



MATCO FOODS LIMITED

FIRST QUARTERLY REPORT 2019-20



MATCO FOODS LIMITED

Head Office: B-1/A S.I.T.E Phase 1 Super Highway Industrial Area Karachi,-75340, Pakistan.

Tel: +92-300-8610651, +92-345-2002403

Email: contact@matcofoods.com | Website: 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 pharmaceutical 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, and a global portfolio of more than 150 corporate customers, the company is the largest basmati rice exporter from Pakistan, and its flagship brand "Falak Basmati Rice" is available in more than 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 of rice glucose and 3,000 MT of Rice Protein per annum.

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. Naeem ur Rehman Akhoond	Independent Director
Mr. Abdul Samad Khan	Independent Director
Mrs. Faryal Murtaza	Non-executive Director
Ms. Umme Habibah	Independent Director

AUDIT COMMITTEE

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

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

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

AUDITORS

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

SHARE REGISTRAR

THK Associates (Pvt.) Ltd

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

BANKERS

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

JS Bank Limited
MCB Islamic Bank
National Bank of Pakistan
Standard Chartered Bank
United Bank Limited
Meezan Bank
Soneri Bank 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 No. 75340
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
Email Address

www.matcofoods.com
contact@matcofoods.com

Vision

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

Mission

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



Directors' Review Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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, 2019.

Financial Results

Description	Unconsolidated		Consolidated	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	-----Rupees in '000-----		-----Rupees in '000-----	
Sales – net	2,107,163	1,774,841	2,108,593	1,776,782
Cost of sales	(1,851,690)	(1,582,025)	(1,851,690)	(1,582,762)
Gross Profit	255,473	192,816	256,903	194,020
Selling and distribution	(44,086)	(30,461)	(51,459)	(30,461)
Administrative	(62,500)	(51,766)	(62,615)	(52,697)
Operating profit	148,887	110,589	142,829	110,862
Other Operating Income	6,629	9,088	6,629	9,088
Exchange (loss)/gain	(12,140)	9,386	(12,140)	9,386
Financial Charges	(67,504)	(62,182)	(67,603)	(62,232)
Share of Loss from Associated Company	-	-	(3,719)	-
Profit Before Tax	75,872	66,881	65,996	67,104
Income Tax	(18,518)	(16,318)	(18,518)	(16,316)
Profit for the Period	57,354	50,563	47,478	50,788
Earnings Per Share	0.47	0.41	0.39	0.41

During the three-months i.e. July 2019 – September 2019:

- The Company has earned net profit of Rs. 57.354 million as compared to Rs. 50.563 million in the last period, thereby, represent increase of 13.43%.
- Pakistan's exports of Basmati rice is showing an increasing trend in volumetric terms and as well as in value terms. Chasing that, the Company has captured good volumes and registered overall revenue growth as compared to last period with the same directions.
- Despite of increasing cost of production due to inflationary pressure and exchange loss, the profit before tax has increased by 13.44% as compared to last comparative period.
- The Company has exported 11,427 metric tons of basmati rice as compared to 8,559 metric tons in the last comparative period and thereby represents increase of 33.51%.
- The average export selling price per metric ton during three months is USD 1,005 which was USD 1,148 in the last comparative three months.

Future Outlook

The management is looking for new venues / regions for export sales of basmati rice to maximize our growth in accordance with Pakistan's overall industry growth. The Company has received good response from new consumers and distributors and recently new distributors from Germany, UK and Norway have added to our International distribution network.

The Company is hopeful to operate the Rice Glucose Division Phase 2 at optimum capacity which will result in increase in the topline of the Company. The management is targeting major portion of sales through export to fetch high returns in the export markets and improve profitability.

The management remains committed and will be more vigilant to respond to such sudden changes in external economic factors, by continuously revisiting and realigning the business strategy to keep the Company buoyant and growing.

As the Company has a prominent place for its brand in the market and management expects that the Company will continue to grow in volume, market share and profits IN SHAA ALLAH.

Acknowledgement

The directors are thankful to our valued customers, financial institutions 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

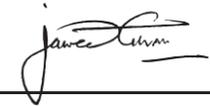
اعتراف:

آپ کی کمپنی کے ڈائریکٹرز اپنے معزز صارفین، مالیاتی ادارے اور تمام دوسرے متعلقین کے انتہائی شکر گزار ہیں جنہوں نے ہم پر مستقل اعتماد کیا اور ہم کمپنی کے تمام ملازمین کی محنت کو مانتے اور سرہاتے ہیں۔

بورڈ کی جانب سے



خالد سرفراز غوری
چیف ایگزیکٹو آفیسر



جاوید علی غوری
چیرمین

ڈائریکٹرز جائزہ رپورٹ

بسم اللہ الرحمن الرحیم

اللہ تعالیٰ کے فضل و کرم سے، آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2019ء کو ختم ہونے والے سہ ماہی مالیاتی گوشوارے غیر آڈٹ شدہ کو پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج:

