MATCO FOODS LIMITED
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MATCO FOODS LIMITED

ANNUAL REPORT 2019

Table of Contents

About Our Company

Stakeholder Information

Corporate Governance

Financial Review

Financial Reports

Others

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.

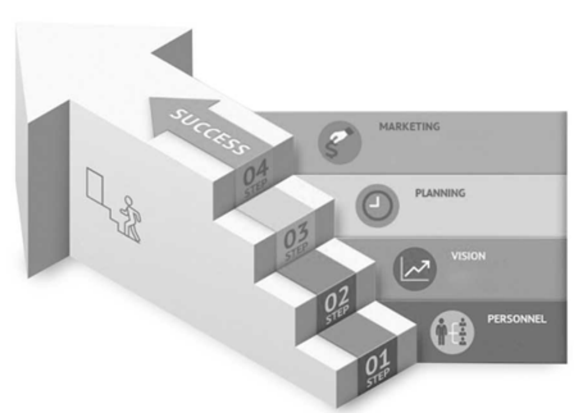
Business **Profile**

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.



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.

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	JS Bank Limited
Allied Bank Limited	MCB Islamic Bank
Bank Alfalah Limited	National Bank of Pakistan
Faysal Bank Limited	Standard Chartered Bank
Habib Metropolitan Bank Limited	United Bank Limited
Habib Bank Limited	Meezan Bank
Summit 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	www.matcofoods.com
Email Address	contact@matcofoods.com

Directors' Profile

JAWED ALI GHORI
Chairman

Jawed Ali Ghori completed his Diploma in Associate Engineering in 1968 and a BSc. in Economics and Political Science from University of Karachi in 1971. After graduation, he joined the family business and completed several government and semi-government projects that were awarded to Matco Engineering. A few of the notable projects were the Greater Hyderabad Water Project (1981), the Faisalabad Development Authority Water Project (1984), the Chitral Water Project (1989), OGDC and Attock Oil Projects and numerous telecommunication and SCADA Projects for both Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines Limited (SNGPL). Jawed Ali Ghori's rice related projects include the supply of four rice plants to Rice Export Corporation of Pakistan at Pipri, Sindh in 1978. In 1985, he supplied and commissioned an automatic parboil rice plant of 10 MT/hour capacity on turn- key basis for P.N.P Rice Mills at Dhaunkal, Punjab. In further developments to the Dhaunkal project, Jawed Ali Ghori supplied and installed six color sorters for the parboil plant in 1988. When the private sector Basmati export in Pakistan was allowed, Jawed Ali Ghori conceptualized the idea of establishing a modern rice processing plant that would add sophistication to the existing rice processing standards. This marked the birth of Matco Rice Processing in 1990. As the Managing Director of Matco Foods, he has over 40 years of experience in rice processing, establishment of rice industries and worldwide rice exports. He has travelled extensively across the globe buying rice related machinery from many countries including china, Germany, Great Britain, India, Japan, Korea, Thailand and USA.

KHALID SARFARAZ GHORI
Chief Executive Officer

Khalid Ghori graduated from University of Karachi in 1981 and pursued an article ship from ICAP (Institute of Chartered Accountants of Pakistan) Karachi between 1981 and 1984. However, rapid growth in the business required his immediate presence at Dhaunkal turnkey projects in 1984, which involved the complete testing and operation of a parboil rice plant. Between 1986 and 1989, he was in charge of Jawed Rice Mills in Larkana. In 1990, when Matco Rice Processing was being set up in Karachi, Khalid Ghori contributed to the project from the drawing board stage to the final fabrication, installation and operations. In 1995, Khalid Ghori initiated setting up Matco Unit 2 for providing additional capacity, using in-house design and system engineering capabilities, consisting of Japanese, Thai and Chinese machinery. Working closely with growers and suppliers from the rice growing belt in Punjab, he established a unique Rice Cultivating Monitoring Program and opened a research and control office for Matco in Lahore to improve crop quality. With experience of over 30 years in the purchase and processing of rice, Khalid Ghori is rightly dubbed the "guru of rice buyers in Pakistan." He utilizes his vast experience in assessing the qualities of agri-products and pays special attention to the entire procurement and production process. Khalid Ghori has established a wide network of farmers who are linked to Matco's rice paddy supply chain, allowing them to get better prices for their produce by avoiding the middlemen. His insights into crop survey and harvest are aimed to help farmers and Matco to achieve procurement targets.

DR TARIQ GHORI
Executive Director

As the head of marketing and sales, Dr. Tariq Ghori has a vast experience in developing new markets for Matco Food's products and appointing distributors in strategic locations. He has been instrumental in the brand development and positioning of Falak Basmati Rice in over 35 countries. He is a regular participant in renowned world food fairs such as SIAL France, ANUGA Germany, Gulfoods Dubai, amongst many other food fair. He also has experience in managing the company's finances and its relationship with lending institutions and project finance institutes. Dr. Tariq Ghori is a graduate of Cadet College Petaro, where he demonstrated exceptional leadership skills as the College Junior Under Officer and a final year gold medalist. After graduating from Dow Medical College, Pakistan's premier medical institution, he made the decision to join the family business and went on to build his business knowledge by attending California State University, Long Beach. Dr. Tariq Ghori is a founding member of the Rice Exporters' Association of Pakistan (REAP) and has served as a member of REAP's Managing Committee as well as being the president of the Pakistan Basmati Rice Promotion Committee of REAP.

FAIZAN ALI GHORI
Executive Director

Faizan Ali Ghori joined Matco Foods in 2006 with the overall responsibility of Accounts and Finance Departments and the company's liaison with Financial Institutions. He spearheaded the company's backwards integration paddy project at Sadhoke, district Gujranwala and attracted the first foreign direct investment by the IFC (World Bank Group) in the agriculture sector of Pakistan through its investment in Matco. Prior to Matco Foods he worked with Bank of America in London, where he was an Analyst within the Corporate Finance and Mergers & Acquisitions Investment Banking Division, covering the European Energy & Power Sector. Faizan Ghori is also a CFA* charter holder. He graduated with honors (Cum Laude) from New York University's Leonard N. Stern School of Business, completing his Bachelor of Science degree with a double major in Finance and Accounting. Faizan Ghori has also completed his Master of Science degree in Finance and Accounting with honors (Merit) from The London School of Economics and Political Sciences. He is a certified director accredited by Risk Metrics Group USA having completed the Director Education programmed conducted by the Pakistan Institute of Corporate Governance.

Directors' Profile

NAEEM UR REHMAN AKHOOND
Independent Director

Mr. Naeem Ur Rehman Akhoond is an elected Director. An Electrical graduate from the University of Engineering & Technology, Lahore commonly referred to as UET and has served Sui Southern Gas Company Limited (SSGC), the largest integrated gas undertaking and a major energy sector company, for a period of over 35 years. He initiated the state of the art Telecommunication and SCADA systems in SSGC to contribute to the safety of high pressure transmission pipelines, facilitating the gas control operation by ensuring effective management. The SCADA system is specifically his pride when he embarked on the mission to use this technology as a strategic asset to address the need for reliable, centralize control and monitoring on the gas transmission network. He was also responsible towards the launch of Technical Advisory Service (TAS) in SSGC that was initiated with the motive of addressing the urgent need to conserve Natural Gas and introduce energy efficient systems. TAS also played a crucial role in providing energy inputs to cater energy growth in the country. Mr. Akhoond is registered as a Professional Engineer with the Pakistan Engineering Council (PEC) of which today he is a respected member. He is also fellow of the Institution of Engineers Pakistan (IEP). He was twice elected as the Member Executive Committee of Pakistan Engineering Council. He was appointed as a Syndicate member of NED University of Engineering & Technology Karachi, and member Technical Board of Higher Education by the Chancellor and Governor of Sindh. He has completed the Director Certification program from Pakistan Institute of Corporate Governance (PICG).

SYED KAMRAN RASHID
Independent Director

Mr. Syed Kamran Rashid is an elected Director in this Company. He is a graduate of the University of Karachi. He joined EFU General Insurance Company Limited in 1989 as Business Development Officer. He has served in different capacities and locations in EFU and at present he is Executive Director of the Central Division Karachi of the said Company.

ABDUL SAMAD KHAN
Independent Director

Abdul Samad Khan holds an MBA degree from the IBA, Karachi and currently working as Chief Executive officer of AGVEN Private limited. Previously, He was Chief Executive Officer of Engro Eximp (Private) Limited and Vice President of Engro Corporation Limited. Mr. Khan also served on the Board of Engro Foods Limited, Engro Eximp (Private) Limited, Engro Eximp Agri Products (Private) Limited and Engro Polymer and Chemicals Limited.

As CEO of Engro EXIMP has reached him extensive experience of Rice Industry and involved in driving initiatives in commodity trading for Engro EXIMP. He has worked in various functions in Engro Group, which include Sales and Marketing and international trade.

FARYAL MURTAZA
Non-Executive Director

Faryal Murtaza holds a BBA and an MBA degree from the prestigious Institute of Business Administration (IBA), Karachi. After graduation, she worked at Matco Foods Limited till 2017. During her stay at Matco Foods, Faryal launched our flagship brand "FALAK" in Pakistan and was responsible for pioneering the branded rice segment in the market. Faryal was actively involved in marketing 'FALAK' with a focus on TV and multi-media communication. Before joining Matco, Faryal has also worked on assignments at British Petroleum, Colgate-Palmolive and American Express.

UMME HABIBAH
Independent Director

Umme Habibah is a diversified Human Resource specialist with over 15 years of experience in core and strategic activities of Human Resource Management. She is currently working as Director of People and Organization in Novo Nordisk Pharma (Private) Limited. She holds a master's degree in human resource from Karachi University and has previously been associated with Walmart and Unilever Pakistan Limited in the Human Resource department.

Chairman's
Review

I am pleased to present annual review as Chairman of the Board of Directors of Matco Foods Limited for the year ended June 30, 2019.

Your Company has performed well in a challenging economic environment and devaluation of Pakistani Rupee has benefited the Company in the export sales. On the other hand, slow economic growth, increasing input costs and surging interest rates has impacted the profitability of the Company. The overall performance of the Company is satisfactory and we will continue to seek opportunities for growth and profitability in the coming years.

