Private) Limited	99.99%	Advance outstanding		6,971	7,108
Joint Venture					
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf		99,553	8,175
		Payment received on account of expenses		60,520	13,168
		Receivable against expenses		39,033	-
		Interest Income		1,677	-
		Interest receivable		1,677	-
		Commission paid		252	-
Associates based on common directorship					
Matco Engineering Co (Private) Limited	0%	Paid expenses on behalf		5	23
		Payment received on account of expenses		1,085	23
		Receivable against expenses		537	528

Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

Trust operated by the Company

Ghori Trust 0%

Paid expenses on behalf

Receivable against expenses

Payment received on account of expenses

Donation paid

(Un-Audited) December 31, 2020	(Un-Audited) December 31, 2019
-----Rupees in '000-----	

2,403 1,449

3,608 582

1,500 -

3,042 -

24 OPERATING SEGMENT

These unconsolidated condensed interim financial statements have been prepared on the basis of a single reportable segment.

24.1 Revenue from sale of rice represents 91.3% (December 31, 2019: 94.97%) of the total revenue of the Company. Whereas 7.9% (December 31, 2019: 4.18%) represents revenue from sale of rice glucose and remaining represents other items.

24.2 All non-current assets of the Company as at December 31, 2020 are located in Pakistan except investment in JKT General Trading (FZE) which is disclosed in note 8 of these unconsolidated condensed interim financial statements. Further, debtors from rice represents 93.55% (June 30 2020: 96.39%) of the total debtors.

25 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 18, 2021, by the board of directors of the Company.

26 GENERAL

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

26.2 Comparative figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in these unconsolidated condensed interim financial statements. However, no material reclassification has been made.



Chief Executive Officer



Chief Financial Officer



Director

FALAK®

Fries Masala



Half Yearly Accounts

Consolidated

December 31, 2020

(Unaudited)



Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

		Un-Audited December 31, 2020	Audited June 30, 2020
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,777,379	4,938,036
Intangible assets	7	-	-
Right-of-use assets		154,850	159,940
Long term deposits		14,425	12,578
Long term investments	8	15,794	18,648
Total non-current assets		4,962,448	5,129,202
Current assets			
Stores, spares and loose tools		60,026	45,022
Stock in trade	9	7,578,603	6,642,523
Trade debts	10	917,643	1,374,153
Loans and advances		140,092	118,620
Trade deposits and short term prepayments		6,706	9,884
Short-term investment		315	263
Other receivables		185,256	171,398
Taxation - net		31,527	51,069
Cash and bank balances	11	237,324	305,250
Total current assets		9,157,492	8,718,182
Assets classified as held for sale	12	165,000	-
Total assets		14,284,940	13,847,384

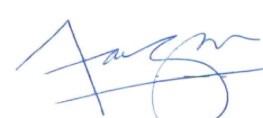
The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2020

		Un-Audited December 31, 2020	Audited June 30, 2020
	Note	-----Rupees in '000-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (June 30, 2020: 200,000,000) shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital	13	1,224,007	1,224,007
Capital reserve		680,467	680,467
Exchange revaluation reserve		16,940	19,585
Unappropriated profit		2,143,834	2,238,960
Surplus on revaluation of property, plant and equipment - net of tax		2,608,982	2,622,193
Total shareholders' equity		6,674,230	6,785,212
Non-current liabilities			
Long-term finances-secured	14	436,728	396,448
Lease liabilities		114,002	120,977
Deferred liabilities	15	224,342	205,906
Deferred grant		1,219	2,317
Total non-current liabilities		776,291	725,648
Current liabilities			
Trade and other payables		498,792	1,015,810
Advance from customers - secured		26,134	51,979
Accrued mark-up		61,807	56,306
Short-term borrowings-secured	16	6,078,036	5,115,897
Current portion of deferred grant		6,516	3,807
Current portion of long term finances-secured	14	139,212	57,673
Current portion of lease liabilities		23,128	21,497
Unpaid dividend		794	13,555
Total current liabilities		6,834,419	6,336,524
Total liabilities		7,610,710	7,062,172
Contingencies and commitments	17		
Total equity and liabilities		14,284,940	13,847,384