Description	Unconsolidated		Consolidated	
	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-18
	-----Rupees in '000-----		-----Rupees in '000-----	
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Financial Charges	(67,504)	(62,182)	(67,603)	(62,232)
Share of Loss from Associated Company	-	-	(3,719)	-
Profit Before Tax	75,872	66,881	65,996	67,104
Income Tax	(18,518)	(16,318)	(18,518)	(16,316)
Profit for the Period	57,354	50,563	47,478	50,788
Earnings Per Share	0.47	0.41	0.39	0.41

تین مہینوں کے دوران یعنی جولائی 2019 سے ستمبر 2019 تک:

- کمپنی نے 57.354 ملین روپے خالص منافع کمایا جبکہ پچھلے عرصہ میں 50.563 ملین روپے تھا جو کہ منافع میں 13.43% فیصد اضافہ ظاہر کرتا ہے۔
- پاکستان میں باسمتی چاول کی برآمدات، حجم اور قیمت کے لحاظ سے بڑھتے ہوئے رجحان کا مظاہرہ کر رہی ہے۔ اسی کا پچھا کرتے ہوئے کمپنی نے اچھی مقدار حاصل کی اور اسی سمت کے ساتھ، پچھلے عرصے کے مقابلے میں مجموعی آمدن میں اضافہ درج کیا۔

- افراط زر کے دباؤ کی وجہ سے پیداواری لاگت میں اضافہ اور زرمبادلہ کے نقصان کے باوجود، گزشتہ عرصے کے مقابلے میں منافع قبل از ٹیکس میں 13.44 فیصد اضافہ ہوا۔
- کمپنی نے 11,427 میٹرک ٹن باسمتی چاول برآمد کیا جبکہ گزشتہ عرصے میں 8,559 میٹرک ٹن برآمد کیا تھا۔ اس طرح کمپنی نے تقابلی طور پر 33.51 فیصد زائد برآمد کیا۔
- تین مہینوں کے دوران، فی میٹرک ٹن اوسط برآمدی قیمت 1,005 امریکی ڈالر رہی جو کہ پچھلے تقابلی تین مہینوں میں 1,148 امریکی ڈالر تھی۔

مستقبل کا خاکہ:

کمپنی کی انتظامیہ، باسمتی چاول کی برآمدی فروخت کے لئے نئے مقامات/خطوں کی تلاش کر رہی ہے۔ تاکہ پاکستان کی مجموعی چاول کی صنعت کی نمو کے مطابق ہماری نمودار زیادہ سے زیادہ ہو سکے۔ اس سلسلے میں کمپنی کو نئے صارفین اور تقسیم کاروں سے اچھا تاثر ملا ہے اور حال ہی میں کچھ نئے تقسیم کار جرمنی، انگلینڈ اور ناروے سے ہماری بین الاقوامی تقسیم کار فہرست میں شامل ہوئے۔

کمپنی پر امید ہے کہ نئے رائس گلوکوز فیئر 2 سے زیادہ سے زیادہ فعال بنائے گی تاکہ کمپنی کی آمدن میں اضافہ ہو سکے۔ کمپنی کی انتظامیہ برآمدی فروخت کو بڑھانے کی طرف بہت زیادہ توجہ دے رہی ہے تاکہ برآمدی مارکیٹ اور منافع میں زیادہ سے زیادہ اضافہ ممکن ہو سکے۔

کمپنی کی انتظامیہ اپنی کاروباری مہارت اور مستقل جائزے سے اس بات میں پر عزم اور چوکس ہے تاکہ ایسے تمام معاملات میں اچھا جواب دے سکے جو کہ بیرونی معاشی حالات کی وجہ سے پیدا ہو سکتے ہیں اور کمپنی کو منافع بخش بنا سکے۔

جس طرح آپ جانتے ہیں کہ کمپنی کا برانڈ مارکیٹ میں ایک نمایاں مقام رکھتا ہے اور انتظامیہ امید کرتی ہے کہ انشاء اللہ کمپنی اپنے برآمدی مقدار، مارکیٹ شیئر اور منافع میں مستقل اضافہ کرے گی۔

MATCO FOODS LIMITED

Condensed Interim Unconsolidated Statements of Financial Position (Un-Audited)
As At September 30, 2019

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,636,483	2,620,485
Right of use asset		84,124	83,094
Long term deposits - net		10,443	9,939
Long-term investment	7	55,583	31,082
Total non-current assets		2,786,633	2,744,600
Current assets			
Stores, spares and loose tools		22,956	23,108
Stock-in-trade		5,103,116	5,204,979
Trade debts	8	921,258	941,093
Loans and advances		450,993	355,385
Trade deposits and prepayments		7,086	5,268
Short-term investment		255	255
Other receivables		202,848	188,844
Taxation - net		34,793	33,050
Cash and bank balances	9	104,511	78,381
Total current assets		6,847,816	6,830,364
Total assets		9,634,449	9,574,964