The Board has played an important role in achieving the Company's objectives and safeguarding interests of the shareholders. The Board has nine Directors including two non-executive and four independent Directors. The Directors have rich and varied experience in the fields of business, agriculture, engineering, finance, and regulations. During the year, five board meetings were held. The Board has fulfilled all of their mandatory responsibilities including providing strategic direction to the management and ensuring compliance with all legal and regulatory requirements by the management of the Company. The Board has constituted Audit Committee and Human Resource and Remuneration Committee. These committees provided valuable input and assistance to the Board. The Audit Committee particularly focused on detailed review of financial statements and effectiveness of internal controls. The Board ensured that all the legal and regulatory requirements have been complied with by the management of the Company.

The Board of Directors as a whole have reviewed the Annual Report and Financial Statements, and are pleased to confirm that in their view the Annual Report and Financial Statements, taken as a whole, are fair, balanced and comprehensive.

On behalf of the Board of Directors, I would like to acknowledge with thanks the contributions made by the Management, Staff Members and Workers in achieving the Company's objectives and express gratitude to all the stakeholders including our valued customers, suppliers, shareholders and financial institutions for their continued cooperation and support.

Mr. Jawed Ali Ghori
Chairman

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِيْمِ

Directors' Report

By the Grace of ALLAH (SWT), the Directors of your Company take pleasure in presenting the Annual Report with the audited financial statements of the Company for the year ended June 30, 2019.

FINANCIAL RESULTS

	UN CONSOLIDATED		CONSOLIDATED	
	2019	2018	2019	2018
	Rupees	Rupees	Rupees	Rupees
Sales - net	7,863,052,901	6,722,731,288	7,870,367,253	6,732,941,921
Cost of sales	(6,948,543,163)	(5,862,040,117)	(6,948,543,163)	(5,861,897,104)
GROSS PROFIT	914,509,738	860,691,171	921,824,090	871,044,817
Distribution expenses	(167,111,014)	(153,476,336)	(170,763,022)	(158,189,344)
Administrative expenses	(240,332,519)	(198,099,318)	(244,865,613)	(203,619,372)
	(407,443,533)	(351,575,654)	(415,628,635)	(361,808,716)
OPERATING PROFIT	507,066,205	509,115,517	506,195,455	509,236,101
Finance cost	(275,503,177)	(239,704,316)	(275,840,060)	(240,005,015)
Other income	106,655,675	17,849,819	106,655,675	17,849,819
Exchange gain - net	152,934,910	72,858,009	152,934,910	72,858,009
Provision for worker's welfare fund	(7,270,451)	(7,066,909)	(7,270,451)	(7,066,909)
Provision for worker's profit participation fund	(23,388,267)	(15,263,606)	(23,388,267)	(15,283,606)
PROFIT BEFORE TAX	460,494,895	337,788,513	459,287,262	337,588,399
Income tax expense	(46,658,608)	(29,495,558)	(46,658,608)	(29,522,349)
PROFIT / (LOSS) FOR THE YEAR	413,836,287	308,292,955	412,628,654	308,066,050
Basic Earning per share	3.38	2.96	3.37	2.95

The Company reported net sales of Rs. 7,863 million as against sales of Rs. 6,723 million representing a sales growth of 16.96%. The gross profit for the year was Rs. 914 million as compared to Rs. 860 million showing an increase of 6.25%. Besides this net profit has also witnessed an increase of 34.23% i.e. Rs. 413.8 million in the current year which was Rs. 308.3 million last year. Profit has improved because of good export prices in international rice market, exchange gain on export sales and tax benefit on account of installation of Rice Glucose Plant (Phase 2) and listing of the Company, and also gain on sale of land and building. During the year, the Company's basmati average export prices were USD 1,045 against USD 1,120 last year.

Pakistan overall rice exports increased by 9.87% in value term and 19.22% in quantitative terms whereas Matco recorded export sales growth of 2.45% in quantity term only because of focusing on high margin basmati rice.

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.

APPROPRIATION

Considering financial performance of the Company for the year ended June 30, 2019, the Board of Directors of the Company at its meeting held on September 5, 2019 has proposed a final cash dividend, of Rs. 0.7 per share (i.e. 7%). The approval of shareholders will be obtained at the Annual General Meeting. The dividend recommended has not been recognized as a liability in these financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Increased input cost due to higher inflation;
- High volatility in the local and export rice prices;
- Tough competition and entrants of new competitors;
- Government regulations;
- Adverse fluctuations in foreign exchange rates;
- Overall production and harvesting of rice crop; and
- Increase in interest rates.

The Company is proactive to minimize the risk to an acceptable level and the likely impacts of aforesaid risks with internal and external stakeholders.

BRIEF ON RICE GLUCOSE PROJECT – II

We are pleased to announce that Matco Foods Limited has completed the procurement and installation of the Rice Glucose Plant and Rice Protein Plant having capacity of 20,000 MT and 2,000 MT respectively. After completion of this project, the capacity of Rice Glucose Plant and Rice Protein Plant has been increased to 30,000 MT and 3,000 MT respectively.

The Company has already intimated the same to the PSX and SECP on June 28, 2019.

BRIEF ON BARENTZ PAKISTAN (PRIVATE) LIMITED

During the year, the Company has entered into a joint venture agreement with Barentz International B.V. to establish a Joint Venture company in Pakistan. The principal activities of the proposed JV Company will be the import, sales, and distribution of ingredients used in pharmaceutical, personal care, food & nutrition, and animal nutrition in the life science and food nutrition sector. These activities are in line with Matco Foods existing rice glucose and rice protein business.

The Company has been incorporated on June 28, 2019 after the approval of Competition Commission of Pakistan (CCP) and SECP. Subsequent to year end, Barentz International B.V. and Matco Foods Limited have paid their respective subscription money of Rs. 25.5 million and Rs. 24.5 million and stared its operations.

Directors' Report

COMPOSITION OF BOARD

The board consists of 7 male and 2 female directors with following composition:

Independent directors	4
Non-executive directors	2
Executive directors	3
Total number of directors	**9**

The above directors have been elected in the Annual General Meeting which was held on October 31, 2018.

REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

The remuneration of the Board members is approved by the Board itself. However, in accordance with the Listed Companies (Code of Corporate Governance), 2017, it is ensured that no director takes part in deciding his own remuneration. We do not pay remuneration to non-executive directors except fee for attending meetings of the Board. In order to retain the best talent, our remuneration policies are structured in line with prevailing industry trends and best business practices.

MEETINGS OF THE BOARD AND ATTENDANCE

During the year under review, five (05) Board meetings were held and attendance by each director is given below:

Members Name	Attendance
Mr. Jawed Ali Ghori – Chairman	4
Mr. Khalid Sarfaraz Ghori	5
Dr. Tariq Ghori	3
Mr. Faizan Ali Ghori	5
Mr. Naeem Ur Rehman Akhoond	4
Syed Kamran Rashid	5
Mr. Abdul Samad Khan	5
Mrs. Faryal Murtaza	3
Ms. Umme Habibah	3

Leave of absence was granted to directors who could not attend some of the Board meetings.

BOARD AUDIT COMMITTEE

During the year under review, five (05) Board Audit Committee meetings were held and attendance by each member is given below;

Members Name	Attendance
Mr. Naeem Ur Rehman Akhoond – Chairman	4
Syed Kamran Rashid	5
Mr. Abdul Samad Khan	5

HUMAN RESOURCE AND REMUNERATION COMMITTEE

During the year under review, one (01) Human Resource and Remuneration Committee meeting was held and attendance by each member is given below;

Members Name	Attendance
Syed Kamran Rashid – Chairman	1
Mr. Jawed Ali Ghori	1
Dr. Tariq Ghori	1

DIRECTORS' TRAINING PROGRAMS

Five of the Directors of the Company are certified as per requirement of Directors' Training program.

APPOINTMENT OF AUDITORS

The present auditors M/s Grant Thornton Anjum Rahman, Chartered Accountants are set to retire this year. As recommended by the Audit Committee, the Board of Directors has recommended the re-appointment of M/s Grant Thornton Anjum Rahman as auditors of the Company for year ended June 2019-20 subject to approval of the shareholders on a fee mutually agreed.

PATTERN OF SHAREHOLDING

The pattern of shareholding has been annexed to this report.

LEARNING & ORGANIZATIONAL DEVELOPMENT

Being one of the leading exporters, the company believes in building a dynamic and professionally competent workforce that is fully capable of providing quality services to our customers.

Financial year 2018-19 proved to be a successful year, following are the key features of activities undertaken by the company besides its regular training & development;

Directors' Report

¬ The company conducted training on focusing over the company's values and aligned it with the corporate vision, mission, goals & objectives. This proved to be helpful for the employees specially new ones to understand the corporate values and to practice it in their work to achieve the Company's objectives.

¬ Employee excellence award ceremony was also held during the year which acknowledged employees who have performed extraordinary during their whole span and shown their dedication with the company over the years.

¬ Introduction of structured MTO's programs to increase the number of MTO's to facilitate the fresh graduates in their career development.

¬ The company conducted "Value Roll Out" activity in order to communicate organization's values to all employees and to embed values into organization's culture.

The company believes in career development and diversification opportunities to its staff such that they may find growth and progress and progress within the organization.

We understand that people of an organization make all the difference, hence we ensure that we attract, hire and retain the best talent in the market. Diversity has been a key enabler for long-term success. Only by building teams of people with different backgrounds, education, skills and experiences can we create sustainable value across the industry.

HEALTH, SAFETY AND ENVIRONMENT

The Company considers health, safety and environment among its top priority. The Company takes serious steps on employees' safety through proper training and surprised evacuation programs so as to literate them on emergency conditions and recall recommended measures to safely exit from hazardous conditions.

In the last summer season, the Company has arranged various training sessions regarding safety / precautionary measures that needs to be taken in case of heatwave.

We strongly believe in maintaining the highest standards in Health, Safety and Environment (HSE) to ensure the well-being of the people who work with us as well as the surrounding communities, where we operate

Further, keeping in view the polluted environment and energy shortage in the country, Matco has adopted the option of energy production from solar power which would result in the reduction of annual CO2 emission and saving of energy cost and its smooth availability all the time.

