



MATCO FOODS LIMITED

REACHING NEW HEIGHTS

1ST QUARTERLY REPORT 2024



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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 65 countries worldwide.

The Company also holds Organic Certifications from the US NOP and EU Organic Certification from the Control Union and has been 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 society and strives to make constructive efforts for the welfare of the community.





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 the wider community.

Company Information



BOARD OF DIRECTORS

Mr. Jawed Ali Ghori	Chairman
Mr. Khalid Sarfaraz Ghori	Chief Executive Officer
Mr. Faizan Ali Ghori, CFA	Executive Director
Mr. Safwan Khalid Ghori	Executive Director
Syed Kamran Rashid	Independent Director
Mr. Abdul Samad Khan	Independent Director
Mrs. Faryal Murtaza	Non-executive Director
Ms. Umme Habibah	Independent Director
Mr. Mohammad Mohsin	Independent Director

AUDIT COMMITTEE

Syed Kamran Rasheed	Chairman
Mr. Abdul Samad Khan	Member
Mr. Mohammad Mohsin	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, FCMA

COMPANY SECRETARY

Mr. Muhammad Noman Ansari, ACMA

HEAD OF INTERNAL AUDIT

Mr. Bilal Ahmed, ACCA

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

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited

Meezan Bank Limited
National Bank of Pakistan
PAIR Investment Company Limited
Pak Brunei Investment Company Limited
Pak Oman Investment Company Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United 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 75950
Phone: +92 (301) 8250969, +92 (21) 3631 5099
Fax: +92 (21) 3632 0509
Email: contact@matcofoods.com

FAISALABAD OFFICE

Matco Foods Limited – Corn Starch Division
Plot 87, Block - K, Wapda City, Faisalabad

RICE PLANT – KARACHI

A 15-16, S.I.T.E. Super Highway, Karachi, Pakistan

RICE GLUCOSE PLANT – KARACHI

G-205, Gadap Road, S.I.T.E. Super Highway Industrial Area,
Karachi, Pakistan

RICE PLANT – SADHOKE

50 KM, Main G.T. Road, Sadhoke District, Gujranwala,
Punjab

CORN STARCH PLANT – FAISALABAD

Plot # 53, Allama Iqbal Industrial City, SEZ, Faisalabad,
Punjab

Web Address

www.matcofoods.com

Email Address

contact@matcofoods.com

DIRECTORS' REVIEW REPORT

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

By the Grace of Allah (SWT), the Directors of your company take pleasure in presenting unaudited condensed interim financial information of the Company and Group for the three-month period ended September 30, 2023.

Financial Results:

Description	Unconsolidated		Consolidated	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	Un-Audited	Un-Audited	Un-Audited	Un-Audited
-----Rupees in '000-----				

Sales - net	6,837,982	2,980,820	6,838,823	2,996,044
Cost of sales	(6,030,024)	(2,484,507)	(6,030,024)	(2,484,596)
Gross profit	807,958	496,313	808,799	511,448
Selling and distribution	(117,968)	(52,462)	(123,033)	(53,211)
Administrative	(145,428)	(99,735)	(147,033)	(99,735)
	(263,396)	(152,197)	(270,066)	(152,946)
Operating profit	544,562	344,116	538,733	358,502
Financial charges	(465,053)	(198,891)	(465,122)	(198,891)
Exchange gain	53,279	88,122	53,279	88,122
	132,788	233,347	126,890	247,733
Other operating income	11,803	9,985	11,803	9,985
Share of profit from associated company	-	-	4,404	3,397
Profit before income tax	144,591	243,332	143,097	261,114
Taxation	(67,289)	(22,540)	(67,289)	(22,540)
Profit for the period	77,302	220,792	75,808	238,574
Earnings per share - Basic and Diluted	0.63	1.80	0.62	1.95

During the first quarter i.e., July 2023 – September 2023:

- The Company has incurred a net profit of Rs. 77.302 million in this quarter as compared to a net profit of Rs. 220.792 million in the last corresponding period, thereby, representing a decrease of 65%.



- The Company has exported 9,473 metric tons of basmati rice as compared to 6,811 metric tons in the last comparative period thereby representing an increase of 39%.
- The average export selling price per metric ton during three months was USD 1,330 which was USD 1,115 in the last comparative three months.

During the quarter, the Company has benefited from the inventory margins, higher volumes, and better export prices of rice, and allied products. Additionally, the Corn Starch division has contributed favorably to the Company's sales both in export markets and locally. The Falak Food Division has contributed positively to the Company's profitability and its newly developed products like recipe mixes and spices are attracting market share robustly.

In the domestic markets, the sale of by-products originating from rice and corn has attracted good prices, making a significant positive impact on our overall profitability. Furthermore, the Company has gained from favorable exchange rates when realizing export proceeds during the quarter. Nevertheless, it is important to highlight that the Company's profitability was significantly affected by the burden of financial charges, which have been elevated due to persistently high interest rates.

Future Outlook:

In the foreseeable future, we expect ongoing economic challenges, with the cost of conducting business likely to remain elevated due to rising fuel, power, and electricity expenses, as well as increased interest rates and fluctuations in the exchange rate between the US dollar and the Pakistani Rupee. Towards the conclusion of the fiscal year 2023, our nation successfully secured a US\$ 3.0 billion Stand-By Arrangement (SBA) from the International Monetary Fund (IMF), which provided some relief from immediate risks. The initial disbursement of US\$ 1.2 billion under the SBA in July 2023, in conjunction with US\$ 3 billion in bilateral inflows, contributed to reversing the declining trend in the foreign exchange reserves of the State Bank of Pakistan. Furthermore, as indicated in the July 2023 World Economic Outlook, there has been a slight improvement in global economic growth prospects for 2023 compared to previous forecasts. In a similar vein, non-energy global commodity prices have also moderated compared to the previous year, suggesting potential positive implications for Pakistan's economy.

