



MATCO FOODS LIMITED

FIRST QUARTERLY REPORT 2021



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OUR LEGACY

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

Today, Matco has over 150 global customers and exports its consumer products to over 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 Shakra-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.

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 three-months period ended September 30, 2020.

Financial Results:

Description	Unconsolidated		Consolidated	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
	-----Rupees in '000-----		-----Rupees in '000-----	
Sales – net	2,795,561	2,107,163	2,795,561	2,108,593
Cost of sales	(2,630,338)	(1,851,690)	(2,630,338)	(1,851,690)
Gross Profit	165,223	255,473	165,223	256,903
Selling and distribution	(50,587)	(44,086)	(50,587)	(51,459)
Administrative	(65,509)	(62,500)	(65,900)	(62,615)
Operating profit	49,127	148,887	48,736	142,829
Other Operating Income	6,554	6,629	6,554	6,629
Exchange gain	(54,351)	(12,140)	(54,351)	(12,140)
Financial Charges	(63,222)	(67,504)	(63,222)	(67,603)
Share of loss from Associated Company	-	-	(1,218)	(3,719)
(Loss)/Profit Before Tax	(61,892)	75,872	(63,601)	65,996
Income Tax	(20,886)	(18,518)	(20,886)	(18,518)
(Loss)/Profit for the Period	(82,778)	57,354	(84,487)	47,478
(Loss) / Earnings Per Share	(0.68)	0.47	(0.69)	0.39

During the three-months i.e. July 2020 – September 2020:

- The Company has incurred a net loss of Rs. 82.78 million in this quarter as compared to profit of Rs. 57.35 million in the last period, thereby, represent decrease of 244%.
- Increasing cost of production due to inflationary pressure and exchange loss has decreased the profit before tax by 182% as compared to last comparative period.
- The Company has exported 11,447 metric tons of basmati rice as compared to 11,427 metric tons in the last comparative period and thereby represents increase of 0.18%.
- The average export selling price per metric ton during three months was USD 995 which was USD 975 in the last comparative three months.

During the quarter, the Company has revealed losses due to export shipments of brown rice at low margin as per earlier committed deals and prices of paddy kept on increasing trend. Additionally, the Company had suffered un-usual losses on FE-25 loan agreements due to fluctuation in Dollar prices.

Future Outlook:

Before the coronavirus disease (COVID-19) outbreak, Pakistan's gross domestic product (GDP) growth for 2019–2020 was projected at 3.2%, with agriculture contributing 2.9%. However, the COVID-19 outbreak affected various channels of Pakistan's economy, slowing it down; consequently, the provisional growth of GDP for 2019–2020 has been Drop down at –0.4%. Dollar prices are on irregular trend that can be more important for future sales contracts and margins too.

In Recent development, India had applied for GI Tag in EU for basmati rice under EU Regulations on September 11, 2020. India in its application had falsely claimed basmati rice as an Indian origin despite the fact that the same rice is largely produced in Pakistan. Pakistan exports 500,000 to 700,000 tons of basmati rice to different parts of the world out of which 200,000 to 250,000 tons are being shipped to EU countries. But now India was making claims of exclusivity on basmati rice in the EU. According to laid down rules and procedures, any country can oppose the application within a time limit of three months to file an application against it, so now Pakistan has decided to file an application for opposing the right of exclusivity of India on basmati rice GI tag through REAP co-ordination. This is a very serious concern now a days, it may have negative affect on the Rice export industry if Government of Pakistan does not carry the case properly.

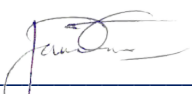
Covid-19 second wave has initiated in the country, God forbid if cases increases and Government will take again any lock down parameters that will affects supply chain locally and internationally. Overall, Utilities expenses increasing at various intervals that are increasing Cost of Goods Sold and ultimately shaping us in reduced margins.

New products segment of the Company is doing well in local & exports both and almost double in size, we are focusing well on it. Joint venture of Barentz Pakistan recently entered in a big distribution agreement with multi-national company for exclusive supply of Vitamin - AD3 throughout Pakistan in Oil & Gee industries. That will lead us to good margins in near Future.

Acknowledgement:

The Board places on record its gratitude for the hard work and dedication of every employee of the Company. The Board also appreciates and acknowledges the assistance, guidance and cooperation of all stakeholders including the Government of Pakistan, financial institutions, commercial banks, business associates, customers, and all others whose efforts and contributions strengthened the Company.