Matco Foods recognize the need to protect and preserve our planet by going the extra mile to minimize the environmental impact of our business operations and prevent unnecessary wastage of our natural resources. Our business strategies are also fully aligned with this vision. In an on-going effort to preserve our natural habitat, we have invested in installation of 412 KW solar power panels at our Karachi plant. The implementation of Solar Power Panels will reduce the CO2 emission by 308 metric tons per year which is equivalent to the CO2 sequestration done by planting 15,375 trees per year

CORPORATE SOCIAL RESPONSIBILITY

The Company's vision is to support community service initiatives in the spheres of education and health in Pakistan. To this end, the Company has in the past always contributed in relief efforts at the natural calamities such as flood or earthquake. First priority is offered to Company's employees for expenses related to marriage, social welfare and educational purpose.

INTERNAL FINANCIAL CONTROLS

A system of sound internal controls is established and implemented at all levels of the Company. The system of internal control is sound in design for ensuring achievements of the Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies. The Audit Committee has actively involved in the oversight of the internal controls.

FINANCIAL & CORPORATE REPORTING FRAMEWORK

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP). Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the Company present its state of affairs fairly, the results of its operations, cash flows and changes in equity.

- The Company has maintained proper books of accounts.

- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements. During the year, the Company has adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" and required adjustment has been made accordingly in the audited financial statements.

- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no doubts on the Company's ability to continue as a going concern.

Directors' Report

• There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

• Summary of key operational and financial data for the last six years annexed in this annual report.

• Information about taxes and levies is given in the notes to and forming part of financial statements.

• There is no likelihood of any delayed payments or default in respect of all loans availed by the Company.

SALES & MARKETING STRATEGY

In 2018-19, the Company continued its focus on building the Falak brand in the local and the export markets. Before and during Ramadan, we have launched 360 degree marketing campaign in international market by covering USA & Canada, UK & Europe, Middle East and Africa. We have used major Pakistani channels and other international channels for ATL activities. We also took Sponsorships of PSL in UK & Europe through HUM MASALA TV channel.

To increase awareness of FALAK brands domestically, we sponsored HUM Masala TV Episodes of Chef Mehboob program called 'Mehboob's Kitchen'. In all episodes Chef Mehboob used and endorsed Falak brands.
The Company also conducted Social Media contests and invited winners for breakfast with Chef Mehboob. Throughout the year Company has conducted different marketing activities like Consumer Exhibitions below:

• HUM Masala Family Festival Lahore & Karachi
• My Karachi Exhibition – Conducted by KCCI
• Rawal Exhibition – Conducted by RCCI

INDUSTRY OUTLOOK

As mentioned above, Pakistani basmati rice export growth recorded by 19.22% in quantitative terms and by 9.87% in value terms as compared to last year. Growth in Pakistani Basmati rice exports has been driven primarily by demand for Brown Basmati. This is due to changes in the European law for pesticide MRLs which has made difficulty for Indian Basmati exports to the EU market and allowed Pakistani Basmati exports to flourish. Further volume growth is also expected in 2019-20 for European exports of Pakistani Basmati. However, Pakistani Basmati rice has witnessed submissive demand in other destinations. In Middle East and GCC countries, demand for Basmati has declined mainly due to implementation of VAT, lower public spending due to inflationary effect of taxation, and political disturbance in Middle East region.

The current economic scenario and market conditions of the food sector are expected to persist over the upcoming fiscal year. To secure optimum results, the Company is focusing on efficient sales mix and product differentiation strategy along with consistent monitoring of areas where measures can be taken to reduce cost. The Company will work extensively for the expansion of its existing export business and is constantly in search of strategies that will make its business sustainable in the long run.

SUBSEQUENT EVENTS

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

FUTURE OUTLOOK

Pakistani economy is under pressure with widening depletion in reserves and reliance on external sources to cope up current account deficit and support the economic stability. During the year, new government has taken macro-economic steps such as devaluation of Pakistani Rupees and increase in KIBOR rate which resulted in increase in production cost and financial charges. Any further tough economic reforms may make business environment more suppressive and will likely impact on overall financial position. Going forward, the Company may be impacted by economic headwinds of higher interest-rate driven finance costs, devaluation of the Pakistani rupee and an increase in inflationary pressure.

The Company is well aware of these challenges and Board and management of Matco Foods are focused on creating enduring value for all stakeholders through improved operational efficiencies, cost controls, portfolio diversification and leveraging strong customer relationships and actively adopting cost effectives measures including re-engineering its business processes to boost the efficiency of business operations in supply chain and logistics activities and revamping quality control department so that production losses can be minimized. The Government remains committed to supporting export and substitution sectors, which will positively impact the business performance. The focus for the Company's management will be on volumetric growth for both Basmati exports & local and also for Rice Glucose export & local sales in next year.

Rice Division

The Company is committed to increase the recognition of its brand FALAK in the local as well in the export market. During the year under review, the Company has participated internationally in SIAL International Food exhibition, Gulf Foods Expo (Dubai), IFE London (UK) and locally exhibited in Jinnah University, Expo Eat Karachi and Lahore, Rawal Expo (Rawalpindi), My Karachi (Expo center). The Company has received good response from new consumers and distributors and will likely register satisfactory sales progress in coming months. The Company has also launched aggressive advertising campaigns in the Holy month of Ramzan, Holy events of other religion and Mega Sports events to capture mass audience for the promotion of the FALAK products.

The Company is also aggressively taking measures in brand marketing campaign and approaching new customers in local market particularly in Central Region namely Sialkot, Gujranwala and Sahiwal. Van branding and market sampling in all major cities of Pakistan are parallel efforts for the same.

Directors' Report

RICE GLUCOSE DIVISION

The Company's new project Rice Glucose Division Phase – II has been completed with plant capacity of Rice glucose and Rice protein of 20,000 MT and 2000 respectively. The Company has updated the developments in the project to the Pakistan Stock Exchange and Securities and Exchange Commission of Pakistan on June 28, 2019. The Company existing Rice Glucose Plant Phase – I is operating at optimum capacity. The management is targeting US and European market for export orders and approaching various sectors where the rice glucose consumption is immensely demanded. New customers have been added successfully for the local sales of Rice Glucose. Repeated orders are generating from existing customers in the local as well as in the export market that is a proof of our Success of Quality. The management is targeting major portion of sales through export to fetch high returns in the export markets and improve profitability.

NEW PRODUCT DEVELOPMENT

In 2018-19, we have increased our Masala range and inducted Dahi Barra and Peri Peri. We also inducted more new products like:

- Low Sodium Salt
- Arabian Sea Salt
- Gur Shakkar
- Falak Brown Organic Rice in 5kg
- Re-filler of Rock Pink Salt
- Falak Zafran Kheer
- Falak Pista Kheer

Sales of all new products continue to show promise and growth in the local as well as the export market. Day by day their sales are increasing in both markets which endorsed the best quality and services that Matco is providing in all products.

RETIREMENT FUND

The company is maintaining unfunded gratuity, during the year, the Company have made a provision of Rupees 18.316 million on the basis of actuarial valuation.

RELATED PARTY TRANSACTIONS

The details of all related party transactions have been provided in the notes to the financial statements.

TRADING IN SHARES OF THE COMPANY

Following trade in the shares of the Company were carried out by the Directors, Executives and Related Parties:

Director/Related Party	Shares	Nature of Transaction
Mr. Faizan Ali Ghori	120,500	Buy
Mr. Faizan Ali Ghori	500	Sell
Syed Kamran Rasheed	500	Buy
Mr. Abdul Samad Khan	500	Buy
Mrs. Faryal Murtaza	500	Buy
Ms. Umme Habibah	500	Buy
M/s. Ghori Trust	200,000	Buy
Mr. Iftikhar Farooqui	500	Sell

ACKNOWLEDGEMENT

We wish to thank the shareholders, customers, suppliers, bankers and distributors for providing us valuable support during the reporting period. We also wish to thank our staff who remained committed to deliver towards the growth of the Company.

For and on behalf of the Board of Directors

Khalid Sarfaraz Ghori
Chief Executive Officer

Faizan Ali Ghori
Director

FINANCIAL SUMMARY

	2018-19 Rupees	2017-18 Rupees	2016-17 Rupees	2015-16 Rupees	2014-15 Rupees	2013-14 Rupees
EQUITY AND LIABILITIES						
Share capital and reserves						
Authorized capital	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	900,000,000
Issued, subscribed and paid up share capital	1,224,006,980	1,165,720,940	874,290,940	874,290,940	874,290,940	874,290,940
Capital reserve	680,467,220	739,367,162	318,382,823	318,382,823	318,382,823	318,382,823
Unappropriated profit	2,157,355,170	1,676,797,324	1,378,821,835	1,072,183,422	1,043,309,602	905,962,623
	4,061,829,370	3,581,885,426	2,571,495,598	2,264,857,185	2,235,983,365	2,098,636,386
Surplus on revaluation of property, plant and equipment - not of tax	445,144,929	546,781,614	571,665,218	738,407,686	782,294,111	831,056,806
Total shareholders' equity	**4,506,974,299**	**4,128,667,040**	**3,143,160,816**	**3,003,264,871**	**3,018,277,476**	**2,929,693,192**
Non-current liabilities						
Long term finances-secured	265,191,113	246,556,904	322,791,864	144,790,827	198,624,235	205,253,021
Liabilities against assets subject to finance lease	44,763,773	29,284,420	17,162,341	9,408,482	6,540,244	-
Deferred liability	146,803,371	143,634,827	158,304,034	41,775,828	33,292,746	22,688,772
Deferred income	269,842	632,508	995,175	664,350	743,572	-
Total non-current liabilities	**457,028,099**	**420,108,659**	**499,253,414**	**196,639,487**	**239,200,797**	**227,941,793**
Current liabilities						
Trade and other payables	248,077,697	225,928,452	332,612,662	195,186,075	326,933,333	363,689,093
Advance from customers-secured	58,666,494	24,883,671	193,592,016	202,101,374	277,272,392	465,278,758
Accrued mark-up	64,696,362	48,767,428	46,056,163	49,935,930	35,801,437	45,866,374
Short term borrowings-secured	4,139,227,403	4,081,779,753	3,886,835,593	3,197,027,943	3,487,154,044	3,294,096,642
Current portion of long term finances-secured	86,709,085	84,029,706	96,733,247	58,372,319	53,413,597	70,430,961
Current portion of liabilities against assets subject to finance lease	13,094,930	12,226,289	7,999,276	4,475,892	2,568,696	-
Unpaid Dividend	489,804	761,095	-	-	-	-
Provision for taxation-net	-	21,260,847	28,936,787	-	7,832,111	10,886,344
Total current liabilities	**4,610,961,775**	**4,499,637,241**	**4,592,765,744**	**3,707,099,533**	**4,190,975,610**	**4,250,248,172**
Total liabilities	**5,067,989,874**	**4,919,745,900**	**5,092,019,158**	**3,903,739,020**	**4,430,176,407**	**4,478,189,965**
Contingencies and commitments	-	-	-	-	-	-
Total equity and liabilities	**9,574,964,173**	**9,048,412,940**	**8,235,179,974**	**6,907,003,891**	**7,448,453,883**	**7,407,883,157**