On the agriculture front, we anticipate a significant rice and corn crop in the country. The removal of the import ban on Pakistani rice by both Mexico and Russia signifies a positive development for our nation's economy. Furthermore, India's introduction of a minimum floor price of USD 1,200 per ton for basmati rice exports has created fresh opportunities for rice exporters in Pakistan. According to the United States Department of Agriculture, it is projected that Pakistan's rice exports will experience a 30% growth during the current fiscal year 2023-24.

As we move forward, our business operations will persistently confront challenges within an aggressively competitive economic landscape, characterized by anticipations of heightened competitive pressures in the forthcoming periods. Our central objective continues to revolve around achieving growth by expanding sales volumes, encompassing both our existing product range and novel offerings, thereby allowing us to harness the benefits of economies of scale.

The Company maintains a positive, long-term perspective on its business and is actively implementing strategies to optimize operations and diversify into new business ventures like Dextrose Monohydrate, ready recipe mixes, spices, and starches, with attractive margins. We hold a strong belief that our unwavering dedication and committed efforts will empower us to provide enhanced value, addressing the daily needs of our customers, and steering profitable growth that ultimately benefits all stakeholders involved.

Acknowledgement:

The Board expresses its deep appreciation for the tireless efforts and unwavering dedication of each and every employee within the Company. The Board also extends its gratitude while recognizing and acknowledging the invaluable support, guidance, and cooperation from all stakeholders, including the Government of Pakistan, financial institutions, commercial banks, business partners, customers, and all others whose collaborative efforts and contributions have fortified the Company.

On behalf of the Board



Jawed Ali Ghori
Chairman



Khalid Sarfaraz Ghori
Chief Executive Officer

ڈائریکٹرز کی جائزہ رپورٹ



اللہ کے فضل سے، آپ کی کمپنی کے ڈائریکٹرز 30 ستمبر 2023 کو ختم ہونے والی تین ماہ کی مدت کے لیے کمپنی اور گروپ کی غیر آڈٹ شدہ عبوری مالیاتی معلومات پیش کرنے میں خوشی محسوس کرتے ہیں۔

Description	Unconsolidated		Consolidated	
	September 30, 2023 Un-Audited	September 30, 2022 Un-Audited	September 30, 2023 Un-Audited	September 30, 2022 Un-Audited
	-----Rupees in '000-----			

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پہلی سہ ماہی کے دوران یعنی جولائی 2023 تا ستمبر 2023 :

- کمپنی نے اس سہ ماہی میں 77.302 ملین روپے کا خالص منافع حاصل کیا ہے جو کہ گزشتہ اسی مدت میں 220.792 ملین روپے کے خالص منافع کے مقابلے میں، اس طرح، 65% کی کمی کو ظاہر کرتا ہے۔

- کمپنی نے گزشتہ تقابلی مدت میں 6,811 میٹرک ٹن کے مقابلے 9,473 میٹرک ٹن باسستی چاول برآمد کیے ہیں جو کہ 39 فیصد کے اضافے کی نمائندگی کرتا ہے۔

- تین مہینوں کے دوران فی میٹرک ٹن اوسطاً برآمدی فروخت کی قیمت USD1,330 تھی جو کہ پچھلے تقابلی تین مہینوں میں USD1,115 تھی۔

سہ ماہی کے دوران، کمپنی نے انویٹری مارجن، زیادہ حجم، اور چاول کی بہتر برآمدی قیمتوں اور اس سے منسلک مصنوعات سے فائدہ اٹھایا ہے۔ مزید برآں، کارن سٹارچ ڈویژن نے برآمدی منڈیوں اور مقامی طور پر کمپنی کی فروخت میں سازگار تعاون کیا ہے۔ فلک فوڈ ڈویژن نے کمپنی کے منافع میں مثبت کردار ادا کیا ہے اور اس کی نئی تیار کردہ مصنوعات جیسے ریسپی میگز اور مصالحے مارکیٹ شیئر کو مضبوطی سے اپنی طرف متوجہ کر رہے ہیں۔

مقامی منڈیوں میں، چاول اور کارن سے شروع ہونے والی ضمنی مصنوعات کی فروخت نے اچھی قیمتوں کو راغب کیا ہے، جس سے ہمارے مجموعی منافع پر نمایاں مثبت اثر پڑتا ہے۔ مزید برآں، کمپنی نے سہ ماہی کے دوران برآمدی آمدنی کو محسوس کرتے ہوئے سازگار شرح مبادلہ سے فائدہ اٹھایا ہے۔ اس کے باوجود، اس بات کو اجاگر کرنا ضروری ہے کہ کمپنی کا منافع مالیاتی چارجز کے بوجھ سے نمایاں طور پر متاثر ہوا تھا، جو مسلسل بلند شرح سود کی وجہ سے بلند ہوئے ہیں۔

مستقبل کا نقطہ نظر:

مستقبل قریب میں، ہم جاری اقتصادی چیلنجوں کی توقع کرتے ہیں، جس میں ایندھن، بجلی اور بجلی کے بڑھتے ہوئے اخراجات کے ساتھ ساتھ شرح سود میں اضافے اور امریکی ڈالر اور ڈالر کے درمیان شرح مبادلہ میں اتار چڑھاؤ کی وجہ سے کاروبار چلانے کی لاگت میں اضافہ ہونے کا امکان ہے۔ پاکستانی روپیہ۔ مالی سال 2023 کے اختتام کی طرف، ہماری قوم نے کامیابی کے ساتھ بین الاقوامی مالیاتی فنڈ (IMF) سے 3.0 بلین امریکی ڈالر کا اسٹیٹڈ ہائی اریجنمنٹ (SBA) حاصل کیا، جس سے فوری خطرات سے کچھ راحت ملی۔ جولائی 2023 میں ایس بی اے کے تحت 1.2 بلین امریکی ڈالر کی ابتدائی تقسیم، دو طرفہ رقوم کے 3 بلین امریکی ڈالر کے ساتھ مل کر، اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر میں گرتے ہوئے رجحان کو تبدیل کرنے میں معاون ثابت ہوئی۔ مزید برآں، جیسا کہ جولائی 2023 ورلڈ اکنامک آؤٹ لک میں اشارہ کیا گیا ہے، گزشتہ پیشین گوئیوں کے مقابلے 2023 کے لیے عالمی اقتصادی ترقی کے امکانات میں معمولی بہتری آئی ہے۔ اسی طرح، غیر توانائی والی عالمی اجناس کی قیمتوں میں بھی پچھلے سال کے مقابلے میں اعتدال آیا ہے، جو پاکستان کی معیشت پر ممکنہ مثبت اثرات کی نشاندہی کرتا ہے۔