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 30 ستمبر، 2020 کو ختم ہونے والے تین ماہ کی مدت کے کمپنی اور گروپ کے غیر آڈٹ کنڈنسنڈ عبوری مالی معلومات پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالی نتائج:

Description	Unconsolidated		Consolidated	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
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(Loss)/Profit for the Period	(82,778)	57,354	(84,487)	47,478
(Loss) / Earnings Per Share	(0.68)	0.47	(0.69)	0.39

تین ماہ کے دوران یعنی جولائی 2020ء - ستمبر 2020ء:

- پچھلی مدت میں 57.35 ملین روپے کے منافع کے مقابلے میں کمپنی کو اس سہ ماہی میں 82.78 ملین روپے کا خالص خسارہ ہوا ہے، اس طرح منافع میں 244 فیصد کمی واقع ہوئی ہے۔
- مہنگائی کے دباؤ کی وجہ سے پیداواری لاگت میں اضافہ اور زر مبادلہ کے نقصان کی وجہ سے گذشتہ تقابلی مدت کے مقابلے میں ٹیکس سے پہلے منافع میں 182 فیصد کمی واقع ہوئی ہے۔
- کمپنی نے گذشتہ تقابلی مدت میں 11,427 میٹرک ٹن کے مقابلے میں 11,447 میٹرک ٹن باسمتی چاول برآمد کیا ہے اور اس طرح 0.18% فیصد اضافے کی نمائندگی کی ہے۔
- تین مہینوں کے دوران فی میٹرک ٹن اوسط برآمد قیمت 995 امریکی ڈالر تھی جو گذشتہ تقابلی تین مہینوں میں 975 امریکی ڈالر تھی۔

اس سہ ماہی کے دوران، کمپنی نے پہلے معاہدے کے مطابق کم مارجن پر بوراون چاول کی برآمدی کھیپ کی وجہ سے نقصان کا انکشاف کیا ہے اور دھان کی قیمتیں بڑھتے ہوئے رجحان پر برقرار ہیں۔ اضافی طور پر، کمپنی کو ڈالر کی قیمتوں میں اتار چڑھاؤ کے سبب ایف ای-25 قرض کے معاہدوں پر غیر معمولی نقصان اٹھانا پڑا تھا۔

مستقبل کا خاکہ:

کورونا وائرس بیماری (COVID-19) پھیلنے سے پہلے، پاکستان کی مجموعی گھریلو مصنوعات (جی ڈی پی) میں 2019-2020 کی شرح نمو 3.2 فیصد متوقع تھی، جس میں زراعت کا حصہ 2.9 فیصد تھا۔ تاہم، کوویڈ 19 کے وباء نے پاکستان کی معیشت کے مختلف چینلز کو متاثر کیا، اور اسے سست کرتے ہوئے۔ اس کے نتیجے میں، 2019-2020 کے لئے جی ڈی پی کی عارضی نمو -0.4 at پر رہ گئی ہے۔ ڈالر کی قیمتیں فاسد رجحان پر ہیں جو آئندہ فروخت کے معاہدوں اور مارجن کیلئے بھی زیادہ اہم ہوسکتی ہیں۔

حالیہ ترقی میں، ہندوستان نے 11 ستمبر، 2020 کو یورپی یونین میں باسمتی چاول کے لئے یورپی یونین میں جی آئی ٹیگ کے لئے درخواست دی تھی۔ ہندوستان نے اپنی درخواست میں باسمتی چاول کو بطور ہندوستانی نژاد دعویٰ کیا تھا اس حقیقت کے باوجود کہ یہی چاول زیادہ تر پاکستان میں پیدا ہوتا ہے۔ پاکستان دنیا کے مختلف حصوں میں 500,000 سے 700,000 ٹن باسمتی چاول برآمد کرتا ہے جس میں سے 200,000 سے 250,000 ٹن یورپی یونین کے ممالک کو بھیجے جارہے ہیں۔ لیکن اب ہندوستان یورپی یونین میں باسمتی چاول پر استثنیٰ کے دعوے کر رہا ہے۔ طے شدہ قواعد و ضوابط کے مطابق کوئی بھی ملک اس کے خلاف درخواست داخل کرنے کے لئے تین ماہ کی مدت میں درخواست کی مخالفت کرسکتا ہے، لہذا اب پاکستان نے باسمتی چاول جی آئی ٹیگ پر ہندوستان کے اخراج کے حق کی مخالفت کرنے کے لئے درخواست داخل کرنے کا فیصلہ کیا ہے بذریعہ REAP کوآرڈینیشن۔ آج کل یہ ایک بہت سنگین تشویش ہے، اگر حکومت پاکستان اس معاملے کو صحیح طریقے سے پیش نہیں کرتی تو اس سے چاول برآمد کرنے کی صنعت پر منفی اثر پڑ سکتا ہے۔

کوویڈ 19 کی دوسری لہر ملک میں شروع ہوچکی ہے، خدا نہ کریں اگر معاملات بڑھتے ہیں اور حکومت ایسی کوئی لاک ڈاؤن پیرامیٹرز لے گی جو مقامی اور بین الاقوامی سطح پر سپلائی چین کو متاثر کرے گی۔ مجموعی طور پر، افادیت کے اخراجات مختلف وقفوں سے بڑھ رہے ہیں جو سامان فروخت ہونے والی قیمت میں اضافہ کر رہے ہیں اور آخر کار ہمیں کم مارجن میں ڈھال رہے ہیں۔