	2018-19 Rupees	2017-18 Rupees	2016-17 Rupees	2015-16 Rupees	2014-15 Rupees	2013-14 Rupees
ASSETS						
Non-current assets						
Property, plant and equipment	2,703,578,739	2,168,585,255	2,141,308,121	1,790,412,727	1,886,558,277	1,968,646,533
Intangible assets	-	-	-	4,903,588	9,807,177	-
Long term deposits	9,938,831	13,048,793	10,990,923	11,421,331	8,498,631	8,014,556
Long term investment	31,082,707	31,082,707	23,582,747	23,582,747	23,582,747	23,582,747
Total non-current assets	**2,744,600,277**	**2,212,716,755**	**2,175,881,791**	**1,830,320,393**	**1,928,446,832**	**2,000,243,836**
Current assets						
Stores, spares and loose tools	23,107,682	18,727,268	13,829,554	15,183,208	18,339,382	16,075,173
Stock in trade	5,204,978,692	5,138,980,796	5,240,490,964	4,505,685,485	4,829,588,256	4,689,714,562
Trade debts	941,093,236	674,463,623	541,532,773	384,215,522	481,802,657	520,716,600
Short-term loans and advances	355,385,133	83,732,051	58,171,589	12,655,050	15,760,817	12,064,811
Trade deposits and short term prepayments	5,268,471	10,843,438	8,973,160	14,179,556	13,096,968	15,901,996
Short-term investment	255,362	500,000	500,000	-	-	-
Other receivables	188,843,920	85,369,946	84,745,163	51,264,224	43,815,544	52,718,317
Advance tax- net	33,050,458	-	-	4,287,321	-	-
Accrued markup on term deposit certificates	-	-	-	-	-	160,555
Cash and bank balances	78,380,942	823,079,063	111,054,980	89,213,132	117,603,427	100,287,307
Total current assets	**6,830,363,896**	**6,835,696,185**	**6,059,298,183**	**5,076,683,498**	**5,520,007,051**	**5,407,639,321**
Total assets	**9,574,964,173**	**9,048,412,940**	**8,235,179,974**	**6,907,003,891**	**7,448,453,883**	**7,407,883,157**

FINANCIAL SUMMARY

	2018-19 Rupees	2017-18 Rupees	2016-17 Rupees	2015-16 Rupees	2014-15 Rupees	2013-14 Rupees
Sales - net	7,863,052,901	6,722,731,288	6,134,424,678	5,577,876,046	6,088,889,764	8,159,997,401
Cost of sales	(6,948,543,163)	(5,862,040,117)	(5,169,060,783)	(4,939,056,502)	(5,193,911,699)	(7,279,257,396)
GROSS PROFIT	**914,509,738**	**860,691,171**	**965,363,895**	**638,819,544**	**894,978,065**	**880,740,005**
Distribution expenses	(167,111,014)	(153,476,336)	(291,888,742)	(284,254,590)	(273,849,205)	(332,816,559)
Administrative expenses	(240,332,519)	(198,099,318)	(175,231,633)	(158,891,253)	(165,777,878)	(137,176,670)
	(407,443,533)	(351,575,654)	(467,120,375)	(443,145,843)	(439,627,083)	(469,993,229)
OPERATING PROFIT	**507,066,205**	**509,115,517**	**498,243,520**	**195,673,701**	**455,350,982**	**410,746,776**
Finance cost	(275,503,177)	(239,704,316)	(211,904,903)	(203,748,693)	(294,054,686)	(332,690,119)
Other income	106,655,675	17,849,819	36,616,630	17,958,134	2,405,886	9,354,705
Exchange gain - net	152,934,910	72,858,009	34,999,406	32,647,079	1,082,414	173,675,465
Provision for worker's welfare fund	(7,270,451)	(7,066,909)	(3,073,894)	(4,582,309)	(4,904,873)	(6,646,345)
Provision for worker's profit participation fund	(23,388,267)	(15,263,606)	(12,836,230)	-	-	-
PROFIT BEFORE TAX	**460,494,895**	**337,788,513**	**342,044,529**	**37,947,912**	**159,879,723**	**254,440,482**
Income tax expense	(46,658,608)	(29,495,558)	(73,075,620)	(34,032,170)	(62,104,205)	(77,383,296)
PROFIT / (LOSS) FOR THE YEAR	**413,836,287**	**308,292,955**	**268,968,909**	**3,915,742**	**97,775,518**	**177,057,186**
Basic Earning per share	**3.38**	**2.96**	**3.08**	**0.04**	**1.12**	**2.03**

KEY OPERTAING AND FINANCIAL DATA FOR SIX YEARS FROM 2013-14 TO 2018-19

	UoM	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Profitability and Operating Ratios		2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Gross profit	Percent	11.63%	12.80%	15.74%	11.45%	14.70%	10.79%
Net profit to sales	Percent	5.26%	4.59%	4.38%	0.07%	1.61%	2.17%
EBITDA margins to sales	Percent	8.62%	9.99%	10.36%	6.10%	10.00%	6.43%
Return on equity	Percent	9.18%	7.47%	8.56%	0.13%	3.24%	6.04%
Return on capital employed	Percent	10.21%	11.19%	13.68%	6.11%	13.98%	13.01%
Liquidity ratios		2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Current	Times	1.48	1.38	1.32	1.37	1.32	1.27
Quick / Acid test ratio	Times	0.22	0.19	0.14	0.13	0.14	0.15
Cash to current liabilities	Times	0.01	0.04	0.02	0.02	0.03	0.02
Activity / Turn Over Ratios		2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Inventory turnover	Times	1.34	1.33	1.06	1.05	1.09	1.80
No. of days in inventory	Days	272.39	323.01	344.34	347.62	334.86	202.78
Debtors turnover	Times	9.73	11.06	13.25	12.88	12.15	14.89
No. of days in receivables	Days	37.51	33.00	27.55	28.34	30.04	24.51
Creditors turnover	Times	29.32	20.99	19.59	18.92	15.04	32.57
No. of days in paybales	Days	12.45	17.39	18.63	19.29	24.27	11.21
Total assets turnover	Times	0.82	0.74	0.74	0.81	0.82	1.10
Fixed Assets turnover	Times	2.91	3.10	2.86	3.12	3.23	4.14
Operating Cycle		309.90	356.01	371.89	375.96	364.90	227.29
Investment / Market Ratios		2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Earning per share	Rs.	3.38	2.96	3.08	0.04	1.12	2.03
Cash Dividend per share	Rs.	0.40	0.30	0.4118	0.2859	0.50	1.07
Dividend	%	4.00%	3.00%	4.12%	2.86%	5.00%	10.70%
Market value per share as at June 30	Rs.	27.02	37.58	-	-	-	-
Price earning (Market value price per share / EPS)	Times	7.99	12.70	-	-	-	-
Price to book ratio	Times	0.73	1.06	-	-	-	-
Dividend Yield	%	1.48%	0.80%	-	-	-	-
Dividend payout	%	0.12	0.10	0.13	7.15	0.45	0.53
Dividend cover	Times	8.45	9.87	7.48	0.14	2.24	1.90
Bonus shares issued	Rs.	58,286,050	-	-	-	-	291,430,310
Bonus per share	%	5%	-	-	-	-	5.0%
Break-up value per share without surplus on revaluation of property, plant and equipment	Rs.	33.18	30.73	29.41	25.91	25.57	24.00
Break-up value per share with surplus on revaluation of property, plant and equipment	Rs.	36.82	35.42	35.95	34.35	34.52	33.51
Capital Structure Ratios		2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
Financial leverage	Times	1.12	1.19	1.62	1.30	1.47	1.53
Debt to Equity	%	11:89	11:89	16:84	8:92	9:91	9:91
Interest cover	Times	1.84	2.12	2.35	0.96	1.55	1.23

VERTICAL ANALYSIS

Statement of Financial Position	2018- 19 Rs	%	2017- 18 Rs	%	2016-17 Rs	%	2015-16 Rs	%	2014-15 Rs	%	2013-14 Rs	%
Property Plant and Equipment	2,703,578,739	28.2%	2,168,585,255	24.0%	2,141,308,121	26.0%	1,790,412,727	25.9%	1,886,558,277	25.3%	1,968,646,533	26.6%
Other Non-current assets	41,021,538	0.4%	44,131,500	0.5%	34,573,670	0.4%	39,907,666	0.6%	41,888,555	0.6%	31,597,303	0.4%
Current assists	6,830,363,896	71.3%	6,835,696,185	75.5%	6,059,298,183	73.6%	5,076,683,498	73.5%	5,520,007,051	74.1%	5,407,639,321	73.0%
Total Assets	**9,574,964,173**	**100%**	**9,048,412,940**	**100%**	**8,235,179,974**	**100%**	6,907,003,891	**100%**	**7,448,453,883**	**100%**	**7,407,883,157**	**100%**
Shareholders' Equity	4,506,974,299	47.1%	4,128,667,040	45.6%	3,143,160,816	38.2%	3,003,264,871	43.5%	3,018,277,476	40.5%	2,929,693,192	39.5%
Non-Current Liabilities	457,028,099	4.8%	420,108,659	4.6%	499,253,414	6.1%	196,639,487	2.8%	239,200,797	3.2%	227,941,793	3.1%
Current Liabilities	4,610,961,775	48.2%	4,499,637,241	49.7%	4,592,765,744	55.8%	3,707,099,533	53.7%	4,190,975,610	56.3%	4,250,248,172	57.4%
Total Shareholders' Equity & Liabilities	**9,574,964,173**	**100%**	**9,048,412,940**	**100%**	**8,235,179,974**	**100%**	**6,907,003,891**	**100%**	**7,448,453,883**	**100%**	**7,407,883,157**	**100%**
Statement of Comprehensive Income	**2018- 19** Rs	%	**2017- 18** Rs	%	**2016-17** Rs	%	**2015-16** Rs	%	**2014-15** Rs	%	**2013-14** Rs	%
Net sales	7,863,052,901	100%	6,722,731,288	100.0%	6,134,424,678	100%	5,577,876,046	100%	6,088,889,764	100%	8,159,997,401	100%
Cost of Products Sold	6,948,543,163	-88.37%	5,862,040,117	-87.2%	5,169,060,783	-84.3%	4,939,056,502	-88.5%	5,193,911,699	-85.3%	7,279,257,396	-89.2%
Gross Profit	914,509,738	11.63%	860,691,171	12.8%	965,363,895	15.7%	638,819,544	11.5%	894,978,065	14.7%	880,740,005	10.8%
Operating Profit	507,066,205	6.45%	509,115,517	7.6%	498,243,520	8.1%	195,673,701	3.5%	455,350,982	7.5%	410,746,776	5.0%
Profit before taxation	460,494,895	5.86%	337,788,513	5.0%	342,044,529	5.6%	37,947,912	0.7%	159,879,723	2.6%	254,440,481	3.1%
Profit for the year	**413,836,287**	**5.26%**	**308,292,955**	**4.6%**	**268,968,909**	**4.4%**	**3,915,742**	**0.1%**	**97,775,518**	**1.6%**	**177,057,185**	**2.2%**