زراعت کے محاذ پر، ہم ملک میں چاول اور مکئی کی ایک قابل ذکر فصل کی توقع کرتے ہیں۔ میکسیکو اور روس دونوں کی جانب سے پاکستانی چاول کی درآمد پر پابندی کا خاتمہ ہماری ملکی معیشت کے لیے ایک مثبت پیش رفت کی نشاندہی کرتا ہے۔ مزید برآں، بھارت کی جانب سے باسستی چاول کی برآمدات کے لیے فی ٹن USD 1,200 کی کم از کم منزل کی قیمت متعارف کروانے سے پاکستان میں چاول کے درآمد کنندگان کے لیے نئے مواقع پیدا ہوئے ہیں۔ امریکی محکمہ زراعت کے مطابق رواں مالی سال 2023-24 کے دوران پاکستان کی چاول کی برآمدات میں 30 فیصد اضافہ متوقع ہے۔

جیسے جیسے ہم آگے بڑھیں گے، ہمارے کاروباری آپریشنز ایک جارحانہ مسابقتی معاشی منظر نامے کے اندر چیلنجوں کا مستقل مقابلہ کریں گے، جہاں کی خالصتاً آئے والے ادوار میں مسابقتی دباؤ میں اضافے کی توقعات ہیں۔ ہمارا مرکزی مقصد فروخت کے حجم کو بڑھا کر ترقی حاصل کرنے کے ارد گرد گھومنا جاری رکھتا ہے، جہاں میں ہماری موجودہ متنوعات کی رینج اور نئی پیشکش دونوں شامل ہیں، اس طرح ہمیں پیمانے کی معیشتوں کے فوائد کو استعمال کرنے کی اجازت ملتی ہے۔

کمپنی اپنے کاروبار کے بارے میں ایک مثبت، طویل مدتی نقطہ نظر کو برقرار رکھتی ہے اور پرکشش مارجن کے ساتھ آپریشنز کو بہتر بنانے اور نئے کاروباری منصوبوں جیسے ڈیکسٹروس مونوبائیڈریٹ، تیار ریسپیسی مکس، مصالحے اور نشاستہ میں تنوع لانے کے لیے حکمت عملیوں کو فعال طور پر نافذ کر رہی ہے۔ ہمیں پختہ یقین ہے کہ ہماری غیر متزلزل لگن اور پر عزم کوششیں ہمیں بہتر قیمت فراہم کرنے، اپنے صارفین کی روزمرہ کی ضروریات کو پورا کرنے اور منافع بخش ترقی کو آگے بڑھانے کے لیے باختیار بنائے گی جس سے بالآخر تمام اسٹیک ہولڈرز کو فائدہ پہنچے گا۔

اعتراف:

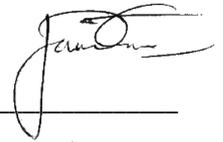
بورڈ کمپنی کے ہر ایک ملازم کی انتھک کوششوں اور غیر متزلزل لگن کے لیے اپنی گہری تعریف کا اظہار کرتا ہے۔ بورڈ حکومت پاکستان، مالیاتی اداروں، کمرشل بینکوں، کاروباری شراکت داروں، صارفین اور دیگر تمام اسٹیک ہولڈرز کی انمول حمایت، رہنمائی اور تعاون کو تسلیم کرتے ہوئے ان کا شکریہ ادا کرتا ہے جن کی مشترکہ کوششوں اور تعاون نے اس کو مضبوط کیا ہے۔ کمپنی

بورڈ کی جانب سے



خاد سرفراز غوری۔

چیف ایگزیکٹو آفیسر



جاوید علی غوری۔

چیرمین

UNCONSOLIDATED

FINANCIAL STATEMENTS

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2023

		Un-Audited September 30, 2023	Audited June 30, 2023
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	7,753,590	7,741,823
Intangible assets		-	-
Right-of-use assets		232,810	243,533
Long term deposits		17,477	17,477
Long term investments	7	66,057	65,310
Total non-current assets		8,069,935	8,068,143
Current assets			
Stores, spares and loose tools		168,308	105,323
Stock in trade	8	9,683,292	9,574,431
Trade debts	9	2,255,280	2,194,184
Loans and advances		622,292	514,851
Trade deposits and short term prepayments		44,473	15,043
Short-term investment		4,222	4,222
Other receivables		42,085	146,757
Taxation - net		71,187	64,957
Cash and bank balances	10	431,300	358,996
Total current assets		13,322,438	12,978,764
Total assets		21,392,373	21,046,907

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Unconsolidated Condensed Interim Statement of Financial Position