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Condensed Interim Statement of Profit or Loss

For The Six Months Period Ended December 31, 2020

	Note	Six months ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		Un-Audited	Un-Audited	Un-Audited	Un-Audited
		-----Rupees in '000-----			
Sales - net	18	5,343,450	3,794,146	2,547,889	1,685,553
Cost of sales	19	(4,917,649)	(3,289,666)	(2,287,311)	(1,437,976)
Gross profit		425,801	504,480	260,578	247,577
Operating expenses					
Selling and distribution		(92,328)	(105,625)	(41,741)	(54,166)
Administrative		(144,563)	(143,188)	(78,663)	(80,573)
		(236,891)	(248,813)	(120,404)	(134,739)
Operating profit		188,910	255,667	140,173	112,838
Financial charges		(131,485)	(153,736)	(68,163)	(86,133)
Share of loss from associated company		(2,854)	(5,404)	(1,636)	(1,685)
Exchange loss		(73,979)	(13,064)	(19,628)	(924)
		(19,408)	83,463	50,746	24,096
Other operating income		30,988	16,687	24,434	10,982
Profit before income tax		11,580	100,150	75,180	35,078
Taxation		(52,069)	(37,034)	(31,183)	(18,516)
(Loss)/profit for the period		(40,489)	63,116	43,997	16,562
-----Rupees-----					
(Loss)/earnings per share - Basic and Diluted	20	(0.33)	0.52	0.36	0.14

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Comprehensive Income

For The Six Months Period Ended December 31, 2020

	Six months ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	Un-Audited	Un-Audited	Un-Audited	Un-Audited
	-----Rupees in '000-----			
(LOSS)/PROFIT FOR THE PERIOD	(40,489)	63,116	43,997	16,562
Other comprehensive income				
Items that may be reclassified to statement of profit or loss subsequently	-	-	-	-
- Exchange difference on translation of foreign currency	(2,645)	(2,810)	-	-
Items that will not be reclassified to statement of profit or loss subsequently	-	-	-	-
Remeasurement of defined benefit obligation	(12,767)	(9,282)	-	-
Other comprehensive loss	(15,412)	(12,092)	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(55,901)	51,024	43,997	16,562

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Changes In Equity
For The Six Months Period Ended December 31, 2020 (Un-Audited)

Balance as at July 01, 2019

Total comprehensive income for the period

Profit for the period

Other comprehensive income/(loss)

Total comprehensive income

Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax

Transactions with owners

Dividend paid @ Rs. 0.07 per share

Balance as at December 31, 2019

Balance as at July 01, 2020

Total comprehensive income for the period

Profit for the period

Other comprehensive loss

Total comprehensive income

Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax

Transactions with owners

Dividend paid @ Rs. 0.45 per share

Balance as at December 31, 2020

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.

Issued, subscribed and paid up capital	Capital reserve	Exchange Revaluation Reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment - net of tax	Equity attributable to the Holding Company 's shareholders	Total
----- Rupees in '000' -----						
1,224,007	680,467	18,361	2,167,424	445,145	4,535,404	4,535,404
-	-	-	63,116	-	63,116	63,116
-	-	(2,810)	(9,282)	-	(12,092)	(12,092)
-	-	(2,810)	53,834	-	51,024	51,024
-	-	-	9,596	(9,596)	-	-
-	-	-	(85,680)	-	(85,680)	(85,680)
1,224,007	680,467	15,551	2,145,174	435,549	4,500,748	4,500,748
1,224,007	680,467	19,585	2,238,960	2,622,193	6,785,212	6,785,212
-	-	-	(40,489)	-	(40,489)	(40,489)
-	-	(2,645)	(12,767)	-	(15,412)	(15,412)
-	-	(2,645)	(53,256)	-	(55,901)	(55,901)
-	-	-	13,211	(13,211)	-	-
-	-	-	(55,081)	-	(55,081)	(55,081)
1,224,007	680,467	16,940	2,143,834	2,608,982	6,674,230	6,674,230