کمپنی کا نیا پروڈکٹ طبقہ مقامی اور برآمدات میں بہتر کارکردگی کا مظاہرہ کر رہا ہے اور جس کا سائز دوگنا ہو رہا ہے، ہم اس پر اچھی طرح توجہ دے رہے ہیں۔ Barentz پاکستان کے مشترکہ منصوبے نے حال ہی میں تیل و گھی کی صنعتوں میں پورے پاکستان میں وٹامن - AD3 کی خصوصی فراہمی کے لئے ملٹی نیشنل کمپنی کے ساتھ بڑے تقسیم کا معاہدہ کیا۔ جو مستقبل قریب میں ہمیں اچھے مارجن کی طرف لے جائے گا۔

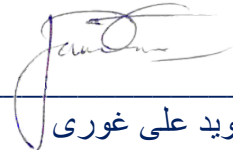
اعتراف:

بورڈ کمپنی کے ہر ملازم کی محنت اور لگن کے لئے اس کا شکریہ ادا کرتا ہے۔ بورڈ حکومت پاکستان، مالیاتی اداروں، تجارتی بینکوں، کاروباری ساتھیوں، صارفین، اور ان تمام افراد کی مدد، رہنمائی اور تعاون کو بھی سراہتا ہے جن کی کوششوں اور شراکت سے کمپنی کو تقویت ملی ہے۔

بورڈ کی جانب سے



خالد سرفراز غوری
چیف ایگزیکٹو آفیسر



جاوید علی غوری
چیئرمین

1st Quarterly Accounts

Unconsolidated

September 30, 2020

(Unaudited)



Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2020

		Un-Audited September 30, 2020	Audited June 30, 2020
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,900,329	4,938,036
Right-of-use assets		154,829	159,940
Long term deposits		12,578	12,578
Long term investments	7	55,583	55,583
Total non-current assets		5,123,319	5,166,137
Current assets			
Stores, spares and loose tools		46,025	45,022
Stock in trade	8	6,447,839	6,642,523
Trade debts	9	1,029,510	1,334,501
Loans and advances		215,854	118,620
Trade deposits and short term prepayments		8,988	8,164
Short-term investment		263	263
Other receivables		174,080	171,694
Taxation - net		37,469	51,069
Cash and bank balances	10	184,185	298,290
Total current assets		8,144,213	8,670,146
Total assets		13,267,532	13,836,283

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



 Chief Executive Officer



 Chief Financial Officer



 Director

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2020

Un-Audited September 30, 2020	Audited June 30, 2020
-----Rupees in '000-----	

EQUITY AND LIABILITIES

Share capital and reserves

Authorized share capital	2,000,000	2,000,000
Issued, subscribed and paid up share capital	1,224,007	1,224,007
Capital reserve	680,467	680,467
Unappropriated profit	2,165,208	2,241,381
Surplus on revaluation of property, plant and equipment - net of tax	2,615,587	2,622,193
Total shareholders' equity	6,685,269	6,768,048

Non-current liabilities

Long-term finances-secured	449,884	396,448
Lease liabilities	116,603	120,977
Deferred liabilities	202,125	205,636
Deferred grant	3,670	2,317
Total non-current liabilities	772,282	725,378

Current liabilities

Trade and other payables	628,812	1,015,172
Advance from customers - secured	40,855	51,979
Accrued mark-up	32,847	56,306
Due to related party	6,971	6,971
Short-term borrowings-secured	4,950,977	5,115,897
Current portion of deferred grant	6,843	3,807
Current portion of long term finances-secured	107,528	57,673
Current portion of lease liabilities	21,607	21,497
Unpaid dividend	13,541	13,555
Total current liabilities	5,809,981	6,342,857
Total liabilities	6,582,263	7,068,235
Contingencies and commitments	12	
Total equity and liabilities	13,267,532	13,836,283

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Unconsolidated Statement of Profit or Loss

For the Three-Months Period Ended September 30, 2020

	Note	Quarter ended	
		September 30, 2020	September 30, 2019
		Un-audited	Un-audited
		-----Rupees in '000-----	
Sales - net		2,795,561	2,107,163
Cost of sales	13	(2,630,338)	(1,851,690)
Gross profit		165,223	255,473
Operating expenses			
Selling and distribution		(50,587)	(44,086)
Administrative		(65,509)	(62,500)
		(116,096)	(106,586)
Operating profit		49,127	148,887
Financial charges		(63,222)	(67,504)
Exchange loss		(54,351)	(12,140)
		(68,446)	69,243
Other operating income		6,554	6,629
(Loss)/Profit before income tax		(61,892)	75,872
Taxation		(20,886)	(18,518)
(Loss)/Profit for the period		(82,778)	57,354
		-----Rupees-----	
(Loss)/Earnings per share - Basic and Diluted	14	(0.68)	0.47

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Unconsolidated Statement of Comprehensive Income