As at September 30, 2023

		Un-Audited September 30, 2023	Audited June 30, 2023
	Note	-----Rupees in '000-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (June 30, 2023: 200,000,000) shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital	11	1,224,007	1,224,007
Capital reserve		680,467	680,467
Unappropriated profit		3,253,686	3,171,667
Surplus on revaluation of property, plant and equipment - net of tax		2,404,107	2,408,824
Unrealized (loss) revaluation on investment at fair value through OCI		(71)	(819)
Total shareholders' equity		7,562,196	7,484,146
Non-current liabilities			
Long-term finances-secured	12	1,709,517	1,756,572
Lease liabilities		170,665	180,641
Deferred liabilities		303,836	308,764
Total non-current liabilities		2,184,018	2,245,977
Current liabilities			
Trade and other payables		1,402,170	1,848,557
Advance from customers - secured		298,294	297,507
Accrued mark-up		321,134	368,364
Due to related parties		6,808	6,808
Short-term borrowings-secured	13	9,240,610	8,416,682
Current portion of long term finances-secured	12	322,744	323,293
Current portion of lease liabilities		35,155	36,287
Unpaid dividend		19,243	19,286
Total current liabilities		11,646,159	11,316,784
Total liabilities		13,830,177	13,562,761
Contingencies and commitments	14		
Total equity and liabilities		21,392,373	21,046,907

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Profit Or Loss
For the Three-Months Period Ended September 30, 2023

	Note	Quarter ended	
		September 30, 2023 Un-Audited	September 30, 2022 Un-Audited
		-----Rupees in '000-----	
Sales - net		6,837,982	2,980,820
Cost of sales	15	(6,030,024)	(2,484,507)
Gross profit		807,958	496,313
Operating expenses			
Selling and distribution		(117,968)	(52,462)
Administrative		(145,428)	(99,735)
		(263,396)	(152,197)
Operating profit		544,562	344,116
Financial charges		(465,053)	(198,891)
Exchange gain		53,279	88,122
		132,788	233,347
Other operating income		11,803	9,985
Profit before income tax		144,591	243,332
Taxation		(67,289)	(22,540)
Profit for the period		77,302	220,792
		-----Rupees-----	
Earnings per share - Basic and Diluted	16	0.63	1.80

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Comprehensive Income

For the Three-Months Period Ended September 30, 2023

	Quarter ended	
	September 30, 2023	September 30, 2022
	Un-Audited	Un-Audited
	-----Rupees in '000-----	
PROFIT FOR THE PERIOD	77,302	220,792
Other comprehensive income		
- Unrealized Profit on revaluation of investment at fair value through OCI during the period	748	2,312
Other comprehensive income	748	2,312
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	78,050	223,104

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Unconsolidated Condensed Interim Statement of Changes In Equity

For the Three-Months Period Ended September 30, 2023

	Issued, subscribed and paid up share capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Unrealized Profit/(loss) revaluation of investment at fair value to OCI	Total
----- Rupees in '000' -----						
Balance as at July 01, 2022	1,224,007	680,467	2,723,395	2,433,901	(3,390)	7,058,380
Total comprehensive income for the period						
Profit for the period	-	-	220,792	-	-	220,792
Other comprehensive income	-	-	-	-	2,312	2,312
Total comprehensive income	-	-	220,792	-	2,312	223,104
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	5,363	(5,363)	-	-
Balance as at September 30, 2022	<u>1,224,007</u>	<u>680,467</u>	<u>2,949,550</u>	<u>2,428,538</u>	<u>(1,078)</u>	<u>7,281,484</u>

Unconsolidated Condensed Interim Statement of Changes In Equity

For the Three-Months Period Ended September 30, 2023

	Issued, subscribed and paid up share capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Unrealized Profit/(loss) revaluation of investment at fair value to OCI	Total
----- Rupees in '000' -----						
Balance as at July 01, 2023	1,224,007	680,467	3,171,667	2,408,824	(819)	7,484,146
Total comprehensive income for the period						
Profit for the period	-	-	77,302	-	-	77,302
Other comprehensive income	-	-	-	-	748	748
Total comprehensive income	-	-	77,302	-	748	78,050
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	4,717	(4,717)	-	-
Balance as at September 30, 2023	1,224,007	680,467	3,253,686	2,404,107	(71)	7,562,196

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Matco Foods Limited

1st Quarterly Report 2024

Unconsolidated Condensed Interim Statement of Cash Flows

For the Three-Months Period Ended September 30, 2023

	Note	Three months ended	
		September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited)
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	17	16,205	75,891
Gratuity paid		(2,906)	(9,301)
Taxes paid		(75,540)	(39,330)
Finance cost paid		(513,030)	(161,662)
Net cash used in operating activities		(575,270)	(134,402)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(118,346)	(237,558)
Proceeds from disposal of property, plant and equipment		-	3,754
Long term investment		747	2,313
Long term deposit		-	-
Net cash used in investing activities		(117,599)	(231,491)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net of repayment		(47,604)	(26,806)
Finance lease obligation - net of repayment		(11,108)	2,137
Dividend paid		(43)	(31)
Short term finances - net of repayment		823,928	760,189
Net cash generated from financing activities		765,173	735,489
Net increase/(decrease) in cash and cash equivalents		72,304	369,596
Cash and cash equivalents at the beginning of the period		358,996	303,566
Cash and cash equivalents at the end of the period		431,300	673,162

The annexed notes from 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Notes To The Unconsolidated Condensed Interim Financial Statement

For the Three-Months Period Ended September 30, 2023

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, corn starch 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 and (v) Plot # 53, S.E.Z, Allama Iqbal Industrial City in Faisalabad.

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.

These are the separate financial statements of the Company in which investments in subsidiaries and joint venture are stated at cost less impairment losses, if any.

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,
- 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.

Notes To The Unconsolidated Condensed Interim Financial Statement

For the Three-Months Period Ended September 30, 2023

3.2 These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual audited financial statements, and should be read in conjunction with Company's unconsolidated annual audited financial statements for the quarter ending September 30, 2023.

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, 2023 unless otherwise specified.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During the preparations of this unconsolidated condensed interim financial statements, the significant judgement made by management in applying the Company's accounting policies and the key sources of estimations and uncertainly were the same as those that applied to the audited annual financial statements of the Company for the year ended June 30, 2023.