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

MATCO FOODS LIMITED

Condensed Interim Unconsolidated Statements of Financial Position (Un-Audited)
As At September 30, 2019

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
		-----Rupees in '000-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		2,000,000	2,000,000
200,000,000 (June 2019: 200,000,000)			
ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	10	1,224,007	1,224,007
Capital reserve		680,467	680,467
Unappropriated profit		2,219,568	2,157,355
Surplus on revaluation of property, plant and equipment - net of tax		440,286	445,145
Total shareholders' equity		4,564,328	4,506,974
Non-current liabilities			
Long term finances - secured		245,113	265,191
Lease liabilities		41,205	44,764
Deferred liabilities	11	143,450	146,803
Deferred income		237	270
Total non-current liabilities		430,005	457,028
Current liabilities			
Trade and other payables		252,337	248,078
Advance from customers - secured		55,615	58,666
Accrued mark-up		41,995	64,696
Short-term borrowings - secured		4,197,415	4,139,227
Current portion of long term finances - secured		78,879	86,709
Current portion of Lease liabilities		13,392	13,095
Unpaid dividend		483	490
Total current liabilities		4,640,116	4,610,962
Total liabilities		5,070,121	5,067,990
Contingencies and commitments	12		
Total equity and liabilities		9,634,449	9,574,964

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

Chief Executive Officer

Chief Financial Officer

Director

MATCO FOODS LIMITED

 Condensed Interim Unconsolidated Statements of Profit And Loss (Un-Audited)
 For The Three Months Period Ended September 30, 2019

	Note	Quarter ended	
		September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
-----Rupees in '000-----			
Sales - net		2,107,163	1,774,841
Cost of sales	13	(1,851,690)	(1,582,025)
Gross profit		255,473	192,816
Operating expenses			
Selling and distribution		(44,086)	(30,461)
Administrative		(62,500)	(51,766)
		(106,586)	(82,227)
Operating profit		148,887	110,589
Other operating income		6,629	9,088
Exchange (loss)/gain		(12,140)	9,386
		143,376	129,063
Financial charges		(67,504)	(62,182)
Profit before taxation		75,872	66,881
Taxation		(18,518)	(16,318)
Profit for the period		57,354	50,563
-----Rupees-----			
Earnings per share - Basic and Diluted			Restated
	14	0.47	0.41

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

MATCO FOODS LIMITED

 Condensed Interim Unconsolidated Statements of Comprehensive Income (Un-Audited)
 For The Three Months Period Ended September 30, 2019

	Quarter ended	
	September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
-----Rupees in '000-----		
PROFIT FOR THE PERIOD	57,354	50,563
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 INCOME FOR THE PERIOD	57,354	50,563

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

Chief Executive Officer

Chief Financial Officer

Director

MATCO FOODS LIMITED

Condensed Interim Unconsolidated Statements of Change In Equity (Un-Audited)
For The Three Months Period Ended September 30, 2019

	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, 2018	1,165,721	738,742	1,676,797	546,782	4,128,042
Total comprehensive income for the period					
Profit for the period	-	-	50,563	-	50,563
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	50,563	-	50,563
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	5,599	(5,599)	-
Balance as at September 30, 2018	<u>1,165,721</u>	<u>738,742</u>	<u>1,732,959</u>	<u>541,183</u>	<u>4,178,605</u>
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>

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

MATCO FOODS LIMITED

Condensed Interim Unconsolidated Statements of Cash Flows (Un-Audited)
For The Three Months Period Ended September 30, 2019

	Note	Three-months ended	
		September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
-----Rupees in '000'-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	213,505	256,299
Gratuity paid		(1,271)	(3,726)
Taxes paid		(22,343)	(15,749)
Finance cost paid		(90,205)	(68,050)
Net cash generated from operating activities		99,686	168,774
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(75,563)	(73,895)
Proceeds from disposal of property, plant and equipment			1,211
Long term deposit		(504)	(625)
Long term investment	7	(24,500)	(638)
Net cash used in investing activities		(100,567)	(73,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained - net of repayment		(27,908)	(30,142)
Finance lease obligation obtained - net of repayment		(3,262)	(621)
Dividend paid		(7)	(33)
Short term finances obtained - net of repayment		58,188	(286,060)
Net cash generated from/(used in) financing activities		27,011	(316,855)
Net increase/(decrease) in cash and cash equivalents		26,130	(222,028)
Cash and cash equivalents at the beginning of the period		78,381	823,079
Cash and cash equivalents at the end of the period		104,511	601,051

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

Chief Executive Officer

Chief Financial Officer

Director

MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited) For The Three Months Period Ended September 30, 2019

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. Phase 1, Super Highway Industrial Area, Karachi; whereas the factories of the Company are situated at (i) M-II, A-15 & 16, SITE-II, Super highway Karachi; (ii) Riviana, A-21, SITE-II, Super highway Karachi; (iii) Rice Glucose Plants, G-205, SITE-II, Super highway Karachi and (iv) M-III, Sadoki, Tehsil Kamonki, 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 operational status of the company is purchasing and selling of processed rice and the auditors of the company has expressed unqualified opinion as on financial year ended June 30, 2019.