For the Three-Months Period Ended September 30, 2020

	Quarter ended	
	September 30, 2020 Un-audited	September 30, 2019 Un-audited
-----Rupees in '000-----		
(LOSS)/PROFIT FOR THE PERIOD	(82,778)	57,354
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	-	-
Other comprehensive income	-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(82,778)	57,354

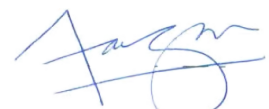
The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Unconsolidated Statement of Changes in Equity

For the Three-Months Period Ended September 30, 2020

	Issued, subscribed and paid up capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
----- Rupees in '000' -----					
Balance as at July 01, 2019	1,224,007	680,467	2,157,355	445,145	4,506,974
Total comprehensive income for the period					
Profit for the period	-	-	57,354	-	57,354
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	57,354	-	57,354
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	4,859	(4,859)	-
Balance as at September 30, 2019	<u>1,224,007</u>	<u>680,467</u>	<u>2,219,568</u>	<u>440,286</u>	<u>4,564,328</u>
Balance as at July 01, 2020	1,224,007	680,467	2,241,380	2,622,193	6,768,047
Total comprehensive income for the period					
Loss for the period	-	-	(82,778)	-	(82,778)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss	-	-	(82,778)	-	(82,778)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	6,606	(6,606)	-
Balance as at September 30, 2020	<u>1,224,007</u>	<u>680,467</u>	<u>2,165,208</u>	<u>2,615,587</u>	<u>6,685,269</u>

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Unconsolidated Statement of Cash Flows

For the Three-Months Period Ended September 30, 2020

	Note	Three months ended	
		September 30, 2020 (Un-audited)	September 30, 2019 (Un-audited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	67,253	213,505
Gratuity paid		(681)	(1,271)
Taxes paid		(10,117)	(22,343)
Finance cost paid		(83,742)	(90,205)
Net cash (used in)/generated from operating activities		(27,287)	99,686
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(20,911)	(75,563)
Proceeds from disposal of property, plant and equipment		-	-
Right of use of asset		-	-
Long term deposit		-	(504)
Long term investment	7	-	(24,500)
Net cash used in investing activities		(20,911)	(100,567)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained - net of repayment		103,291	(27,908)
Finance lease obligation obtained - net of repayment		(4,264)	(3,262)
Dividend paid		(14)	(7)
Short term finances obtained - net of repayment		(164,920)	58,188
Net cash (used in)/generated from financing activities		(65,907)	27,011
Net (decrease)/increase in cash and cash equivalents		(114,105)	26,130
Cash and cash equivalents at the beginning of the period		298,290	78,381
Cash and cash equivalents at the end of the period		184,185	104,511


The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements



Chief Executive Officer



Chief Financial Officer



Director

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Three-Months Period Ended September 30, 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

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

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; 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.

3.2 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, 2020.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Three-Months Period Ended September 30, 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 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, 2020.

6 PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited)	(Audited)
		September 30, 2020	June 30, 2020
		-----Rupees in '000-----	
Operating fixed assets	6.1	4,835,813	4,876,056
Capital work in progress	6.2	64,516	61,980
		<u>4,900,329</u>	<u>4,938,036</u>

6.1 Details of additions and disposals to operating assets during the three months ended September 30, 2020 are as follows:

	Note	Additions at cost	Deletions at net book value
		-----Rupees in '000-----	
Plant and Machinery		8,901	-
Electric cables and fitting		180	-
Furniture and fixture		31	-
Motor Vehicles		6,163	-
Office Equipment		1,143	-
Factory Equipment		1,544	-
Computers		34	-
Mobile Phone		379	-
September 30, 2020		<u>18,375</u>	<u>-</u>
June 30, 2020		<u>252,812</u>	<u>3,682</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

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

	(Un-audited) September 30, 2020 -----Rupees in '000-----	(Audited) June 30, 2020
Opening balance	61,979	6,258
Additions during the period	2,537	61,979
	64,516	68,237
Transferred to operating fixed assets	-	(6,258)
Closing balance	64,516	61,979
7 LONG-TERM INVESTMENT		
JKT General Trading (FZE)	23,583	23,583
Matco Marketing (Private) Limited	7,500	7,500
Barentz Pakistan (Private) Limited	24,500	24,500
	55,583	55,583
8 STOCK IN TRADE		
Raw materials	4,945,512	5,435,051
Packing materials	128,294	85,444
Work in process	-	-
Finished goods	1,393,727	1,141,723
	6,467,533	6,662,218
Provision for slow moving / obsolete items	(19,694)	(19,694)
	6,447,839	6,642,524
9 TRADE DEBTS		
Considered good		
- Export - secured	906,933	1,192,598
- Local - unsecured	122,577	141,902
	1,029,510	1,334,500
10 CASH AND BANK BALANCES		
Cash in hand	4,899	5,139
Cash at bank	178,086	291,951
Term deposit certificates	1,200	1,200
	184,185	298,290
11 SHORT-TERM BORROWINGS SECURED		
Export re-finance	4,374,349	3,931,349
Own resource	501,901	893,066
FE-25 Scheme	-	266,615
Foreign bills purchased/negotiated	74,727	24,866
	4,950,977	5,115,896

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There has been no significant change in contingencies as reported in Note 19 of the audited financial statements of the Company for the year ended June 30, 2020.