HORIZONTAL ANALYSIS

Statement of Financial Position	2018- 19 Rs	%	2017- 18 Rs	%	2016-17 Rs	%	2015-16 Rs	%	2014-15 Rs	%	2013-14 Rs	%
Property Plant and Equipment	2,703,578,739	25%	2,168,585,255	1%	2,141,308,121	20%	1,790,412,727	-5%	1,886,558,277	-4%	1,968,646,533	46%
Other Non-current assets	41,021,538	-7%	44,131,500	28%	34,573,670	-13%	39,907,666	-5%	41,888,555	33%	31,597,303	295%
Current assists	6,830,363,896	0%	6,835,696,185	13%	6,059,298,183	19%	5,076,683,498	-8%	5,520,007,051	2%	5,407,639,321	21%
Total Assets	**9,574,964,173**	6%	**9,048,412,940**	**10%**	**8,235,179,974**	**19%**	**6,907,003,891**	**-7%**	**7,448,453,883**	**1%**	**7,407,883,157**	**27%**
Shareholders' Equity	4,506,974,299	9%	4,128,667,040	31%	3,143,160,816	5%	3,003,264,871	0%	3,018,277,476	3%	2,929,693,192	31%
Non-Current Liabilities	457,028,099	9%	420,108,659	-16%	499,253,414	154%	196,639,487	-18%	239,200,797	5%	227,941,793	16%
Current Liabilities	4,610,961,775	2%	4,499,637,241	-2%	4,592,765,744	24%	3,707,099,533	-12%	4,190,975,610	-1%	4,250,248,172	25%
Total Shareholders' Equity & Liabilities	**9,574,964,173**	6%	**9,048,412,940**	**10%**	**8,235,179,974**	**19%**	**6,907,003,891**	**-7%**	**7,448,453,883**	**1%**	**7,407,883,157**	**27%**
Statement of Comprehensive Income	**2018- 19** Rs	%	**2017- 18** Rs	%	**2016-17** Rs	%	**2015-16** Rs	%	**2014-15** Rs	%	**2013-14** Rs	%
Net sales	7,863,052,901	16.96%	6,722,731,288	10%	6,134,424,678	10%	5,577,876,046	-8%	6,088,889,764	-25%	8,159,997,401	30%
Cost of Products Sold	6,948,543,163	18.53%	5,862,040,117	13%	5,169,060,783	13%	4,939,056,502	-5%	5,193,911,699	-29%	7,279,257,396	34%
Gross Profit	914,509,738	6.25%	860,691,171	-11%	965,363,895	51%	638,819,544	-29%	894,978,065	2%	880,740,005	4%
Operating Profit	507,066,205	-0.40%	509,115,517	2%	498,243,520	155%	195,673,701	-57%	455,350,982	11%	410,746,776	-8%
Profit before taxation	460,494,895	36.33%	337,788,513	-1%	342,044,529	801%	37,947,912	-76%	159,879,723	-37%	254,440,482	30%
Profit for the year	**413,836,287**	**34.23%**	**308,292,955**	**15%**	**268,968,909**	**6769%**	**3,915,742**	**-96%**	**97,775,518**	**-45%**	**177,057,186**	**35%**

PATTERN OF SHAREHOLDING

As on June 30,2019

Form 34

Sr. No.	No of Shares Holders	Shareholding From	To	Total Sharesheld	Percentage
1	317	1	100	10,705	0.01%
2	246	101	500	92,462	0.08%
3	844	501	1,000	500,978	0.41%
4	1049	1,001	5,000	2,224,836	1.82%
5	226	5,001	10,000	1,634,983	1.34%
6	114	10,001	15,000	1,358,900	1.11%
7	45	15,001	20,000	800,400	0.65%
8	40	20,001	25,000	901,725	0.74%
9	23	25,001	30,000	633,925	0.52%
10	9	30,001	35,000	289,325	0.24%
11	22	35,001	40,000	827,213	0.68%
12	9	40,001	45,000	377,678	0.31%
13	15	45,001	50,000	721,950	0.59%
14	7	50,001	55,000	367,375	0.30%
15	6	55,001	60,000	345,654	0.28%
16	1	60,001	65,000	63,000	0.05%
17	3	65,001	70,000	203,550	0.17%
18	4	70,001	75,000	291,150	0.24%
19	1	75,001	80,000	78,750	0.06%
20	1	80,001	85,000	83,000	0.07%
21	2	85,001	90,000	177,500	0.15%
22	3	90,001	95,000	279,450	0.23%
23	2	95,001	100,000	197,500	0.16%
24	5	100,001	105,000	521,000	0.43%
25	1	110,001	115,000	113,400	0.09%
26	1	115,001	120,000	117,951	0.10%
27	1	120,001	125,000	125,000	0.10%
28	1	125,001	130,000	130,000	0.11%
29	1	130,001	135,000	131,000	0.11%
30	1	140,001	145,000	143,567	0.12%
31	1	145,001	150,000	150,000	0.12%
32	1	175,001	180,000	178,500	0.15%
33	1	195,001	200,000	200,000	0.16%
34	2	220,001	225,000	446,500	0.36%
35	2	255,001	260,000	519,326	0.42%

As on June 30,2019

Form 34

Sr. No.	No of Shares Holders	Shareholding From	To	Total Sharesheld	Percentage
36	1	280,001	285,000	280,750	0.23%
37	1	305,001	310,000	307,675	0.25%
38	1	325,001	330,000	330,000	0.27%
39	1	335,001	340,000	339,973	0.28%
40	1	355,001	360,000	358,250	0.29%
41	1	415,001	420,000	420,000	0.34%
42	1	425,001	430,000	425,250	0.35%
43	2	445,001	450,000	897,750	0.73%
44	1	450,001	455,000	451,000	0.37%
45	2	520,001	525,000	1,050,000	0.86%
46	1	575,001	580,000	576,700	0.47%
47	1	715,001	720,000	715,800	0.58%
48	1	995,001	1,000,000	1,000,000	0.82%
49	1	1,075,001	1,080,000	1,078,500	0.88%
50	1	1,145,001	1,150,000	1,150,000	0.94%
51	1	1,535,001	1,540,000	1,540,000	1.26%
52	1	5,995,001	6,000,000	5,999,500	4.90%
53	1	18,360,001	18,365,000	18,360,109	15.00%
54	1	23,795,001	23,800,000	23,795,021	19.44%
55	1	24,030,001	24,035,000	24,031,271	19.63%
56	1	24,050,001	24,055,000	24,054,896	19.65%
	3,030			**122,400,698**	**100.00%**

CATEGORIES OF SHAREHOLDERS

As on June 30, 2019

Sr. No	Categories	Number of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, their Spouses and Children	12	73,904,411	60.3791%
2	Bank, Development Finance Institution, Non Banking Finance Companies	3	2,621,300	2.1416%
3	Insurance Companies	1	5,999,500	4.9015%
4	Mutual Funds	13	2,045,964	1.6715%
5	Foreign Shareholders	1	18,360,109	15.0000%
6	General Public (Local)	2,782	13,640,108	11.1438%
7	General Public (Foreign)	170	1,116,499	0.9122%
8	Miscellaneous	48	4,712,807	3.8503%
	Total	**3,030**	**122,400,698**	**100%**

INFORMATION REQUIRED

Under Companies Act, 2017

	Number of Shareholders	Shares Held
DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN		
MR. JAWED ALI GHORI	1	23,795,021
MR. KHALID SARFARAZ GHORI	1	24,031,271
DR. TARIQ GHORI	1	24,054,896
MR. FAIZAN ALI GHORI	1	358,250
MRS. NAHEED JAWED	1	448,875
MRS. NUZHAT KHALID GHORI	1	448,875
MRS. SADAF TARIQ	1	425,250
SYED KAMRAN RASHEED	1	500
MR. ABDUL SAMAD KHAN	1	500
MRS. FARYAL MURTAZA	1	500
MR. MURTAZA MAHFOOZ TALIB	1	339,973
MS. UMME HABIBAH	1	500
	12	**73,904,411**

BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES		
JS BANK LIMITED	1	1,078,500
FIRST DAWOOD INVESTMENT BANK LIMITED	1	2,800
CYAN LIMITED	1	1,540,000
	3	**2,621,300**

INSURANCE COMPANIES		
EFU LIFE ASSURANCE LTD	1	5,999,500
	1	**5,999,500**

MUTUAL FUNDS		
MCBFSL- TRUSTEE JS VALUE FUND	1	307,675
CDC- TRUSTEE JS LARGE CAP. FUND	1	576,700
CDC- TRUSTEE ATLAS STOCK MARKET FUND	1	245
CDC- TRUSTEE FAYSAL STOCK FUND	1	39,500
CDC- TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	17,750
CDC- TRUSTEE NBP BALANCED FUND	1	131,000
CDC- TRUSTEE JS PENSION SAVINGS FUND- EQUITY ACCOUNT	1	178,500
CDC- TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	259,663
CDC- TRUSTEE NBP SARMAYA IZAFA FUND	1	1,250
CDC- TRUSTEE UBL RETIREMENT SAVINGS FUND- EQUITY SUB FUND	1	12,500
CDC- TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	259,663
CDC- TRUSTEE PIML VALUE EQUITY FUND	1	117,951
CDC- TRUSTEE PIML ASSET ALLOCATION FUND	1	143,567
	13	**2,045,964**