The Company has 99.99% ownership in Matco Marketing (Private) Limited which was incorporated on June 16, 2016 with authorized and paid-up 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 Company since its incorporation.

Matco Foods Limited has subscribed 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. During the period, the company has commenced its operations.

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.

MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited) For The Three Months Period Ended September 30, 2019

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, 2019.

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, 2019 unless otherwise specified.

4.1 Changes in Accounting Policy

IFRS16 'Leases' replaces the previous lease standard "IAS17 Leases". It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. The associated Right-of-use (RoU) for finance leases were measured on a retrospective basis as if the new rules had always been applied. The recognised right-of-use assets only relates to the Motor Vehicles.

Management of the Company has assessed the changes laid down by these standards and determined that these do not have any significant impact on these condensed interim financial statements of the Company.

The change in accounting policy affected the following items in the balance sheet.

	September 30, 2019	June 30, 2019
	-----Rupees in '000-----	
Property, Plant and Equipment – decreased by	(84,124)	(83,094)
Right-of-use asset – increased by	84,124	83,094
Liability against assets subject to finance lease - decreased by	(54,597)	(41,511)
Lease liabilities - increased by	54,597	41,511

MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

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 these 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 uncertainty were the same as those that applied to the audited annual financial statements of the Company for the year ended June 30, 2019.

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress
Leased asset transferred to Right of use asset

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	-----Rupees in '000-----	
6.1	2,708,848	2,697,321
6.2	11,759	6,258
	(84,124)	(83,094)
	<u>2,636,483</u>	<u>2,620,485</u>

MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

6.1 Details of additions and disposals to operating assets during the three months ended September 30, 2019 are as follows:

	Additions at cost	Deletions at net book value
	-----Rupees in '000-----	
Factory building	20,446	-
Plant and machinery	21,737	-
Electric cables and fitting	19,745	-
Furniture and fixture	1,322	-
Motor Vehicles	1,147	-
Office Equipment	1,144	-
Factory Equipment	1,589	-
Computer	680	-
Camera	193	-
Mobile phone	86	-
Generator	1,970	-
September 30, 2019	<u>70,059</u>	<u>-</u>
June 30, 2019	<u>137,411</u>	<u>(9,487)</u>

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

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	-----Rupees in '000-----	
Opening balance	6,258	5,422
Additions during the period	64,708	715,122
	70,966	720,544
Transferred to operating fixed assets	(59,208)	(714,286)
Closing balance	<u>11,758</u>	<u>6,258</u>

MATCO FOODS LIMITED

Notes To The Uncondensed Interim Unconsolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
7 LONG-TERM INVESTMENT (at cost) - in related party	Note	-----Rupees in '000-----	
JKT General Trading (FZE) - Sharjah Airport Free Zone	7.1	23,583	23,583
Matco Marketing (Private) Limited	7.2	7,500	7,500
Barentz Pakistan (Private) Limited	7.3	24,500	-
		55,583	31,083

7.1 This represents investment in a wholly owned subsidiary, JKT General Trading FZE based in U.A.E. The Company has made an equity investment of USD 225,000 out of which shares of USD 40,872 have been issued. Shares for the remaining amount would be issued after completion of necessary regulatory formalities.

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

7.3 On June 28, 2019, the Company has been incorporated in Pakistan as per agreement between Matco Foods Limited and Barentz International B.V. Matco Foods Limited has subscribed 49% of total shareholding of Rs. 50 Million, thereby, constituting an associated company. During the period, the Company has commenced its operations.

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
8 TRADE DEBTS	Note	-----Rupees in '000-----	
Considered good			
- Export - secured		604,331	687,940
- Local - unsecured		316,927	253,153
		921,258	941,093

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

MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
9 CASH AND BANK BALANCES	Note	-----Rupees in '000-----	
Cash in hand		2,344	956
Cash at bank			
- current accounts		82,693	76,225
- deposit accounts		18,274	
- term deposit certificates		1,200	1,200
		102,167	77,425
		104,511	78,381

10 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	(Un-audited) September 30, 2019	(Audited) June 30, 2019		(Un-audited) September 30, 2019	(Audited) June 30, 2019
	(Number of shares)			-----Rupees in '000-----	
	50,340,213	50,340,213	Ordinary shares of Rs. 10 each:	503,402	503,402
	6,002,950	6,002,950	- fully paid in cash	60,030	60,030
	66,057,535	66,057,535	- issued for consideration other than cash	660,575	660,575
	122,400,698	122,400,698	- issued as fully paid bonus shares	1,224,007	1,224,007

11 DEFERRED LIABILITIES

Staff gratuity scheme - unfunded	75,444	76,715
Deferred tax liability	68,006	70,088
	143,450	146,803

12 CONTINGENCIES AND COMMITMENTS
12.1 Contingencies

There has been no significant change in contingencies as reported in Note 17 of the audited financial statements of the Company for the year ended June 30, 2019.