12.2 Commitments

	(Un-audited) September 30, 2020 -----Rupees in '000-----	(Audited) June 30, 2020
Letter of credit	-	24,580
Letter of guarantee	15,398	15,398
Forward exchange contracts to sell	983,862	-
	<u>999,260</u>	<u>39,978</u>

13 COST OF SALES

	(Un-audited) September 30, 2020 -----Rupees in '000-----	(Un-audited) September 30, 2019
Rice consumed	2,549,347	1,578,386
Packing materials consumed	95,817	70,555
Stores, spares and loose tools consumed	15,286	11,196
	<u>2,660,450</u>	<u>1,660,137</u>

Processing expenses

Salaries, wages and benefits	80,909	61,596
Electricity and power	25,722	22,842
Telephone and mobile	295	183
Insurance	2,451	2,465
Repairs and maintenance	14,371	3,719
Fumigation charges	8,744	5,925
Water charges	16,618	6,129
Canteen	1,968	2,514
Diesel and oil	2,007	1,774
Staff welfare	537	780
Security expenses	3,903	3,166
Godown expenses	3,253	3,426
Rent, rates and taxes	186	367
Vehicle running expenses	1,652	1,237
Medical	1,824	467
Depreciation	51,403	46,826
Inspection charges	5,906	3,022
Others	143	103
Cost of goods available for sale	<u>2,882,342</u>	<u>1,826,678</u>

Finished goods

Opening stock	1,141,723	882,396
Closing stock	(1,393,727)	(857,384)
	<u>(252,004)</u>	<u>25,012</u>
	<u>2,630,338</u>	<u>1,851,690</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

	(Un-audited) September 30, 2020	(Un-audited) September 30, 2019
14 (LOSS)/EARNINGS PER SHARE - BASIC & DILUTED		
Basic (loss)/earnings per share		
(Loss)/Profit for the period (Rupees in thousands)	<u>(82,778)</u>	<u>57,354</u>
Number of ordinary shares	<u>122,400,698</u>	<u>122,400,698</u>
(Loss)/Earnings per share	<u>(0.68)</u>	<u>0.47</u>

14.1 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.

	Note	(Un-audited) September 30, 2020	(Un-audited) September 30, 2019
15 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
(Loss)/Profit before taxation		(61,892)	75,872
Adjustments for non-cash charges and other items:			
Depreciation		63,729	58,533
Exchange gain/loss - net		54,351	12,140
Finance cost		60,283	67,504
Gain on disposal of property, plant and equipment		-	-
Provision for staff gratuity		-	-
Unrealized (gain)/loss on short term investment		-	-
Amortization of deferred income		-	(33)
Cash used in operations after working capital changes	15.1	<u>(49,218)</u>	<u>(511)</u>
		<u>67,253</u>	<u>213,505</u>
15.1 Working capital changes			
(Increase)/ decrease in current assets			
Stores, spares and loose tools		(1,003)	152
Stock-in-trade		194,684	101,863
Trade debts - considered goods		250,640	7,695
Loans and advances		(97,234)	(95,608)
Trade deposits and prepayments		(824)	(1,818)
Other receivables		<u>(2,386)</u>	<u>(14,004)</u>
		343,877	(1,719)
Increase/(decrease) in current liabilities			
Trade and other payables		(386,360)	4,259
Deferred grant		4,389	-
Advance from customers - secured		<u>(11,124)</u>	<u>(3,051)</u>
Net (increase)/decrease in working capital		<u>(49,218)</u>	<u>(511)</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

16 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 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.

16.2 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.

17 TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Percentage of Holding	Transactions	Note	
			(Un-audited) September 30, 2020	(Un-audited) September 30, 2019
			-----Rupees in '000-----	
Directors		Godown rent paid to director	<u>3,971</u>	<u>3,425</u>
Subsidiary				
JKT General Trading FZE	100%	Sales	<u>-</u>	<u>10,063</u>
		Receivable against sales	<u>-</u>	<u>10,063</u>
Matco Marketing (Pvt.) Ltd	100%	Payable against expenses	<u>(6,971)</u>	<u>(7,108)</u>
Joint Venture				
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf	<u>6,948</u>	<u>3,029</u>
		Payment received on behalf	<u>807</u>	<u>6,607</u>
		Receivable against expenses	<u>6,828</u>	<u>1,439</u>
Common Directors				
Matco Engineering Co (Private) Limite	0%	Paid expenses on behalf	<u>1</u>	<u>-</u>
		Receivable against expenses	<u>1,618</u>	<u>528</u>
Trust operated by the Company				
Ghori Trust	0%	Paid expenses on behalf	<u>1,447</u>	<u>770</u>
		Payment received on behalf	<u>500</u>	<u>-</u>
		Donation paid	<u>2,095</u>	<u>-</u>
		Receivable / (Payable) against expenses	<u>4,674</u>	<u>(866)</u>

18 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, 2020 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 three months period ended September 30, 2019.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

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.