Chief Executive Officer



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Cash Flows

For The Six Months Period Ended December 31, 2020

		Six months ended	
		December 31, 2020 (Un-audited)	December 31, 2019 (Un-audited)
Note		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	21	(800,852)	(833,581)
		(2,991)	(1,316)
		(38,189)	(40,718)
		(120,143)	(146,643)
		(2,645)	(2,810)
		(964,820)	(1,025,068)
CASH FLOWS FROM INVESTING ACTIVITIES			
		(124,495)	(162,180)
		15,547	3,338
		(5,937)	(394)
		(1,847)	(1,417)
	8	2,854	(19,096)
		(113,878)	(179,749)
CASH FLOWS FROM FINANCING ACTIVITIES			
		121,819	(47,584)
		(5,344)	(687)
		(67,842)	(72,613)
		962,139	1,803,105
		1,010,772	1,682,221
Net (decrease)/increase in cash and cash equivalents		(67,926)	477,404
Cash and cash equivalents at the beginning of the period		305,250	84,197
Cash and cash equivalents at the end of the period		237,324	561,601

The annexed notes from 1 to 26 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

1 LEGAL STATUS AND OPERATIONS

The 'Group' consists of:

Holding Company

- Matco Foods Limited (the Holding Company)

Subsidiary Company

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

Associated Company

- Barentz Pakistan (Private) Limited

The Group is engaged in the business of processing and export of rice, glucose, protein and flour, manufacturing, general trading, exports/imports and other related activities. Brief profile of the Holding Company, subsidiaries and associated company is 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 (Now: Companies Act, 2017). The Company was listed on Pakistan Stock Exchange Limited on February 13, 2018. The principal activity of the Company is to carry out the business of processing, export of rice, rice glucose, rice protein and trade of biscuits, pink salt, bran oil, masala and kheer. The registered office of the Company is situated at B-1/A, S.I.T.E.-II Phase 1, Super Highway Industrial Area, Karachi; whereas the factories of the Company are situated at (i) Plot A-15 & 16, SITE-II, Super highway Karachi; (ii) A-21, SITE-II, Super highway Karachi; (iii) G-205, SITE-II, Super highway Karachi and (iv) 50 KM G.T Road, Sadhoke, Tehsil Kamonki, 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 establishment is purchasing and selling of processed rice.

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

The subsidiary has been established on October 8, 2013.

c) Matco Marketing (Private) Limited

The Group has incorporated another subsidiary Matco Marketing (Private) Limited through 99.99% ownership. The subsidiary is situated at B-01/A, S.I.T.E, Phase 1, Super Highway Industrial Area, Karachi. Matco Marketing (Private) Limited was incorporated on June 16, 2016 with authorized and paid-up share capital of PKR 10 million and PKR 7.5 million respectively. However, no business carried out by the Subsidiary Company since its incorporation.

d) Barentz Pakistan (Private) Limited

The Barentz Pakistan (Private) Limited (a joint venture between Barentz International B.V and Matco Foods Limited with holding of 51% and 49% respectively) has been incorporated in Pakistan on June 28, 2019 with the approval of Securities & Exchange Commission of Pakistan and Competition Commission of Pakistan.

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

2 SIGNIFICANT EVENTS AND TRANSACTIONS

During the current period, the Board of directors approved the sale of its existing land at G- 06, Eastern Industrial Zone, Bin Qasim amounting to Rs. 165 million as discussed in note 12 to these consolidated condensed interim financial statements. The asset, therefore, has been classified under "IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations".

3 BASIS OF PREPARATION

3.1 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;
- 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.

3.2 These consolidated condensed interim 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, 2020.

3.3 Standards, Amendments and Interpretations to Approved Accounting Standards

Standards, amendments and interpretations to the published standards that are relevant to the Group and adopted in the current year

The Group has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current period.