12.2 Commitments

The Company has no commitments as at September 30, 2019.

MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
-----Rupees in '000-----		
13 COST OF SALES		
Rice consumed	1,578,386	1,353,165
Packing materials consumed	70,555	53,550
Stores, spares and loose tools consumed	11,196	4,886
	1,660,137	1,411,601
Processing expenses		
Salaries, wages and benefits	61,596	50,076
Electricity and power	22,842	19,416
Telephone and mobile	183	161
Insurance	2,465	2,705
Repairs and maintenance	3,719	3,419
Fumigation charges	5,925	4,990
Water charges	6,129	4,876
Canteen	2,514	1,430
Diesel and oil	1,774	1,321
Staff welfare	780	374
Security expenses	3,166	2,771
Godown expenses	3,426	4,055
Rent, rates and taxes	367	340
Vehicle running expenses	1,237	1,079
Medical	467	166
Depreciation	46,826	33,096
Inspection charges	3,022	1,067
Others	103	48
Cost of goods available for sale	166,541	131,390
Finished goods		
Opening stock	882,396	883,119
Closing stock	(857,384)	(844,085)
	25,012	39,034
	1,851,690	1,582,025

MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

14 EARNINGS PER SHARE - Basic and Diluted
Basic earnings per share

Profit for the period (Rupees in thousands)

Weighted average number of ordinary shares

Earnings per share (Rupees - Restated)

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.

	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
Profit for the period (Rupees in thousands)	57,354	50,563
Weighted average number of ordinary shares	122,400,698	122,400,698
Earnings per share (Rupees - Restated)	0.47	0.41

15 CASH GENERATED FROM OPERATIONS AFTER CAPITAL CHANGES

Profit before taxation

Adjustments for non-cash charges and other items:

Depreciation

Exchange loss/(gain) - net

Finance cost

Gain on disposal of property, plant and equipment

Provision for staff gratuity

Unrealized loss on short term investment

Amortization of deferred income

Working capital changes

15.1 Working capital changes
(Increase)/ decrease in current assets

Stores, spares and loose tools

Stock-in-trade

Trade debts - considered goods

Loans and advances

Trade deposits and prepayments

Other receivables

Increase/(decrease) in current liabilities

Trade and other payables

Advance from customers - secured

Note

15.1

	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
-----Rupees in '000-----		
Profit before taxation	75,872	66,881
Adjustments for non-cash charges and other items:		
Depreciation	58,533	41,371
Exchange loss/(gain) - net	12,140	(9,386)
Finance cost	67,504	62,182
Gain on disposal of property, plant and equipment	-	(753)
Provision for staff gratuity	-	3,500
Unrealized loss on short term investment	-	153
Amortization of deferred income	(33)	(52)
Working capital changes	(511)	92,403
	213,505	256,299
(Increase)/ decrease in current assets		
Stores, spares and loose tools	152	(1,114)
Stock-in-trade	101,863	120,716
Trade debts - considered goods	7,695	149,868
Loans and advances	(95,608)	(237,567)
Trade deposits and prepayments	(1,818)	4,122
Other receivables	(14,004)	(8,441)
	(1,719)	27,584
Increase/(decrease) in current liabilities		
Trade and other payables	4,259	64,183
Advance from customers - secured	(3,051)	636
	(511)	92,403

MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

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 TRANSACTION WITH RELATED PARTIES

			(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
Note			-----Rupees in '000-----	
Directors		Godown rent paid to director	4,797	2,453
Subsidiary				
JKT General Trading FZE	100%	Sales	10,063	16,496
		Receivable against sales	10,063	17,338
Joint Venture				
Barentz Pakistan (Private)Limited	49%	Paid expenses on behalf	3,012	-
		Receivable against on behalf	1,439	-
Trust operated by the Company				
Ghori Trust	0%	Paid expenses against (receivable)	730	-
		Donation of funds	-	59

MATCO FOODS LIMITED

Notes To The Condensed Interim Unconsolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

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, 2019 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, 2018.

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, 2019, 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.

20.2 Due to the application of IFRS 15, freight charges relating to Exports that were previously classified in Selling and distribution costs have now been netted against Revenue.

Chief Executive Officer

Chief Financial Officer

Director

MATCO FOODS LIMITED

Condensed Interim Consolidated Statements of Financial Position (Un-Audited)
As At September 30, 2019

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
		-----Rupees in '000-----	
ASSETS	Note		
Non-current assets			
Property, plant and equipment	6	2,636,483	2,620,485
Right of use asset		84,124	83,094
Long term deposits - net		10,443	9,939
Long-term investment	7	20,781	-
Total non-current assets		2,751,831	2,713,518
Current assets			
Stores, spares and loose tools		22,956	23,107
Stock-in-trade		5,103,116	5,204,979
Trade debts	8	952,777	988,520
Loans and advances		450,993	355,385
Trade deposits and prepayments		19,996	5,268
Short-term investment		255	255
Other receivables		202,800	188,548
Taxation - net		34,793	33,050
Cash and bank balances	9	104,882	84,197
Total current assets		6,892,568	6,883,311
Total assets		9,644,399	9,596,829