FOREIGN SHAREHOLDERS		
INTERNATIONAL FINANCE CORPORATION	1	18,360,109
	1	**18,360,109**

MISCELLANEOUS		
RETIREMENT FUNDS	9	79,712
PUBLIC, PRIVATE AND OTHER ENTITIES	39	4,633,095
	48	**4,712,807**

SHARE HOLDERS HOLDING 5% OR MORE	PERCENTAGE	SHARES
DR. TARIQ GHORI	19.65%	24,054,896
MR. KHALID SARFARAZ GHORI	19.63%	24,031,271
MR. JAWED ALI GHORI	19.44%	23,795,021
INTERNATIONAL FINANCE CORPORATION	15.00%	18,360,109
	73.73%	**90,241,297**

TRADES IN SHARES BY DIRECTORS, EXECUTIVES, THEIR SPOUSES AND MINOR CHILDREN DURING 2018-19 :

Following transactions were made by directors and related party:

Director:- Mr. Faizan Ali Ghori bought 120,500 shares.
Director:- Mr. Faizan Ali Ghori sold 500 shares.
Director:- Syed Kamran Rasheed purchased 500 shares.
Director:- Mr. Abdul Samad Khan purchased 500 shares.
Director:- Mrs. Faryal Murtaza purchased 500 shares.
Director:- Ms. Umme Habibah purchased 500 shares.
Executive:- Mr. Iftikhar Farooqui sold 500 shares.
Related Party:- Ghori Trust bought 200,000 shares.

Other than above, no trade in shares was made by Directors, Executives, their spouses and minor children from July 01, 2018 to June 30, 2019 in the shares of Company.

MATCO FOODS LIMITED
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Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company: MATCO FOODS LIMITED
Year Ended: JUNE 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are nine as per the following:
   a. Male: 7
   b. Female: 2

2. The composition of the Board is as follows:

Category	Names
a) Independent	Mr. Naeem ur Rehman Akhoond Syed Kamran Rasheed Mr. Abdul Samad Khan Ms. Umme Habibah
b) Other Non-executive Directors	Mr. Jawed Ali Ghori Mrs. Faryal Murtaza
c) Executive Director	Mr. Khalid Sarfaraz Ghori Mr. Tariq Ghori Mr. Faizan Ali Ghori

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

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Name of Company: MATCO FOODS LIMITED
Year Ended: JUNE 30, 2019

7. The meetings of the Board were presided over by the Chairman of the Board. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board of directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. Five Directors have already attended the Directors' training course. The remaining Directors are planned to attend the Directors' training course if required within the time limit as allowed under the Listed Companies Code of Corporate Governance Regulations, 2017.

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before the approval of the Board.

12. The Board has formed the following Committees that are required under the Code. The Committees comprise of members as given below:

    a) Audit Committee:

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

    b) HR and Remuneration Committee:

    Ms. Umme Habibah – Chairman
    Mr. Jawed Ali Ghori
    Mr. Khalid Sarfaraz Ghori
    Mrs. Faryal Murtaza
    Mr. Faizan Ali Ghori

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Name of Company: MATCO FOODS LIMITED
Year Ended: JUNE 30, 2019

c) Risk Management Committee: (No separate committee formed, as its issues are deliberated in Board meetings)

d) Nomination Committee (No separate committee formed, as its issues are deliberated in Board meetings)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committee were as per following:

   a. Audit Committee – 05 Meetings were held during FY 2018-19
   b. HR and Remuneration Committee – 01 Meeting were held during FY 2018-19

15. The Board has set up an effective internal audit function. The Head of Internal Audit is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), and registered with Audit Oversight Board of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. The Company continued to present the details of all related party transactions as disclosed in the financial statements before the Board Audit Committee and upon their recommendation to the Board for review and approval. The Company also has in place a process to identify the related parties and related transactions entered into with them. However, full compliance of the requirements as laid

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Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company: MATCO FOODS LIMITED
Year Ended: JUNE 30, 2019

down in Section 208 of the Companies Act, 2017 is dependent on clarification from SECP with respect to definition of related parties.

19. The Company has complied with the requirements relating to maintenance of Register of persons having access to inside information by a designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said Register.

20. We confirm that all other requirements of the Regulations have been complied with.

Jawed Ali Ghori
Chairman

Karachi
Dated: September 05, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Matco Foods Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Matco Foods Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
September 05, 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Matco Foods Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Matco Foods Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	**Valuation of Stock in Trade** As at June 30, 2019, the Company held stock in trade amounting to Rs. 5.2 billion as disclosed in note 22 of accompanying unconsolidated financial statements. The stock in trade account for 76.2% of the total current assets. The value of stock is based on the purchase price using weighted average method. Therefore, the Company is exposed to the risk of valuation of stock in trade as a result of volatility in prices. The Company is required to measure its stock in trade at the lower of cost and net realizable value. There is an element of judgement involved relating to the valuation, which is required for the estimation of the net realizable value (NRV) and allowance for slow-moving and obsolete stock in trades. Such estimation is made after taking into consideration factors such as movement in prices, current and expected future market demands and pricing competitions. This was the key audit matter because of its materiality and significance in terms of judgments involved in estimating the NRV of underlying inventories.	As part of our audit, we have performed the following audit procedures: • Attended the stock counts at locations to observe the stock count process and evaluate the condition of stock in trade. • Tested the valuation method used by the management in valuation of stock in trade. • Compared on sample basis specific purchases with underlying supporting documents. • Evaluated the appropriateness of the basis and processes used by management in determining the net realizable value of stock in trade. • Performed testing on sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete stock. • Reviewed the adequacy of the disclosures on stock in trade in the unconsolidated financial statements.

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	**First time adoption of IFRS 9 – Financial Instruments** As referred in note 6 to the unconsolidated financial statements, the Company has adopted IFRS 9 with effect from July 01, 2018. The new standard requires the Company to make provision for financial assets using expected credit loss (ECL) approach as against Incurred Loss Model previously applied by the Company. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of IFRS 9 requirements as a key matters due to significance of the change in accounting methodology and involvement of estimates and judgement in this regard.	As part of our audit, we have performed the following audit procedures: • Reviewed the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. • We assessed the integrity and quality of data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose. • We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. • We have checked the classification of financial assets and financial liabilities to ensure compliance of IFRS 9 classification requirement. • In addition to above, we assessed the adequacy of disclosures in the unconsolidated financial statements of the Company.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements. As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Chartered Accountants

Karachi
September 05, 2019

MATCO FOODS LIMITED
Unconsolidated Statements Of Financial Position
As At June 30, 2019

EQUITY AND LIABILITIES	Note	2019	2018
		-------------------Rupees---------------	
Share capital and reserves			
Authorized share capital	7.1	**2,000,000,000**	2,000,000,000
Issued, subscribed and paid up share capital	7.2	**1,224,006,980**	1,165,720,940
Capital reserve	8	**680,467,220**	739,367,162
Unappropriated profit		**2,157,355,170**	1,676,797,324
Surplus on revaluation of property, plant and equipment - net of tax	9	**445,144,929**	546,781,614
Total shareholders' equity		**4,506,974,299**	4,128,667,040
Non-current liabilities			
Long-term finances-secured	10	**265,191,113**	246,556,904
Liabilities against assets subject to finance leases	11	**44,763,773**	29,284,420
Deferred liabilities	12	**146,803,371**	143,634,827
Deferred income		**269,842**	632,508
Total non-current liabilities		**457,028,099**	420,108,659
Current liabilities			
Trade and other payables	13	**248,077,697**	225,928,452
Advance from customers - secured		**58,666,494**	24,883,671
Accrued mark-up	14	**64,696,362**	48,767,428
Short-term borrowings-secured	15	**4,139,227,403**	4,081,779,753
Current portion of long term finances-secured	10	**86,709,085**	84,029,706
Current portion of liabilities against assets subject to finance leases	11	**13,094,930**	12,226,289
Unpaid dividend	16	**489,804**	761,095
Provision for taxation-net		**-**	21,260,847
Total current liabilities		**4,610,961,775**	4,499,637,241
Total liabilities		**5,067,989,874**	4,919,745,900
Contingencies and commitments	17		
Total equity and liabilities		**9,574,964,173**	9,048,412,940

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

MATCO FOODS LIMITED
Unconsolidated Statements Of Financial Position
As At June 30, 2019

	Note	2019	2018
		-------------------Rupees---------------	
ASSETS			
Non-current assets			
Property, plant and equipment	18	**2,703,578,739**	2,168,585,255
Intangible assets	19	**-**	-
Long term deposits		**9,938,831**	13,048,793
Long term investment	20	**31,082,707**	31,082,707
Total non-current assets		**2,744,600,277**	2,212,716,755
Current assets			
Stores, spares and loose tools	21	**23,107,682**	18,727,268
Stock in trade	22	**5,204,978,692**	5,138,980,796
Trade debts	23	**941,093,236**	674,463,623
Short-term Loans and advances	24	**355,385,133**	83,732,051
Trade deposits and short term prepayments	25	**5,268,471**	10,843,438
Short-term investment		**255,362**	500,000
Other receivables	26	**188,843,920**	85,369,946
Taxation - net		**33,050,458**	-
Cash and bank balances	27	**78,380,942**	823,079,063
Total current assets		**6,830,363,896**	6,835,696,185
Total assets		**9,574,964,173**	9,048,412,940

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

MATCO FOODS LIMITED
Unconsolidated Statements Of Profit or Loss
For The Year Ended June 30, 2019

	Note	2019	2018
		------------------Rupees---------------	
Sales - net	28	**7,863,052,901**	6,722,731,288
Cost of sales	29	**(6,948,543,163)**	(5,862,040,117)
GROSS PROFIT		**914,509,738**	860,691,171
Selling and Distribution	30	**(167,111,014)**	(153,476,336)
Administrative expenses	31	**(240,332,519)**	(198,099,318)
		(407,443,533)	(351,575,654)
		507,066,205	509,115,517
Finance cost	32	**(275,503,177)**	(239,704,316)
Other income	33	**106,655,675**	17,849,819
Exchange gain - net	34	**152,934,910**	72,858,009
Provision for worker's welfare fund	13.3	**(7,270,451)**	(7,066,909)
Provision for worker's profit participation fund	13.4	**(23,388,267)**	(15,263,606)
PROFIT BEFORE TAX		**460,494,895**	337,788,513
Income tax expense	35	**(46,658,608)**	(29,495,558)
PROFIT FOR THE YEAR		**413,836,287**	308,292,955