(Un-Audited) September 30, 2023	(Audited) June 30, 2023
-----Rupees in '000-----	

6 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1	6,755,666	6,838,282
Capital work in progress		997,924	903,541
		<u>7,753,590</u>	<u>7,741,823</u>

6.1 Details of additions and disposals to fixed operating assets during the three months ended September 30, 2023 are as follows:

	Additions at cost	Disposals at net book value
	-----Rupees in '000-----	
Plant and Machinery	6,729	-
Electric cables and fitting	-	-
Furniture and fixture	578	-
Motor Vehicles	3,916	-
Office Equipment	3,543	-
Factory Equipment	6,344	-

Notes To The Unconsolidated Condensed Interim Financial Statements
For the Three-Months Period Ended September 30, 2023

	Additions at cost	Disposals at net book value
	-----Rupees in '000-----	
Computers	1,440	-
Camera	494	-
Mobile Phone	920	-
Generator	-	-
September 30, 2023	23,962	-
June 30, 2023	2,634,694	29,935

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

	(Un-Audited) September 30, 2023	(Audited) June 30, 2023
	-----Rupees in '000-----	
Opening balance	903,541	1,949,329
Additions during the period	94,383	1,322,562
Transferred to operating fixed assets	-	(2,368,350)
Closing balance	997,924	903,541

7 LONG-TERM INVESTMENTS

Subsidiaries

JKT General Trading (FZE)	23,583	23,583
Matco Marketing (Private) Limited	7,500	7,500

Joint Venture

Barentz Pakistan (Private) Limited	24,500	24,500
Other investments - at fair value through OCI	10,474	9,727
	66,057	65,310

8 STOCK IN TRADE

Raw materials	5,555,818	6,001,844
Packing materials	465,860	465,737
Work in process	-	-
Finished goods	3,682,569	3,127,804
	9,704,246	9,595,385
Provision for slow moving / obsolete items	(20,954)	(20,954)
	9,683,292	9,574,431

Notes To The Unconsolidated Condensed Interim Financial Statements

For the Three-Months Period Ended September 30, 2023

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The current status of the contingencies is same as disclosed in the annual audited financial statements of the Company for the year ended June 30, 2023.

15 COST OF SALES

	(Un-Audited) September 30, 2023	(Un-Audited) September 30, 2022
	-----Rupees in '000-----	
Raw Material	5,598,593	2,112,324
Packing materials consumed	204,481	117,108
Stores, spares and loose tools consumed	169,076	44,137
	5,972,151	2,273,569
Salaries, wages and benefits	196,335	110,554
Electricity and power	153,109	30,688
Telephone and mobile	496	469
Insurance	4,182	3,149
Repairs and maintenance	10,169	14,703
Other purchases	62,872	-
Fumigation charges	15,114	24,138
Diesel & oil	19	811
Water Charges	16,801	11,461
Canteen	4,885	4,391
Staff welfare	1,981	1,299
Security expenses	8,979	5,161
Godown expenses	14,493	6,748
Processing expenses	357	-
Vehicle running expenses	11,020	6,953
Medical	2,957	1,097
Depreciation	94,378	72,324
Interest expense on lease liabilities	5,122	-
Inspection charges	9,184	5,935
Others	183	9
Cost of goods available for sale	6,584,788	2,573,459
Finished goods		
Opening stock	3,127,804	1,598,342
Closing stock	(3,682,569)	(1,687,294)
	(554,764)	(88,952)
	6,030,024	2,484,507

Notes To The Unconsolidated Condensed Interim Financial Statements
For the Three-Months Period Ended September 30, 2023

		(Un-Audited) September 30, 2023	(Un-Audited) September 30, 2022
		-----Rupees in '000-----	
16	EARNINGS/(LOSS) PER SHARE - BASIC & DILUTED		
	Basic earnings per share		
	Profit for the period	77,302	220,792
	Number of ordinary shares	122,400,698	122,400,698
	Earning per share	0.63	1.80
16.1	Diluted earning per share		
	There is no dilutive effect on earnings per share as the Company does not have any convertible instruments.		
17	CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES	(Un-Audited) September 30, 2023	(Un-Audited) September 30, 2022
		-----Rupees in '000-----	
	Profit before taxation	144,591	243,332
	Adjustments for non-cash charges and other items:		
	Depreciation	117,301	89,730
	Exchange gain - net	(53,279)	(88,122)
	Finance cost	465,053	198,891
	Gain on disposal of property, plant and equipment	-	(2,936)
	Unrealized gain/(loss) on short term investment	-	67
	Working capital changes	(657,461)	(365,071)
	Cash generated from operations	16,205	75,891
17.1	Working capital changes		
	(Increase)/ decrease in current assets		
	Stores, spares and loose tools	(62,985)	(20,935)
	Stock-in-trade	(108,861)	(627,804)
	Trade debts - considered good	(7,817)	646,161
	Loans and advances	(107,441)	(115,133)
	Trade deposits and prepayments	(29,430)	2,412
	Other receivables	104,672	(35,276)
		(211,861)	(150,574)
	Increase/(decrease) in current liabilities		
	Trade and other payables	(446,387)	(300,160)
	Deferred grant	-	(1,561)
	Due to related parties	-	(3,749)
	Advance from customers - secured	787	90,972
	Net increase in working capital	(657,461)	(365,072)