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorized for issue on October 28, 2020, by the board of directors of the Company.

20 GENERAL

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



Chief Executive Officer



Chief Financial Officer



Director

1st Quarterly Accounts

Consolidated

September 30, 2020

(Unaudited)



Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2020

		Un-Audited September 30, 2020	Audited June 30, 2020
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,900,329	4,938,036
Right-of-use assets		154,829	159,940
Long term deposits		12,578	12,578
Long term investments	7	17,430	18,648
Total non-current assets		5,085,166	5,129,202
Current assets			
Stores, spares and loose tools		46,025	45,022
Stock in trade	8	6,447,839	6,642,523
Trade debts	9	1,056,633	1,374,153
Loans and advances		215,854	118,620
Trade deposits and short term prepayments		9,380	9,884
Short-term investment		263	263
Other receivables		174,106	171,398
Taxation - net		37,469	51,069
Cash and bank balances	10	202,863	305,250
Total current assets		8,190,432	8,718,182
Total assets		13,275,598	13,847,384

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2020

Un-Audited September 30, 2020	Audited June 30, 2020
-----Rupees in '000-----	

EQUITY AND LIABILITIES

Share capital and reserves

Authorized share capital	2,000,000	2,000,000
Issued, subscribed and paid up share capital	1,224,007	1,224,007
Capital reserve	680,467	680,467
Exchange revaluation reserve	18,602	19,585
Unappropriated profit	2,161,079	2,238,960
Surplus on revaluation of property, plant and equipment - net of tax	2,615,587	2,622,193
Total shareholders' equity	6,699,742	6,785,212

Non-current liabilities

Long-term finances-secured	449,884	396,448
Lease liabilities	116,603	120,977
Deferred liabilities	202,391	205,906
Deferred grant	3,670	2,317
Total non-current liabilities	772,548	725,648

Current liabilities

Trade and other payables	629,110	1,015,810
Advance from customers - secured	40,855	51,979
Accrued mark-up	32,847	56,306
Short-term borrowings-secured	4,950,977	5,115,897
Current portion of deferred grant	6,843	3,807
Current portion of long term finances-secured	107,528	57,673
Current portion of lease liabilities	21,607	21,497
Unpaid dividend	13,541	13,555
Total current liabilities	5,803,308	6,336,524
Total liabilities	6,575,856	7,062,172
Contingencies and commitments	12	
Total equity and liabilities	13,275,598	13,847,384

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Consolidated Statement of Profit or Loss

For the Three-Months Period Ended September 30, 2020

	Note	Quarter ended	
		September 30, 2020 Un-audited	September 30, 2019 Un-audited
		-----Rupees in '000-----	
Sales - net		2,795,561	2,108,593
Cost of sales	13	(2,630,338)	(1,851,690)
Gross profit		165,223	256,903
Operating expenses			
Selling and distribution		(50,587)	(51,459)
Administrative		(65,900)	(62,615)
		(116,487)	(114,074)
Operating profit		48,736	142,829
Financial charges		(63,322)	(67,603)
Exchange loss		(54,351)	(12,140)
		(68,937)	63,086
Other operating income		6,554	6,629
Share of loss from associated company		(1,218)	(3,719)
(Loss)/Profit before income tax		(63,601)	65,996
Taxation		(20,886)	(18,518)
(Loss)/Profit for the period		(84,487)	47,478
		-----Rupees-----	
(Loss)/Earnings per share - Basic and Diluted	14	(0.69)	0.39

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Consolidated Statement of Comprehensive Income

For the Three-Months Period Ended September 30, 2020

	Quarter ended	
	September 30, 2020 Un-audited	September 30, 2019 Un-audited
	-----Rupees in '000-----	
(LOSS)/PROFIT FOR THE PERIOD	(84,487)	47,478
Other comprehensive income		
Items that may be reclassified to statement of profit or loss subsequently		
- Exchange difference on translation of foreign currency	(983)	(2,077)
Items that will not be reclassified to statement of profit or loss	-	-
Other comprehensive loss	(983)	(2,077)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(85,470)</u>	<u>45,401</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Shareholders of the Holding Company	(85,470)	45,401
Non-controlling interest	-	-
	<u>(85,470)</u>	<u>45,401</u>

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Consolidated Statement of Changes in Equity