	Note	2019 Rupees	2018 Rupees Restated
EARNINGS PER SHARE - BASIC AND DILUTED	40	**3.38**	2.96

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

MATCO FOODS LIMITED
Unconsolidated Statements Of Comprehensive Income
For The Year Ended June 30, 2019

	Note	2019	2018
		------------------Rupees---------------	
PROFIT FOR THE YEAR		**413,836,287**	308,292,955
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to the unconsolidated statement of profit or loss		**-**	-
***Items that will not to be reclassified subsequently to the unconsolidated* statement of profit or loss**			
- Remeasurement of defined benefits obligation	12.1.5	**(2,409,511)**	(229,441)
- Deferred tax on disposal of land and building		**4,789,032**	-
- Deferred tax on incremental depreciation		**9,334,191**	-
Other comprehensive income / (loss)		**11,713,712**	(229,441)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**425,549,999**	308,063,514

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

MATCO FOODS LIMITED
Unconsolidated Statements Of Cash Flow
For The Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2019	2018
		------------------Rupees---------------	
Profit before taxation		460,494,895	337,788,513
Adjustments for:			
Depreciation	18	171,098,344	162,253,952
Exchange gain - net	34	(152,934,910)	(72,858,009)
Provision of doubtful debts		6,103,372	7,464,595
Provision for slow moving stock		9,916,664	10,618,995
Finance cost	32	275,503,177	239,704,316
Provision for staff gratuity	12.1	18,316,536	15,859,134
Amortization of deferred income	33	(362,666)	(362,667)
Gain on disposal of property, plant and equipment	33	(73,325,589)	(5,220,075)
		254,314,928	357,460,241
		714,809,823	695,248,754
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(4,380,414)	(4,897,714)
Stock-in-trade		(75,914,560)	101,510,168
Trade debts - considered good		(119,798,075)	(60,072,841)
Loans and advances		(271,653,082)	(25,560,462)
Trade deposits and prepayments		5,574,967	(1,870,278)
Other receivables		(103,473,974)	(624,782)
		(569,645,138)	8,484,091
Increase / (decrease) in current liabilities			
Trade and other payables		22,149,245	(106,684,210)
Advances from customers		33,782,823	(168,708,345)
		55,932,068	(275,392,555)
Cash generated from operations		201,096,753	428,340,290
Finance cost paid		(259,574,243)	(236,993,051)
Income taxes paid		(102,019,982)	(59,478,799)
Gratuity paid	12.1	(3,434,280)	(8,450,481)
Net cash (used in) /generated from operating activities		(163,931,752)	123,417,960
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure including capital work in progress		(806,386,032)	(182,760,348)
Proceeds from disposal of property, plant and equipment		209,331,500	8,150,500
Investment in subsidiary		-	(7,499,960)
Long-term deposits		3,109,962	(2,057,870)
Net cash used in investing activities		(593,944,570)	(184,167,679)
Balance carried forward		(757,876,322)	(60,749,719)

Chief Executive Officer | Chief Financial Officer | Director

MATCO FOODS LIMITED
Unconsolidated Statements Of Cash Flow
For The Year Ended June 30, 2018

	Note	2019	2018
		------------------Rupees---------------	
Balance brought forward		(757,876,322)	(60,749,719)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances			
- received during the year		106,904,000	252,898,301
- repayments during the year		(85,590,376)	(341,270,050)
Proceeds from issuance of shares	7.4	-	291,430,000
Proceeds from share premium received	8	-	420,984,339
Finance lease obligation paid during the year		(19,731,622)	(12,579,609)
Dividend paid		(46,139,034)	(34,210,534)
Short-term borrowings		57,447,650	194,944,160
Net cash generated from financing activities		12,890,618	772,196,607
Net change in cash and cash equivalents during the year		(744,985,704)	711,446,888
Cash and cash equivalents as at the beginning of year		823,079,063	111,054,980
Effects of exchange rate changes on cash and cash equivalents		287,583	577,195
Cash and cash equivalents as at the end of year	27	78,380,942	823,079,063

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

MATCO FOODS LIMITED

Unconsolidated Statements Of Change In Equity
For The Year Ended June 30, 2019

	Issued, subscribed and paid up share capital	Capital reserve Share premium reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
	-----------------	----------------	Rupees	----------------	-----------------
Balance as on June 30, 2017	874,290,940	318,382,823	1,378,821,835	571,665,218	3,143,160,816
Total comprehensive income for the year					
Profit for the year	-	-	308,292,955	-	308,292,955
Other comprehensive income	-	-	(229,441)	-	(229,441)
Total comprehensive income	-	-	308,063,514	-	308,063,514
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 9)	-	-	24,883,604	(24,883,604)	-
Transactions with owners					
Issue of shares @ Rs. 10 per share	291,430,000	-	-	-	291,430,000
Share premium @ Rs. 16 per share - net of expenses	-	420,984,339	-	-	420,984,339
Dividend paid @ Re. 0.3 per share (2017: Rs. 0.4118 per share)	-	-	(34,971,629)	-	(34,971,629)
Balance as on June 30, 2018	1,165,720,940	739,367,162	1,676,797,324	546,781,614	4,128,667,040
Balance as on July 01, 2018	1,165,720,940	739,367,162	1,676,797,324	546,781,614	4,128,667,040
Total comprehensive income for the year					
Profit for the year	-	-	**413,836,287**	-	**413,836,287**
Other comprehensive income	-	-	**11,713,712**	-	**11,713,712**
Total comprehensive income	-	-	**425,549,999**	-	**425,549,999**
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 9)	-	-	**21,779,780**	**(21,779,780)**	-
Transferred from surplus on revaluation of property, plant and equipment on account of disposal of land and building	-	-	**79,856,905**	**(79,856,905)**	-
Preliminary expenses incurred for IPO	-	**(613,902)**	-	-	**(613,902)**
Transactions with owners					
Bonus shares issued in the ratio of 5 shares for every 100 shares held	**58,286,040**	**(58,286,040)**	-	-	-
Dividend paid @ Re. 0.4 per share (2018: Rs. 0.3 per share)	-	-	**(46,628,838)**	-	**(46,628,838)**
Balance as on June 30, 2019	**1,224,006,980**	**680,467,220**	**2,157,355,170**	**445,144,929**	**4,506,974,299**

Chief Executive Officer

Chief Financial Officer

Director

MATCO FOODS LIMITED

Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

1 STATUS AND NATURE OF BUSINESS

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, Sadhoke, Tehsil Kamonki, District Gujranwala.

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

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.

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

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

a) The Company has completed installation of the construction of rice glucose plant for 20,000 MT of rice glucose and 2,000 MT of rice protein at G-205, SITE-II, Super highway Karachi.

b) The exchange rate of USD to PKR has increased from PKR 121.5 as at June 30, 2018 to PKR 160.05 as at June 30, 2019 which resulted in exchange gain of Rs. 152.9 million as disclosed in statement of profit or loss.

c) During the year 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.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed in preparation of these unconsolidated financial statements.

3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies' note and statement of cash flows.

3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional currency and presentation currency.

3.4 Standards, Amendments and Interpretations to Approved Accounting Standards

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 15 'Revenue from Contracts with Customers'	July 1,2018
IFRS 9 'Financial Instruments'	July 1,2018

The impact of above standards on the amounts for the year ended June 30, 2019 has been disclosed in the note 6 of these unconsolidated financial statements.

3.4.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2018 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 'Leases'	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 01, 2019
IAS 28 'Long-term Interests in Associates and Joint Ventures' (Amendments to IAS 28)	January 01, 2019

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
Annual improvements to IFRSs 2015- 2017 Cycle	January 01, 2020
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 01, 2020
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 01, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 01, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the unconsolidated financial statements of the Company.

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

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

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14- Regulatory Deferral Accounts	January 01, 2016
IFRS 17- Insurance Contracts	January 01, 2021
IFRS 1- First time adoption of International Financial Reporting Standards	July 01, 2009

4 CRITICAL ASSUMPTIONS AND ESTIMATES

The preparation of these unconsolidated financial statements in conformity with approved financial reporting framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the unconsolidated financial statements are as follows:

	Note
(a) useful lives of property, plant and equipment	5.1
(b) impairment of financial assets	5.7
(c) staff retirement plan	5.11
(d) income taxes	5.14
(e) trade and other payables	5.16
(f) contingencies	5.17
(g) provisions	5.22
(h) impairment	5.24

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies have been applied on consistent basis except as disclosed elsewhere. These policies have been adopted in the preparation of these unconsolidated financial statements are as follows:

5.1 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item when it is probable that the future economic benefits associated with the item flow to the entity and its cost can be reliably measured. Normal repair and maintenance are charged to the statement of profit or loss account during the period in which they are incurred.

Depreciation is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 18.1 of the unconsolidated financial statements. Depreciation on addition is charged from the day an asset is available for use upto the day prior to its disposal.

Gains and losses on disposal of assets are taken to the statement of profit or loss, and related surplus on revaluation of property and plant is transferred directly to retained earnings / unappropriated profits.

5.2 Leased assets

Leased assets in terms of which the Company assumes substantially all the risks and rewards incidental to ownership are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments.

The outstanding obligations under the lease excluding finance charges allocated to future periods are shown as liability. Financial charges are allocated to the accounting periods in a manner so as to provide a constant rate of charge on the outstanding obligation.

5.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.
Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.
Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each reporting date and adjusted if the impact of amortization is significant.

5.4 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing cost. These are transferred to specific assets as and when assets are available for use.

5.5 Ijara contracts

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as Ijara contract. Payments made under Ijara contract (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight line basis over the lease term.

5.6 Investments

5.6.1 Investment in subsidiary and associated companies

Investment in subsidiary and associated companies is initially recognized and carried at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in statement of profit or loss.

5.6.2 Other investments

All regular way purchases / sales of investment are recognized on the trade date, i.e., the date the Company commits to purchase / sell the investments. Regular way purchases or sales of investment require delivery of securities within the time frame generally established by regulation or convention in the market place.