Notes To The Unconsolidated Condensed Interim Financial Statement

For the Three-Months Period Ended September 30, 2023

18 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

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

18.1 Fair value of financial assets and liabilities

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

18.2 Fair value hierarchy

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

19 TRANSACTIONS WITH RELATED PARTIES

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

Notes To The Unconsolidated Condensed Interim Financial Statement

For the Three-Months Period Ended September 30, 2023

Nature of relationship	Percentage of Holding	Transactions	(Un-Audited)	(Un-Audited)
			September 30, 2023	September 30, 2022
			-----Rupees in '000-----	
Directors		Godown rent paid to director	<u>12,119</u>	<u>5,065</u>
Subsidiary				
JKT General Trading FZE	100%	Sales	<u>29,046</u>	<u>55,006</u>
		Payment received on account of sales	<u>17,042</u>	<u>68,675</u>
Matco Marketing (Private) Limited	99.99%	Paid expenses on behalf	<u>-</u>	<u>-</u>
Joint Venture				
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf	<u>8,695</u>	<u>106,571</u>
		Payment received on account of expenses	<u>30,756</u>	<u>100,464</u>
		Interest income	<u>3,975</u>	<u>1,854</u>
		Interest received	<u>3,000</u>	<u>-</u>
		Rental and service income	<u>186</u>	<u>-</u>
		Rental and service income received	<u>316</u>	<u>-</u>
Common directors				
Faiyaz Center Owner Association		Paid expenses on behalf	<u>97</u>	<u>-</u>
		Payment received on account of expenses	<u>97</u>	<u>-</u>
Matco Engineering Co (Private) Limited	0%	Paid expenses on behalf	<u>-</u>	<u>-</u>
		Payment received on account of expenses	<u>-</u>	<u>-</u>
Trust operated by the Company				
Ghori Trust	0%	Paid expenses on behalf	<u>10,482</u>	<u>6,952</u>
		Payment received on account of expenses	<u>7,034</u>	<u>-</u>
		Donations paid	<u>3,447</u>	<u>3,757</u>

20 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, 2023 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, 2023.

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.

21 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 26, 2023, by the board of directors of the Company.

Notes To The Unconsolidated Condensed Interim Financial Statement

For the Three-Months Period Ended September 30, 2023

22 GENERAL

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



Chief Executive Officer

Matco Foods Limited



Chief Financial Officer



Director

1st Quarterly Report 2024

CONSOLIDATED

FINANCIAL STATEMENTS

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2023

		Un-Audited September 30, 2023	Audited June 30, 2023
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	7,753,754	7,741,823
Intangible assets		-	-
Right-of-use assets		232,810	243,533
Long term deposits		17,477	17,477
Long term investments	7	21,884	16,733
Total non-current assets		8,025,926	8,019,566
Current assets			
Stores, spares and loose tools		168,308	105,323
Stock in trade	8	9,683,292	9,574,431
Trade debts	9	2,377,280	2,315,844
Loans and advances		622,292	514,851
Trade deposits and short term prepayments		45,153	16,456
Short-term investment		4,222	4,222
Other receivables		42,085	146,757
Taxation - net		71,187	64,957
Cash and bank balances	10	447,789	375,642
Total current assets		13,461,607	13,118,483
Total assets		21,487,533	21,138,049

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Condensed Interim Statement of Financial Position

As at September 30, 2023

		Un-Audited September 30, 2023	Audited June 30, 2023
	Note	-----Rupees in '000-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (June 30, 2023: 200,000,000) shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid up share capital	11	1,224,007	1,224,007
Capital reserve		680,467	680,467
Exchange revaluation reserve		78,227	77,321
Unappropriated profit		3,288,284	3,207,759
Surplus on revaluation of property, plant and equipment - net of tax		2,404,107	2,408,824
Unrealized (loss) revaluation on investment at fair value through OCI		(71)	(819)
Total shareholders' equity		7,675,021	7,597,559
Non-current liabilities			
Long-term finances-secured	12	1,709,517	1,756,572
Lease liabilities		170,665	180,641
Deferred liabilities		303,836	309,223
Total non-current liabilities		2,184,018	2,246,436
Current liabilities			
Trade and other payables		1,389,292	1,835,985
Advance from customers - secured		300,315	294,156
Accrued mark-up		321,134	368,364
Due to related parties		-	-
Short-term borrowings-secured	13	9,240,610	8,416,682
Current portion of long term finances-secured	12	322,744	323,293
Current portion of lease liabilities		35,155	36,287
Unpaid dividend		19,243	19,286
Total current liabilities		11,628,494	11,294,053
Total liabilities		13,812,512	13,540,490
Contingencies and commitments	14		
Total equity and liabilities		21,487,533	21,138,049

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Condensed Interim Statement of Profit Or Loss
For the Three-Months Period Ended September 30, 2023

	Note	Quarter ended	
		September 30, 2023	September 30, 2022
		Un-Audited	Un-Audited
-----Rupees in '000-----			
Sales - net		6,838,823	2,996,044
Cost of sales	15	(6,030,024)	(2,484,596)
Gross profit		808,799	511,448
Operating expenses			
Selling and distribution		(123,033)	(53,211)
Administrative		(147,033)	(99,735)
		(270,066)	(152,946)
Operating profit		538,733	358,502
Financial charges		(465,122)	(198,891)
Exchange gain		53,279	88,122
		126,890	247,733
Other operating income		11,803	9,985
Share of profit from associated company		4,404	3,397
Profit before income tax		143,097	261,114
Taxation		(67,289)	(22,540)
Profit for the period		75,808	238,574
-----Rupees-----			
Earnings per share - Basic and Diluted	16	0.62	1.95

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Condensed Interim Statement of Comprehensive Income
For the Three-Months Period Ended September 30, 2023

	Quarter ended	
	September 30, 2023 Un-Audited	September 30, 2022 Un-Audited
	-----Rupees in '000-----	
PROFIT FOR THE PERIOD	75,808	238,574
Other comprehensive income		
- Exchange difference on translation of foreign currency	906	11,238
- Unrealized Profit on revaluation of investment at fair value through OCI during the period	748	2,312
Other comprehensive income	1,654	13,550
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	<u>77,462</u>	<u>252,124</u>

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Changes In Equity

For the Three-Months Period Ended September 30, 2023

	Issued, subscribed and paid up share capital	Capital reserve	Exchange Revaluation Reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Unrealized Profit/(loss) revaluation of investment at fair value to OCI	Equity attributable to the Holding Company 's shareholders	Total
----- Rupees in '000' -----								
Balance as at July 01, 2022	1,224,007	680,467	35,814	2,755,161	2,433,901	(3,390)	7,125,960	7,125,960
Total comprehensive income for the period								
Profit for the period	-	-	-	238,574	-	-	238,574	238,574
Other comprehensive income	-	-	11,238	-	-	2,312	13,550	13,550
Total comprehensive income	-	-	11,238	238,574	-	2,312	252,124	252,124
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net	-	-	-	5,363	(5,363)	-	-	-
Balance as at September 30, 2022	<u>1,224,007</u>	<u>680,467</u>	<u>47,052</u>	<u>2,999,098</u>	<u>2,428,538</u>	<u>(1,078)</u>	<u>7,378,084</u>	<u>7,378,084</u>