Standard or Interpretation

Effective Date (Annual periods beginning on or after)

IFRS 16 - Covid-19 Related rent concessions (Amendments to IFRS 16)

June 1, 2020

Adoption of the above standard have no significant effect on the amounts for the period ended December 31, 2020.

3.4 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation

Effective Date (Annual periods beginning on or after)

IFRS 9 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendments to IFRS 9)

January 1, 2022

Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

January 1, 2022

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

IAS 16 - Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
IAS 41 - Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022

The Group is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the consolidated condensed interim financial statements of the Group.

3.4.1 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 17 'Insurance Contracts'	January 1, 2023
IFRS 1 'First-time Adoption of International Financial Reporting Standards'	July 1, 2009

4 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, 2020 unless otherwise specified.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated condensed interim 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 consolidated condensed interim 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, 2020.

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
6	PROPERTY, PLANT AND EQUIPMENT	Note	-----Rupees in '000-----
	Operating fixed assets	6.1	4,696,959
	Capital work in progress	6.2	80,420
			<u>4,777,379</u>
			<u>4,938,036</u>

6.1 Details of additions and disposals to fixed operating assets during the six months ended December 31, 2020 are as follows:

	Note	Additions at cost	Disposals / Transfers at net book value
		-----Rupees in '000-----	
Factory building		2,303	-
Land	12	-	165,000
Plant and machinery		15,345	-
Electric cables and fitting		180	-
Furniture and fixture		61	-
Motor vehicles		15,478	3,049
Office equipment		1,303	-
Factory equipment		9,873	-
Computers		34	-
Mobile phone		882	17
Generator		65	-
December 31, 2020		<u>45,524</u>	<u>168,066</u>
June 30, 2020		<u>252,812</u>	<u>3,682</u>

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

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	-----Rupees in '000-----	
Opening balance	61,979	6,258
Additions during the period	84,907	61,979
	146,886	68,237
Transferred to operating fixed assets	(66,466)	(6,258)
Closing balance	<u>80,420</u>	<u>61,979</u>

7 INTANGIBLE ASSETS

This represent fully amortised computer software having cost of Rs. 14.71 million.

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	Note	-----Rupees in '000-----	
8 LONG-TERM INVESTMENTS			
Balance at beginning of the period		18,648	-
Addition		-	24,500
Share of loss for the year - net of tax		(2,854)	(5,852)
		<u>15,794</u>	<u>18,648</u>
8.1	On June 28, 2019, the company has been incorporated in Paksitan as per agreement between Matco Foods Limited and Barentz International B.V. Matco Foods Limited has subscribed 49% of total shahreholding of Rs. 50 million, thereby, constituting a joint venture.		
9 STOCK IN TRADE			
Raw materials		5,917,778	5,435,051
Packing materials		165,793	85,443
Work in process		-	-
Finished goods		<u>1,514,726</u>	<u>1,141,723</u>
		<u>7,598,297</u>	<u>6,662,217</u>
Provision for slow moving / obsolete items		(19,694)	(19,694)
		<u>7,578,603</u>	<u>6,642,523</u>
		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
		-----Rupees in '000-----	
10 TRADE DEBTS			
Considered good			
- Export - secured		793,840	1,232,250
- Local - unsecured		123,801	141,902
		<u>917,641</u>	<u>1,374,152</u>
10.1	Borrowings are secured by way of charge over trade debts of the Group.		
		(Un-Audited) December 31, 2020	(Audited) June 30, 2020
		-----Rupees in '000-----	
11 CASH AND BANK BALANCES			
Cash in hand		4,404	5,139
Cash at bank		231,720	298,911
Term deposit certificates		1,200	1,200
		<u>237,324</u>	<u>305,250</u>

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

12 ASSETS CLASSIFIED AS HELD FOR SALE

Certain assets (land) have been classified as held for sale due to the decision of the directors of the Group to sale its existing land at G- 06, Eastern Industrial Zone, Bin Qasim . The Group 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 was made in these consolidated condensed interim financial statements.