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

MATCO FOODS LIMITED

Condensed Interim Consolidated Statements of Financial Position (Un-Audited)
As At September 30, 2019

EQUITY AND LIABILITIES
Share capital and reserves

Authorized share capital
200,000,000 (June 2019: 200,000,000) ordinary
shares of Rs. 10 each

Issued, subscribed and paid-up share capital 10

Capital reserve

Exchange revaluation reserve

Unappropriated profit

Surplus on revaluation of property,
plant and equipment - net of tax

Total shareholders' equity
Non-current liabilities

Long term finances - secured

Lease Liabilities

Deferred liabilities 11

Deferred income

Total non-current liabilities
Current liabilities

Trade and other payables

Advance from customers - secured

Accrued mark-up

Short-term borrowings - secured

Current portion of long term finances - secured

Current portion of lease liabilities

Unpaid dividend

Total current liabilities
Total liabilities
Contingencies and commitments 12

Total equity and liabilities

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

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
		-----Rupees in '000-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital		2,000,000	2,000,000
200,000,000 (June 2019: 200,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital	10	1,224,007	1,224,007
Capital reserve		680,467	680,467
Exchange revaluation reserve		16,284	18,361
Unappropriated profit		2,219,761	2,167,424
Surplus on revaluation of property, plant and equipment - net of tax		440,286	445,145
Total shareholders' equity		4,580,805	4,535,404
Non-current liabilities			
Long term finances - secured		245,113	265,191
Lease Liabilities		41,205	44,764
Deferred liabilities	11	143,450	147,086
Deferred income		237	270
Total non-current liabilities		430,005	457,311
Current liabilities			
Trade and other payables		245,810	241,230
Advance from customers - secured		55,615	58,666
Accrued mark-up		41,995	64,696
Short-term borrowings - secured		4,197,415	4,139,227
Current portion of long term finances - secured		78,879	86,709
Current portion of lease liabilities		13,392	13,095
Unpaid dividend		483	490
Total current liabilities		4,633,589	4,604,114
Total liabilities		5,063,594	5,061,425
Contingencies and commitments	12		
Total equity and liabilities		9,644,399	9,596,829

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

Chief Executive Officer

Chief Financial Officer

Director

MATCO FOODS LIMITED

Condensed Interim Consolidated Statements of Profit And Loss (Un-Audited)
For The Three Months Period Ended September 30, 2019

	Note	Quarter ended	
		September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
-----Rupees in '000-----			
Sales - net		2,108,593	1,776,782
Cost of sales	13	(1,851,690)	(1,582,762)
Gross profit		256,903	194,020
Operating expenses			
Selling and distribution		(51,459)	(30,461)
Administrative		(62,615)	(52,697)
		(114,074)	(83,158)
Operating profit		142,829	110,862
Other operating income		6,629	9,088
Exchange (loss)/gain		(12,140)	9,386
		137,318	129,336
Financial charges		(67,603)	(62,232)
Share of loss from associated company		(3,719)	-
Profit before taxation		65,996	67,104
Taxation		(18,518)	(16,316)
Profit for the period		47,478	50,788
-----Rupees-----			
--Restated--			
Earnings per share - Basic and Diluted	14	0.39	0.41

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

MATCO FOODS LIMITED

Condensed Interim Consolidated Statements of Comprehensive Income (Un-Audited)
For The Three Months Period Ended September 30, 2019

	Quarter ended	
	September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
-----Rupees in '000-----		
PROFIT FOR THE PERIOD	47,478	50,788
Other comprehensive income		
Items that may be reclassified to statement of profit or loss subsequently		
- Exchange difference on translation of foreign currency	(2,077)	1,125
Items that will not be reclassified to statement of profit or loss	-	-
Other comprehensive (loss)/income	(2,077)	1,125
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	45,401	51,913
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
Shareholders of the Holding Company	45,401	51,913
Non-controlling interest	-	-
	45,401	51,913

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

Chief Executive Officer

Chief Financial Officer

Director

MATCO FOODS LIMITED

Condensed Interim Consolidated Statements of Change In Equity (Un-Audited)
For The Three Months Period Ended September 30, 2019

	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, 2018	1,165,721	738,742	5,160	1,688,073	546,782	4,144,478	4,144,478
Total comprehensive income for the period							
Profit for the period	-	-	-	50,788	-	50,788	50,788
Other comprehensive income	-	-	1,125	-	-	1,125	1,125
Total comprehensive income	-	-	1,125	50,788	-	51,913	51,913
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net tax	-	-	-	5,599	(5,599)	-	-
Balance as at September 30, 2018	1,165,721	738,742	6,285	1,744,460	541,183	4,196,391	4,196,391
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 income	-	-	(2,077)	-	-	(2,077)	(2,077)
Total comprehensive income	-	-	(2,077)	47,478	-	45,401	45,401
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net 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