For the Three-Months Period Ended September 30, 2020

	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' -----							
Balance as at July 01, 2019	1,224,007	680,467	18,361	2,167,424	445,145	4,535,405	4,535,405
Total comprehensive income for the period							
Profit for the period	-	-	-	47,478	-	47,478	47,478
Other comprehensive loss	-	-	(2,077)	-	-	(2,077)	(2,077)
Total comprehensive income	-	-	(2,077)	47,478	-	45,401	45,401
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	4,859	(4,859)	-	-
Balance as at September 30, 2019	1,224,007	680,467	16,284	2,219,761	440,286	4,580,806	4,580,806
Balance as at July 01, 2020	1,224,007	680,467	19,585	2,238,960	2,622,193	6,785,212	6,785,212
Total comprehensive income for the period							
Profit for the period	-	-	-	(84,487)	-	(84,487)	(84,487)
Other comprehensive loss	-	-	(983)	-	-	(983)	(983)
Total comprehensive loss	-	-	(983)	(84,487)	-	(85,470)	(85,470)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	6,606	(6,606)	-	-
Balance as at September 30, 2020	1,224,007	680,467	18,602	2,161,079	2,615,587	6,699,742	6,699,742

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Condensed Interim Consolidated Statement of Cash Flows

For the Three-Months Period Ended September 30, 2020

	Note	Three months ended	
		September 30, 2020 (Un-audited)	September 30, 2019 (Un-audited)
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	78,839	206,797
Gratuity paid		(681)	(1,271)
Taxes paid		(10,117)	(22,343)
Finance cost paid		(83,842)	(90,298)
Exchange revaluation reserve		(691)	(2,077)
Net cash (used in)/generated from operating activities		(16,492)	90,808
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(20,911)	(75,563)
Long term deposit		-	(504)
Long term investment	7	1,218	(20,779)
Net cash used in investing activities		(19,693)	(96,846)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained - net of repayment		103,291	(27,908)
Finance lease obligation obtained - net of repayment		(4,264)	(3,262)
Dividend paid		(14)	(7)
Short term finances obtained - net of repayment		(164,920)	58,188
Net cash (used in)/generated from financing activities		(65,907)	27,011
Net (decrease)/increase in cash and cash equivalents		(102,092)	20,973
Cash and cash equivalents at the beginning of the period		305,250	84,197
Effect of changes in exchange reserves		(295)	(288)
Cash and cash equivalents at the end of the period		202,863	104,882

The annexed selected notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Notes to the Condensed Interim Consolidated Financial Statements

For the Three-Months Period Ended September 30, 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 Holding 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 Holding Company is listed on Pakistan Stock Exchange on February 13, 2018. Principal activity of the Holding Company is to carry on the business of processing, export of rice, rice glucose, rice protein and trade of biscuits, pink salt, bran oil, masala and kheer. Registered office of the Holding Company is situated at B-01/A, S.I.T.E, Phase 1, Super Highway Industrial Area, Karachi; whereas the factories of the Group are situated at (i) M-II, A-15 & 16, SITE-II, Super highway Karachi; (ii) Riviana, A-21, SITE-II, Super highway Karachi; (iii) Rice Glucose Plant, G-205, SITE-II, Super highway Karachi and (iv) M-III, Sadoke, 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 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 100% 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 Condensed Interim Consolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

2 SIGNIFICANT EVENTS AND TRANSACTIONS

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

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 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, 2020.

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 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, 2020.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

6	PROPERTY, PLANT AND EQUIPMENT	Note	(Un-audited)	(Audited)
			September 30, 2020	June 30, 2020
			-----Rupees in '000-----	
	Operating fixed assets	6.1	4,835,813	4,876,056
	Capital work in progress	6.2	64,516	61,980
			4,900,329	4,938,036

6.1 Details of additions and disposals to operating assets during the three months ended September 30, 2020 are as follows:

	Note	Additions at cost	Deletions at net book value
		-----Rupees in '000-----	
Plant and Machinery		8,901	-
Electric cables and fitting		180	-
Furniture and fixture		31	-
Motor Vehicles		6,163	-
Office Equipment		1,143	-
Factory Equipment		1,544	-
Computers		34	-
Mobile Phone		379	-
September 30, 2020		18,375	-
June 30, 2020		252,812	3,682

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

	(Un-audited)	(Audited)
	September 30, 2020	June 30, 2020
-----Rupees in '000-----		
Opening balance	61,979	6,258
Additions during the period	2,537	61,979
	64,516	68,237
Transferred to operating fixed assets	-	(6,258)
Closing balance	64,516	61,979