Consolidated Condensed Interim Statement of Changes In Equity

For the Three-Months Period Ended September 30, 2023

	Issued, subscribed and paid up share capital	Capital reserve	Exchange Revaluation Reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Unrealized Profit/(loss) revaluation of investment at fair value to OCI	Equity attributable to the Holding Company 's shareholders	Total
----- Rupees in '000' -----								
Balance as at July 01, 2023	1,224,007	680,467	77,321	3,207,759	2,408,824	(819)	7,597,560	7,597,560
Total comprehensive income for the period								
Profit for the period	-	-	-	75,808	-	-	75,808	75,808
Other comprehensive income	-	-	906	-	-	748	1,654	1,654
Total comprehensive income	-	-	906	75,808	-	748	77,462	77,462
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net	-	-	-	4,717	(4,717)	-	-	-
Balance as at September 30, 2023	1,224,007	680,467	78,227	3,288,284	2,404,107	(71)	7,675,022	7,675,022

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer

Matco Foods Limited



Chief Financial Officer



Director

1st Quarterly Report 2024

Consolidated Condensed Interim Statement of Cash Flows

For the Three-Months Period Ended September 30, 2023

	Note	Three months ended	
		September 30, 2023 (Un-audited)	September 30, 2022 (Un-audited)
-----Rupees in '000-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operating activities	17	20,239	62,398
Gratuity paid		(2,906)	(9,301)
Taxes paid		(75,540)	(39,330)
Finance cost paid		(512,811)	(161,622)
Exchange revaluation reserve		906	11,238
Net cash used in operating activities		(570,112)	(136,617)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(118,510)	(237,558)
Proceeds from disposal of property, plant and equipment		-	3,754
Long term investment		(4,404)	(3,397)
Net cash used in investing activities		(122,914)	(237,201)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances - net of repayment		(47,604)	(26,806)
Finance lease obligation - net of repayment		(11,108)	2,138
Dividend paid		(43)	(31)
Short term finances - net of repayment		823,928	760,189
Net cash generated from financing activities		765,172	735,490
Net increase/(decrease) in cash and cash equivalents		72,146	361,672
Cash and cash equivalents at the beginning of the period		375,642	322,021
Cash and cash equivalents at the end of the period		447,788	683,693

The annexed notes from 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Director

Notes To The Consolidated Condensed Interim Financial Statements

For the Three-Months Period Ended September 30, 2023

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 was listed on Pakistan Stock Exchange Limited on February 13, 2018. The principal activity of the Holding Company is to carry out the business of processing, export of rice, rice glucose, rice protein, corn starch and trade of biscuits, pink salt, bran oil, masala and kheer. The registered office of the Holding Company is situated at B-1/A, S.I.T.E.-II Phase 1, Super Highway Industrial Area, Karachi; whereas the factories of the Holding 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 and (v) Plot # 53, S.E.Z, Allama Iqbal Industrial City in Faisalabad.

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.

Notes To The Consolidated Condensed Interim Financial Statements

For the Three-Months Period Ended September 30, 2023

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.

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 These consolidated condensed interim financial statements do not include all the information and disclosures required in the consolidated annual audited financial statements, and should be read in conjunction with Group's consolidated annual audited financial statements for the year ended June 30, 2023.

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, 2023 unless otherwise specified.

5 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Notes To The Consolidated Condensed Interim Financial Statements

For the Three-Months Period Ended September 30, 2023

During the preparations of this consolidated condensed interim financial statements, the significant judgement made by management in applying the Group's accounting policies and the key sources of estimations and uncertainly were the same as those that applied to the audited annual financial statements of the Group for the year ended June 30, 2023.

		(Un-Audited) September 30, 2023	(Audited) June 30, 2023
-----Rupees in '000-----			
6	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets	6,755,830	6,838,283
	Capital work in progress	997,924	903,541
		<u>7,753,754</u>	<u>7,741,824</u>

6.1 Details of additions and disposals to fixed operating assets during the three months ended September 30, 2023 are as follows:

	Additions at cost	Disposals at net book value
-----Rupees in '000-----		
Plant and Machinery	6,729	-
Electric cables and fitting	-	-
Furniture and fixture	578	-
Motor Vehicles	3,916	-
Office Equipment	3,543	-
Factory Equipment	6,344	-
Computers	1,604	-
Camera	494	-
Mobile Phone	920	-
Generator	-	-
September 30, 2023	<u>24,126</u>	<u>-</u>
June 30, 2023	<u>2,634,694</u>	<u>29,935</u>

Notes To The Consolidated Condensed Interim Financial Statements

For the Three-Months Period Ended September 30, 2023

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

	(Un-Audited) September 30, 2023	(Audited) June 30, 2023
	-----Rupees in '000-----	
Opening balance	903,541	1,949,329
Additions during the period	94,383	1,322,562
Transferred to operating fixed assets	-	(2,368,350)
Closing balance	<u>997,924</u>	<u>903,541</u>
7 LONG-TERM INVESTMENTS		
<i>Unquoted</i>		
Associate - equity accounted investment	11,410	7,006
<i>Quoted</i>		
<i>Other investments - at fair value through OCI</i>		
Pakistan Aluminium Beverage Cans Limited	9,563	8,737
Engro Fertilizers Limited	911	990
	<u>21,884</u>	<u>16,733</u>
7.1 Equity accounted investment - Barentz International B.V.		
Balance at beginning of the period	7,006	18,255
Share of profit for the year - net of tax	4,404	(11,250)
	<u>11,410</u>	<u>7,006</u>
8 STOCK IN TRADE		
Raw materials	5,555,818	6,001,844
Packing materials	465,860	465,738
Finished goods	3,682,569	3,127,804
	9,704,246	9,595,386
Provision for slow moving / obsolete items	(20,954)	(20,954)
	<u>9,683,292</u>	<u>9,574,431</u>
9 TRADE DEBTS		
Considered good		
- Export - secured	1,497,605	1,744,841
- Local - unsecured	879,675	449,343
	<u>2,377,280</u>	<u>2,194,184</u>