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

MATCO FOODS LIMITED

Condensed Interim Consolidated Statements of Cash Flows (Un-Audited)
For The Three Months Period Ended September 30, 2019

	Note	Quarter ended	
		September 30, 2019 (Un-audited)	September 30, 2018 (Un-audited)
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	206,797	258,724
Gratuity paid		(1,271)	(3,895)
Taxes paid		(22,343)	(15,749)
Finance cost paid		(90,298)	(68,101)
Exchange revaluation reserve		(2,077)	-
Net cash generated from operating activities		90,808	170,979
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(75,560)	(73,895)
Proceeds from disposal of property, plant and equipment		-	1,211
Preliminary expenses - paid		-	(625)
Long term investment		(20,781)	-
Long term deposit		(504)	(932)
Net cash used in investing activities		(96,846)	(74,241)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances obtained - net of repayment		(27,908)	(30,142)
Finance lease obligation obtained - net of repayment		(3,262)	(621)
Dividend paid		-	(33)
Short term finances obtained - net of repayment		58,188	(286,060)
Net cash generated from/(used in) financing activities		27,018	(316,856)
Net increase/ (decrease) in cash and cash equivalents		20,980	(220,118)
Cash and cash equivalents at the beginning of the period		84,197	827,011
Effect of changes in exchange reserves		(295)	1,125
Cash and cash equivalents at the end of the period		104,882	608,018

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

Chief Executive Officer

Chief Financial Officer

Director

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

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

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 and subsidiary 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-I Super highway Karachi; (ii) Riviana, A-21, SITE-I Super highway Karachi; (iii) Rice Glucose Plant, G-205, SITE-II, Super highway Karachi and (iv) M-III, Sadoki, Tehsil Kamonki, District Gujranwala.

The Group has 100% ownership in JKT General Trading FZE (subsidiary) a UAE based Company and 99.9% in Matco Marketing (Private) Limited based in Pakistan.

b) JKT General Trading FZE

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

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

The subsidiary has been established on October 8, 2013.

c) Matco Marketing (Private) Limited

The Group has incorporated another subsidiary Matco Marketing (Private) Limited through 99.9% 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 capital of PKR10 million and PKR7.5 million respectively. However, no business carried out by the Subsidiary Company since its incorporation.

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited)
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2 SIGNIFICANT EVENTS AND TRANS

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; 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 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, 2019.

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, 2019, unless otherwise specified.

4.1 Changes in Accounting Policy

IFRS16 'Leases' replaces the previous lease standard "IAS17 Leases". It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. The associated Right-of-use (RoU) for finance leases were measured on a retrospective basis as if the new rules had always been applied. The recognised right-of-use assets only relates to the Motor Vehicles.

Management of the Group has assessed the changes laid down by these standards and determined that these do not have any significant impact on these condensed interim financial statements of the Group.

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited) For The Three Months Period Ended September 30, 2019

The change in accounting policy affected the following items in the balance sheet:

	Un-Audited September 30, 2019	Audited June 30, 2019
-----Rupees in '000-----		
Property, Plant and Equipment – decreased by	(84,124)	(83,094)
Right-of-use asset – increased by	84,124	83,094
Liability against assets subject to finance lease - decreased by	(54,597)	(41,511)
Lease liabilities - increased by	54,597	41,511

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 these 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, 2019.

6 PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
-----Rupees in '000-----		
Operating fixed assets	2,708,848	2,697,321
Capital work in progress	11,759	6,258
Leased asset transferred to Right of use asset	(84,124)	(83,094)
	<u>2,636,483</u>	<u>2,620,485</u>

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited) For The Three Months Period Ended September 30, 2019

6.1 Details of additions and disposals to operating assets during the three months ended September 30, 2019 are as follows:

	Additions at cost	Deletions at net book value
-----Rupees in '000-----		
Factory building	20,446	-
Plant and machinery	21,737	-
Electric cables and fitting	19,745	-
Furniture and fixture	1,322	-
Motor Vehicles	1,147	-
Office Equipment	1,144	-
Factory Equipment	1,589	-
Computer	680	-
Camera	193	-
Mobile phone	86	-
Generator	1,970	-
September 30, 2019	70,059	-
June 30, 2019	137,411	(9,487)

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

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
-----Rupees in '000-----		
Opening balance	6,258	5,422
Additions during the period	64,708	715,122
	70,966	720,544
Transferred to operating fixed assets	(59,208)	(714,286)
Closing balance	<u>11,758</u>	<u>6,258</u>

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

7 LONG-TERM INVESTMENT

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
	Note	-----Rupees in '000-----	
Balance at the beginning of the period		-	-
Investment in associate	7.1	24,500	-
Share of profit/(loss) for the period		(3,719)	-
Balance at the end of the period		20,781	-

7.1 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 an associated company. During th period, the company has commenced its operations.