Notes to the Condensed Interim Consolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) June 30, 2020
	-----Rupees in '000-----	
7 LONG-TERM INVESTMENT		
Balance at beginning of the period	18,648	-
Addition	-	24,500
Share of loss for the year - net of tax	(1,218)	(5,852)
	<u>17,430</u>	<u>18,648</u>
8 STOCK IN TRADE		
Raw materials	4,945,512	5,435,051
Packing materials	128,294	85,444
Work in process	-	-
Finished goods	1,393,727	1,141,723
	<u>6,467,533</u>	<u>6,662,218</u>
Provision for slow moving / obsolete items	(19,694)	(19,694)
	<u>6,447,839</u>	<u>6,642,524</u>
9 TRADE DEBTS		
Considered good		
- Export - secured	934,056	1,232,250
- Local - unsecured	122,577	141,902
	<u>1,056,633</u>	<u>1,374,152</u>
10 CASH AND BANK BALANCES		
Cash in hand	4,899	5,139
Cash at bank	196,764	298,911
Term deposit certificates	1,200	1,200
	<u>202,863</u>	<u>305,250</u>
11 SHORT-TERM BORROWINGS SECURED		
Export re-finance	4,374,349	3,931,349
Own resource	501,901	893,066
FE-25 Scheme	-	266,615
Foreign bills purchased/negotiated	74,727	24,866
	<u>4,950,977</u>	<u>5,115,896</u>
12 CONTINGENCIES AND COMMITMENTS		
12.1 Contingencies		
There has been no significant change in contingencies as reported in Note 18 of the audited financial statements of the Group for the year ended June 30, 2020.		

Notes to the Condensed Interim Consolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

	(Un-audited) September 30, 2020	(Audited) June 30, 2020
	-----Rupees in '000-----	
12.2 Commitments		
Letter of credit	-	24,580
Letter of guarantee	15,398	15,398
Forward exchange contracts to sell	983,862	-
	<u>999,260</u>	<u>39,978</u>
	(Un-audited) September 30, 2020	(Un-audited) September 30, 2019
	-----Rupees in '000-----	
13 COST OF SALES		
Rice consumed	2,549,347	1,578,386
Packing materials consumed	95,817	70,555
Stores, spares and loose tools consumed	15,286	11,196
	<u>2,660,450</u>	<u>1,660,137</u>
Processing expenses		
Salaries, wages and benefits	80,909	61,596
Electricity and power	25,722	22,842
Telephone and mobile	295	183
Insurance	2,451	2,465
Repairs and maintenance	14,371	3,719
Fumigation charges	8,744	5,925
Water charges	16,618	6,129
Canteen	1,968	2,514
Diesel and oil	2,007	1,774
Staff welfare	537	780
Security expenses	3,903	3,166
Godown expenses	3,253	3,426
Rent, rates and taxes	186	367
Vehicle running expenses	1,652	1,237
Medical	1,824	467
Depreciation	51,403	46,826
Inspection charges	5,906	3,022
Others	143	103
<i>Cost of goods available for sale</i>	<u>2,882,342</u>	<u>1,826,678</u>
Finished goods		
Opening stock	1,141,723	882,396
Closing stock	(1,393,727)	(857,384)
	<u>(252,004)</u>	<u>25,012</u>
	<u>2,630,338</u>	<u>1,851,690</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

	(Un-audited) September 30, 2020	(Un-audited) September 30, 2019
14 (LOSS)/EARNINGS PER SHARE - BASIC & DILUTED		
Basic (loss)/earnings per share		
(Loss)/Profit for the period (Rupees in thousands)	(84,487)	47,478
Number of ordinary shares	122,400,698	122,400,698
(Loss)/Earnings per share	(0.69)	0.39

14.1 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.

	Note	(Un-audited) September 30, 2020	(Un-audited) September 30, 2019
-----Rupees in '000-----			
15 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
(Loss)/Profit before taxation		(63,601)	65,996
Adjustments for non-cash charges and other items:			
Depreciation		63,729	58,533
Exchange gain/loss - net		54,351	12,140
Finance cost		60,383	67,603
Amortization of deferred income		-	(33)
Cash used in operations after working capital changes	15.1	(36,023)	2,558
		78,839	206,797
15.1 Working capital changes			
(Increase)/ decrease in current assets			
Stores, spares and loose tools		(1,003)	151
Stock-in-trade		194,684	101,863
Trade debts - considered goods		263,169	23,603
Loans and advances		(97,234)	(95,608)
Trade deposits and prepayments		504	(14,728)
Other receivables		(2,708)	(14,252)
		357,412	1,029
Increase/(decrease) in current liabilities			
Trade and other payables		(386,700)	4,580
Deferred grant		4,389	-
Advance from customers - secured		(11,124)	(3,051)
Net (increase)/decrease in working capital		(36,023)	2,558

Notes to the Condensed Interim Consolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

16 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 Financial risk

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.

16.2 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.

17 TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Percentage of Holding	Transactions	Note	
			(Un-audited) September 30, 2020	(Un-audited) September 30, 2019
Directors		Godown rent paid to director	3,971	3,425
Joint Venture				
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf	6,948	3,029
		Payment received on behalf	807	6,607
		Receivable against expenses	6,828	1,439
Trust operated by the Group				
Ghori Trust	0%	Paid expenses on behalf	1,447	770
		Payment received on behalf	500	-
		Donation paid	2,095	-
		Receivable / (Payable) against expenses	4,674	(866)

18 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, 2020 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 three months period ended September 30, 2019.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three-Months Period Ended September 30, 2020

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.

19 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim consolidated financial statements were authorized for issue on October 28, 2020, by the board of directors of the Group.

20 GENERAL

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



Chief Executive Officer



Chief Financial Officer



Director