Notes To The Consolidated Condensed Interim Financial Statements

For the Three-Months Period Ended September 30, 2023

	(Un-Audited) September 30, 2023	(Un-Audited) September 30, 2022
	-----Rupees in '000-----	
15 COST OF SALES		
Raw Material	5,598,593	2,112,413
Packing materials consumed	204,481	117,108
Stores, spares and loose tools consumed	169,076	44,137
	<u>5,972,151</u>	<u>2,273,658</u>
Salaries, wages and benefits	196,335	110,554
Electricity and power	153,109	30,688
Telephone and mobile	496	469
Insurance	4,182	3,149
Repairs and maintenance	10,169	14,703
Other purchases	62,872	-
Fumigation charges	15,114	24,138
Diesel & oil	19	811
Water Charges	16,801	11,461
Canteen	4,885	4,391
Staff welfare	1,981	1,299
Security expenses	8,979	5,161
Godown expenses	14,493	6,748
Processing expenses	357	-
Vehicle running expenses	11,020	6,953
Medical	2,957	1,097
Depreciation	94,378	72,324
Interest expense on lease liabilities	5,122	-
Inspection charges	9,184	5,935
Others	183	9
Cost of goods available for sale	<u>6,584,788</u>	<u>2,573,548</u>
Finished goods		
Opening stock	3,127,804	1,598,342
Closing stock	(3,682,569)	(1,687,294)
	<u>(554,764)</u>	<u>(88,952)</u>
	<u>6,030,024</u>	<u>2,484,596</u>
16 EARNINGS/(LOSS) PER SHARE - BASIC & DILUTED		
Basic earnings per share		
Profit for the period	75,808	238,574
Number of ordinary shares	122,400,698	122,400,698
Earning per share	<u>0.62</u>	<u>1.95</u>

Notes To The Consolidated Condensed Interim Financial Statements

For the Three-Months Period Ended September 30, 2023

16.1 Diluted earning per share

There is no dilutive effect on earnings per share as the Group does not have any convertible instruments.

17	CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES	Note	(Un-Audited)	(Un-Audited)
			September 30, 2023	September 30, 2022
			-----Rupees in '000-----	
	Profit before taxation		143,097	261,114
	Adjustments for non-cash charges and other items:			
	Depreciation		117,301	89,730
	Exchange gain - net		(53,279)	(88,122)
	Finance cost		465,122	198,891
	Gain on disposal of property, plant and equipment		-	(2,936)
	Unrealized gain/(loss) on short term investment		-	67
	Working capital changes		(652,002)	(396,346)
	Cash generated from operations	17.1	<u>20,239</u>	<u>62,398</u>
17.1	Working capital changes			
	(Increase)/ decrease in current assets			
	Stores, spares and loose tools		(62,985)	(20,935)
	Stock-in-trade		(108,861)	(627,804)
	Trade debts - considered good		(8,156)	614,884
	Loans and advances		(107,441)	(115,133)
	Trade deposits and prepayments		(28,697)	2,894
	Other receivables		104,672	(35,276)
			<u>(211,468)</u>	<u>(181,370)</u>
	Increase/(decrease) in current liabilities			
	Trade and other payables		(446,694)	(300,718)
	Deferred grant		-	(1,561)
	Due to related parties		-	(3,666)
	Advance from customers - secured		6,159	90,969
	Net increase in working capital		<u>(652,002)</u>	<u>(396,346)</u>

Notes To The Consolidated Condensed Interim Financial Statements

For the Three-Months Period Ended September 30, 2023

18 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

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

18.1 Fair value of financial assets and liabilities

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

18.2 Fair value hierarchy

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

19 TRANSACTIONS WITH RELATED PARTIES

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

Notes To The Consolidated Condensed Interim Financial Statements

For the Three-Months Period Ended September 30, 2023

Nature of relationship	Percentage of Holding	Transactions	(Un-Audited)	(Un-Audited)
			September 30, 2023	September 30, 2022
-----Rupees in '000-----				
Directors		Godown rent paid to director	<u>12,119</u>	<u>5,065</u>
Joint Venture				
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf	<u>8,695</u>	<u>106,571</u>
		Payment received on account of expenses	<u>30,756</u>	<u>100,464</u>
		Interest income	<u>3,975</u>	<u>1,854</u>
		Interest received	<u>3,000</u>	<u>-</u>
		Rental and service income	<u>186</u>	<u>-</u>
		Rental and service income received	<u>316</u>	<u>-</u>
Common directors				
Faiyaz Center Owner Association		Paid expenses on behalf	<u>97</u>	<u>-</u>
		Payment received on account of expenses	<u>97</u>	<u>-</u>
Matco Engineering Co (Private) Limited	0%	Paid expenses on behalf	<u>-</u>	<u>-</u>
		Payment received on account of expenses	<u>-</u>	<u>-</u>
Trust operated by the Company				
Ghori Trust	0%	Paid expenses on behalf	<u>10,482</u>	<u>6,952</u>
		Payment received on account of expenses	<u>7,034</u>	<u>-</u>
		Donations paid	<u>3,447</u>	<u>3,757</u>

20 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, 2023 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, 2023.

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.

21 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on October 26, 2023, by the board of directors of the Group.

22 GENERAL

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



Chief Executive Officer



Chief Financial Officer



Director