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
	Note	-----Rupees in '000-----	
8 TRADE DEBTS			
Considered good			
- Export - secured		635,850	735,367
- Local - unsecured		316,927	253,153
		952,777	988,520

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

		(Un-audited) September 30, 2019	(Audited) June 30, 2019
	Note	-----Rupees in '000-----	
9 CASH AND BANK BALANCES			
Cash in hand		2,344	956
Cash at bank			
- current accounts		83,064	53,996
- deposit accounts		18,274	28,046
- term deposit certificates		1,200	1,200
		102,538	83,242
		104,882	84,197

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

10 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	(Un-audited) September 30, 2019	(Audited) June 30, 2019		(Un-audited) September 30, 2019	(Audited) June 30, 2019
	(Number of shares)			-----Rupees in '000-----	
	50,340,213	50,340,213	Ordinary shares of Rs. 10 each:	503,402	503,402
	6,002,950	6,002,950	- fully paid in cash	60,030	60,030
	66,057,535	66,057,535	- issued for consideration other than cash	660,575	660,575
	122,400,698	122,400,698	- issued as fully paid bonus shares	1,224,007	1,224,007

11 DEFERRED LIABILITIES

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

	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	-----Rupees in '000-----	
	75,444	76,715
	68,006	70,088
	-	283
	143,450	147,086

12 CONTINGENCIES AND COMMITMENTS
12.1 Contingencies

There has been no significant change in contingencies as reported in Note 17 of the audited financial statements of the Group for the year ended June 30, 2019.

12.2 Commitments

The Group has no commitments as at September 30, 2019.

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	-----Rupees in '000-----	
13 COST OF SALES		
Rice consumed	1,578,386	1,353,165
Packing materials consumed	70,555	53,550
Stores, spares and loose tools consumed	11,196	4,886
	1,660,137	1,411,601
Processing expenses		
Salaries, wages and benefits	61,596	50,076
Electricity and power	22,842	19,416
Telephone and mobile	183	161
Insurance	2,465	3,442
Repairs and maintenance	3,719	3,419
Fumigation charges	5,925	4,990
Water charges	6,129	4,876
Canteen	2,514	1,430
Diesel and oil	1,774	1,321
Staff welfare	780	374
Security expenses	3,166	2,771
Godown expenses	3,426	4,055
Rent, rates and taxes	367	340
Vehicle running expenses	1,237	1,079
Medical	467	166
Depreciation	46,826	33,096
Inspection charges	3,022	1,067
Others	103	48
Cost of goods available for sale	166,541	132,127
Finished goods		
Opening stock	882,396	883,119
Closing stock	(857,384)	(844,085)
	25,012	39,034
	1,851,690	1,582,762

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
14 EARNINGS PER SHARE - Basic and Diluted		
Basic earnings per share		
Profit for the period (Rupees in thousands)	47,478	50,788
Weighted average number of ordinary shares	122,400,698	122,400,698
Earning per share (Rupees-Restated)	0.39	0.41
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.		
	(Un-audited) September 30, 2019	(Un-audited) September 30, 2018
	-----Rupees in '000-----	
15 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES		
Profit before taxation	65,996	67,104
Adjustments for non-cash charges and other items:		
Depreciation	58,533	41,371
Exchange loss/(gain) - net	12,140	(9,386)
Finance cost	67,603	62,232
Gain on disposal of property, plant and equipment	-	(753)
Provision for staff gratuity	-	3,500
Unrealized loss on short term investment	-	153
Amortization of deferred income	(33)	(52)
Working capital changes	2,558	94,555
	206,797	258,724
15.1 Working capital changes		
(Increase)/ decrease in current assets		
Stores, spares and loose tools	151	(1,137)
Stock-in-trade	101,863	120,716
Trade debts	23,603	151,045
Loans and advances	(95,608)	(237,567)
Trade deposits and prepayments	(14,728)	3,864
Other receivables	(14,252)	(8,900)
	1,030	28,021
Increase/(decrease) in current liabilities		
Trade and other payables	4,580	65,898
Advance from customers - secured	(3,051)	636
	2,558	94,555

Note

15.1

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

16 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

16.1 Financial risk factors

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

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

16.2 Fair value of financial

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

Nature of relationship	Percentage of Holding	Transactions	Note	(Un-audited)	(Un-audited)
				September 30, 2019	September 30, 2018
				-----Rupees in '000-----	
Directors		Godown rent paid to director		4,797	2,453
Joint Venture					
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf		3,012	-
		Receivable against expenses		1,439	-
Trust operated by the Company					
Ghori Trust	0%	Paid against expenses (receivable)		730	-
		Donation of funds		-	59

MATCO FOODS LIMITED

Notes To The Condensed Interim Consolidated Financial Statements (Un-Audited)
For The Three Months Period Ended September 30, 2019

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, 2019 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, 2018.

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, 2019, 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.

20.2 Due to the application of IFRS 15, freight charges relating to Exports that were previously classified in Selling and distribution costs have now been netted against Revenue.

Chief Executive Officer

Chief Financial Officer

Director