13 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

(Un-Audited) December 31, 2020 (Number of shares)	(Audited) June 30, 2020
--	-------------------------------

Ordinary shares of Rs. 10 each:

50,340,213	50,340,213
6,002,950	6,002,950
66,057,535	66,057,535
122,400,698	122,400,698

- fully paid in cash
- issued for consideration other than cash
- issued as fully paid bonus shares

(Un-Audited) December 31, 2020 -----Rupees in '000-----	(Audited) June 30, 2020
--	-------------------------------

503,402	503,402
60,030	60,030
660,575	660,575
1,224,007	1,224,007

14 LONG TERM FINANCES - SECURED

From banking companies and financial institution:

- MCB Bank Limited
- Pak Oman Investment Company Limited
- Soneri Bank Limited
- Habib Bank Limited
- MCB Islamic Limited
- Meezan Bank Limited

155,274	166,075
80,136	24,566
30,000	30,000
93,855	98,829
148,180	69,633
68,495	65,018
575,940	454,121
(139,212)	(57,673)
436,728	396,448

Current portion of long term finances

- 14.1 The Group has obtained long term finance facility from various banks for plant & machinery expansion. The facilities available from different banks are secured by way of 1st pari passu hypothecation charge of present and future fixed assets (excluding land and building) of the Group.

(Un-Audited) December 31, 2020 -----Rupees in '000-----	(Audited) June 30, 2020
--	-------------------------------

15 DEFERRED LIABILITIES

Staff gratuity scheme - unfunded
Employees' end of service benefit
Deferred tax liability

129,713	105,601
256	270
94,373	100,035
224,342	205,906

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

16 SHORT-TERM BORROWINGS SECURED

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	-----Rupees in '000-----	
Export re-finance	4,396,949	3,931,349
Own resource	1,516,282	893,066
FE-25 Scheme	-	266,616
Foreign bills purchased/negotiated	164,805	24,866
	6,078,036	5,115,897

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The current status of the contingencies is same as disclosed in the annual audited financial statements of the Group for the year ended June 30, 2020, except for the below mentioned updates.

This contingency has been explained in note 18.1.6 to the financial statement of the year ended June 30, 2020. Subsequently, the Group has obtained the stay order from the Sindh High court (SHC) on October 15, 2020 against the gas distribution companies for recovering of outstanding GIDC and disconnection of gas supply. The Group estimates that potential exposure in respect of GIDC would be Rs. 16 million. In view of the stay order, management is of the view that since the Group has neither collected nor passed the burden of its cess to its customers therefore the company is under no obligation to pay GIDC, hence no provision is recorded in these consolidated condensed interim financial statements.

17.2 Commitments

	(Un-Audited) December 31, 2020	(Audited) June 30, 2020
	-----Rupees in '000-----	
Letter of credit	-	24,580
Letter of guarantee	15,398	15,398
	15,398	39,978

18 SALES - NET

	Un-Audited December 31, 2020	Un-Audited December 31, 2019
	-----Rupees in '000-----	
Export sales	4,141,477	2,923,832
Local sales	1,406,841	973,813
	5,548,318	3,897,645
Sales discount / return	(27,373)	(15,502)
Sales tax	(14,456)	(5,728)
Freight	(141,769)	(61,531)
Clearing & Forwarding	(21,270)	(20,738)
	5,343,450	3,794,146

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

	December 31, 2020	December 31, 2019
	-----Rupees in '000-----	
19 COST OF SALES		
Rice consumed	4,446,486	3,141,663
Packing materials consumed	243,985	146,486
Stores, spares and loose tools consumed	68,433	38,070
	4,758,904	3,326,219
Salaries, wages and benefits	213,282	172,798
Electricity and power	86,247	60,274
Telephone and mobile	794	392
Insurance	4,194	4,906
Repairs and maintenance	20,538	8,633
Fumigation charges	13,886	6,523
Diesel & water	31,451	22,856
Staff welfare	8,284	7,671
Security expenses	6,761	6,621
Godown expenses	7,076	7,965
Rent, rates and taxes	300	441
Vehicle running expenses	3,642	3,052
Medical	2,295	1,014
Depreciation	103,331	95,520
Inspection charges	10,421	5,324
Others	19,246	310
Cost of goods available for sale	5,290,652	3,730,519
Finished goods		
Opening stock	1,141,723	882,396
Closing stock	(1,514,726)	(1,323,249)
	(373,003)	(440,853)
	4,917,649	3,289,666
20 (LOSS)/EARNINGS PER SHARE - BASIC & DILUTED		
Basic (loss)/earnings per share		
(Loss)/Profit for the period (Rupees in thousands)	(40,489)	63,116
Number of ordinary shares	122,400,698	122,400,698
(Loss)/Earnings per share	(0.33)	0.52
20.1 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.		

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

21	CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES	Note	Un-Audited December 31, 2020	Un-Audited December 31, 2019
			-----Rupees in '000-----	
	Profit before taxation		11,580	100,150
	Adjustments for non-cash charges and other items:			
	Depreciation		128,113	119,400
	Exchange loss - net		73,979	13,064
	Finance cost		125,644	153,736
	Gain on disposal of property, plant and equipment		(12,481)	(1,823)
	Provision for staff gratuity		14,322	14,677
	Unrealized gain on short term investment		(52)	(70)
	Amortization of deferred income		-	(65)
	Working capital changes	21.1	(1,141,957)	(1,232,650)
	Cash used in operations		<u>(800,852)</u>	<u>(833,581)</u>
21.1	Working capital changes			
	(Increase)/ decrease in current assets			
	Stores, spares and loose tools		(15,004)	(1,373)
	Stock-in-trade		(936,080)	(1,594,558)
	Trade debts - considered good		382,531	149,217
	Loans and advances		(21,472)	127,370
	Trade deposits and prepayments		3,178	(1,895)
	Other receivables		(13,858)	31,896
			<u>(600,705)</u>	<u>(1,289,343)</u>
	Increase/(decrease) in current liabilities			
	Trade and other payables		(517,018)	47,426
	Deferred grant		1,611	-
	Advance from customers - secured		(25,845)	9,267
	Net increase in working capital		<u>(1,141,957)</u>	<u>(1,232,650)</u>

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

22 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

22.1 Financial risk

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

22.2 Fair value of financial assets and liabilities

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

23 TRANSACTIONS WITH RELATED PARTIES

23.1 Transactions with related parties, other than those which have been disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

		<div> <div>(Un-Audited) December 31, 2020</div> <div>(Un-Audited) December 31, 2019</div> </div> <div>-----Rupees in '000-----</div>		
Nature of relationship	Percentage of Holding	Transactions		
Associates based on common directorship				
Matco Engineering Co (Private) Limited	0%	Paid expenses on behalf	5	23
		Payment received on account of expenses	1,085	23
		Receivable against expenses	537	528
Trust operated by the Company				
Ghori Trust	0%	Paid expenses on behalf	2,403	1,449
		Receivable against expenses	3,608	582
		Payment received on account of expenses	1,500	-
		Donation paid	3,042	-

24 OPERATING SEGMENT

These consolidated condensed interim financial statements have been prepared on the basis of a single reportable segment.

24.1 Revenue from sale of rice represents 91.3% (December 31, 2019: 94.97%) of the total revenue of the Group. Whereas 7.9% (December 31, 2019: 4.18%) represents revenue from sale of rice glucose and remaining represents other items.

24.2 All non-current assets of the Group as at December 31, 2020 are located in Pakistan.

25 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on February 18, 2021, by the board of directors of the Group.

Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months Period Ended December 31, 2020

26 GENERAL

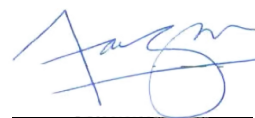
- 26.1 Figures have been rounded off to the nearest thousand of PKR, unless otherwise stated.
- 26.2 Comparative figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in these consolidated condensed interim financial statements. However, no material reclassification has been made.



Chief Executive Officer



Chief Financial Officer



Director

FALAK[®]

HIMALAYAN PINK SALT