5.7 IFRS 9 - Financial Instruments - initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

Classification of financial assets

The Group classifies its financial instruments in the following categories:
- at fair value through profit or loss ("FVTPL")
- at fair value through other comprehensive income ("FVTOCI"), or
- at amortized cost.

The Company determines the classifications of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Company classifies its financial liabilities in the following categories:
- at fair value through profit or loss ("FVTPL"), or
- at amortized cost

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instrument held for trading or derivatives) or the Company has opted to measure them at FVTPL.

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

Subsequent measurement

i) Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income/loss.

ii) Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss account. Realised and unrealised gains and losses arising from changes in the fair value of financial assets and liabilities held at FVTPL are included in the unconsolidated statement of profit or loss account in the period in which they arise.

Where the management has opted to recognise a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial assets
The Company recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determine to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determined to have low or there was no credit risk since initial recognition and at the reporting date:

- bank balances;
- deposits;
- loan and advances; and

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

Derecognition

i) Financial assets
The Company derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable recognised in unconsolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve reclassified to unconsolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to unconsolidated statement of profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities
The Company derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in unconsolidated statement of profit or loss account. The Company's financial liabilities include long term finances, trade and other payables, accrued markup and short term borrowing.

Financial assets - policy upto June 30, 2018
Trade debts and other receivables were recognised initially at fair value plus directly attributable cost, if any and subsequently, at amortized cost less impairment, if any. Provision for impairment of trade and other receivable was established when there is an objective evidence that these will not be able to collect all amounts due according to terms of receivables. Trade receivable considered irrecoverable were written off.

5.8 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the dates on which the derivative contracts are entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments is taken to the statement of profit or loss.

5.9 Stores, spares and loose tools

These are valued at the cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon, up to the reporting date.

5.10 Stock-in-trade

These are valued at lower of cost and net realizable value less impairment loss, if any. Raw material is valued at moving weighted average cost, packing material is valued at cost, work in process is valued at manufacturing cost and finished goods is valued at cost allocated on sales value of finish and by-product for each job completion or net realizable value (NRV) whichever is lower.
Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

5.11 Staff retirement benefits

Defined benefit plan

The Company operates an unapproved gratuity scheme for its employees completing the eligibility period of service as defined under the plan. The Company recognizes expense in accordance with IAS-19 "Employee Benefits". An actuarial valuation of defined benefit plan is conducted every year. The valuation uses the Projected Unit Credit Method. Actuarial gain and losses are recognized in full with period in which they occur in statement of other comprehensive income.

5.12 Trade debts

These are measured at original invoice amount less an estimate made for allowance for expected credit loss based on the probability of default at reporting period. Bad debts are written off when identified.

5.13 Cash and cash equivalents

Cash and cash equivalents are carried in the unconsolidated statement of financial position at cost. For the purpose of statement cash flows, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

5.14 Taxation

Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance or Alternate Corporate Tax (ACT) under section 113C of the said Ordinance, whichever is higher.

Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

5.15 Borrowings and their costs

All borrowings are recorded at the proceeds received net of transaction cost. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

5.16 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

5.17 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

5.18 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue.

The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue.

The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company is in the business of the manufacture and sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and thereby the performance obligations are satisfied, at amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

The Company has concluded that based on the contractual arrangement control of goods are transferred and performance obligations are satisfied at a point in time when the goods are dispatched to the customers.

In case of export the control is transferred when the goods are shipped to the destination and Bill of Lading has been prepared, thus completing the performance obligation. Whereas in case of local sales, control is transferred when the goods are dispatched to customers from the warehouse.

5.19 Interest income

Interest income is recognized on a time proportion basis that takes into account the effective yield.

5.20 Foreign currency translation

Transactions in foreign currencies are accounted for in Pak Rupee at the rate of exchange prevailing on the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the statement of financial position date are expressed in Rupee at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the statement of profit or loss.

5.21 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the unconsolidated financial statements only when the Company has a legally enforceable right to off-set the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.22 Provisions

A provision is recognized in the unconsolidated statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

5.23 Operating segments

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The Company accounts for segment reporting using the business segments as the primary reporting format based on the Company's practice of reporting to the management on the same basis.

5.24 Impairment of non-financial assets

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and accordingly an impairment loss is recognized in the statement of profit or loss account for the carrying amount of the asset that exceeds its recoverable amount.

5.25 Related party transactions

All related party transactions are carried out by the Company on arm's length basis.

5.26 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's unconsolidated financial statements in the period in which such dividends are approved by the Board.

6 CHANGE IN ACCOUNTING POLICY

i) IFRS 9 - Financial Instrument

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instrument, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from July 1, 2018 resulted in changes in accounting policies and adjustments to the amount recognised in the unconsolidated financial statements. The new accounting policies are set out in the note 5.7 above. In accordance with the transitional provisions in IFRS 9, corresponding figures have not been restated.

Classifications and remeasurement

On 1 July 2018 (the date of initial application of IFRS 9), the Company's management has assessed business models applicable to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from these reclassifications and adjustments are as follows:

	Note	FVTPL	Held for trading	Loans and receivable	Amortised cost
Financial assets					
		--------------------------Amount in Rupees ---------------------			
Closing balance June 30, 2018 - IAS 39					
Trade debts	23	-	-	(674,463,623)	674,463,623
Short-term Loans and advances	24	-	-	(83,732,051)	83,732,051
Other receivables	26	-	-	(85,369,946)	85,369,946
Short term investments		500,000	(500,000)	-	-
Cash and bank balances	27	-	-	(823,079,063)	823,079,063
		500,000	(500,000)	(1,666,644,683)	1,666,644,683
Opening balance July 1, 2018 - IFRS		500,000.0	(500,000)	(1,666,644,683)	1,666,644,683

a) IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The Company has determined that the application of IFRS 9 impairment requirement at July 1, 2018 that results in additional allowance for trade receivables. (Note 23.5)

b) The Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements which require impairment of financial assets to be presented in a separate line item in the unconsolidated statement of profit or loss.

ii) IFRS 15 - Revenue from contracts with customers

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Company. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the unconsolidated financial statements of the Company that may require retrospective change and restatement of comparatives for the year ended June 30, 2018.

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

7 SHARE CAPITAL

7.1 AUTHORIZED SHARE CAPITAL

2019	2018		2019	2018
Number of shares			--------------Rupees------------	
200,000,000	200,000,000	Ordinary shares of Rs. 10 (2018: Rs. 10)	2,000,000,000	2,000,000,000

7.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

		Ordinary shares of Rs. 10 each:		
50,340,213	50,340,213	- fully paid in cash	503,402,130	503,402,130
6,002,950	6,002,950	- issued for consideration other than cash	60,029,500	60,029,500
66,057,535	60,228,931	- issued as fully paid bonus shares	660,575,350	602,289,310
122,400,698	116,572,094		1,224,006,980	1,165,720,940

7.3 Shares held by the related parties of the Company

Name of the shareholders	2019 Number of shares	2018 Number of shares
Mr. Jawed Ali Ghori	23,795,021	22,661,925
Mr. Khalid Sarfaraz Ghori	24,031,271	22,886,925
Mr. Tariq Ghori	24,054,896	22,909,425
Mr. Faizan Ali Ghori	378,250	224,997
Ms. Naheed Jawed	448,875	427,500
Ms. Nuzhat Khalid Ghori	448,875	427,500
Ms. Sadaf Tariq	425,250	405,000
International Finance Corporation	18,360,109	17,485,819
Mr. Naeem-ur-Rehman Akhoond	1	1
Syed Kamran Rasheed	500	1
Mr. Abdul Samad Khan	500	1
Mrs. Faryal Murtaza	340,473	-
Ms. Umme Habibah	500	-

7.4 Reconciliation of number of shares outstanding is as under:

	Note	2019 Number of shares	2018 Number of shares
Shares at the beginning of the year		**116,572,094**	87,429,094
Shares issued during the year in cash		**-**	29,143,000
Bonus shares issued during the year	7.6	**5,828,604**	-
Shares at the end of the year		**122,400,698**	116,572,094

7.5 The Company has issued 15% shares to International Finance Corporation (IFC) (registered with World Bank) under an agreement with the Company till June 30, 2019. During the year 2012, the Company offered shares as fully paid right shares which were declined by the existing members and the directors issued those shares to the IFC. These shares have been issued at a price of Rs. 39.28 per share resulting in overall premium from IFC on issue of shares amounting to Rs. 341.311 million.

7.6 During the year, the Company has issued 5% bonus shares to their shareholders.

8 CAPITAL RESERVE	Note	2019	2018
		-------------Rupees------------	
Share premium	8.1 & 8.2	680,467,210	739,367,162

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

8.1 This represents:

- premium received over and above face value of the shares issued to IFC amounting to Rs. 341 million out of which Rs. 22.9 million had been utilized under section 83 of the repealed Companies Ordinance, 1984 during the year ended June 30, 2014.

- premium received over and above face value of the shares issued to general public through IPO amounting to Rs. 466.3 million out of which Rs. 45.3 million had been utilized under section 81 of the Companies Act, 2017 during the year ended June 30, 2018.

8.2 During the year the Company has issued 5% fully paid bonus shares amounting to Rs. 58.29 million and Rs. 0.6 million had been utilized under section 81 of the Companies Act, 2017 during the year ended June 30, 2019.

9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

This represents surplus arising on revaluation of land, buildings, plant and machinery. The revaluation was carried by MYK Associates (Private) Limited and KG Traders (Private) Limited on March 31, 2014. (refer note 15.5).

	Note	2019	2018
		-------------Rupees------------	
Balance at beginning of the year		**546,781,614**	571,665,218
Surplus arising on revaluation during the year		**-**	-
Transferred to un-appropriated profits on account of			
- incremental depreciation		**(31,113,971)**	(35,548,005)
- tax impact on incremental depreciation		**9,334,191**	10,664,401
- disposal of land and building		**(84,645,937)**	-
- tax impact on disposal		**4,789,032**	-
Balance at end of the year		**445,144,929**	546,781,614

10 LONG TERM FINANCES - SECURED

	Note	2019	2018
		--------------Rupees-------------	
From banking companies and financial institution:			
- MCB Bank Limited	10.1 & 10.2	**204,517,070**	243,357,942
- Pak Oman Investment Company Limited	10.3 & 10.4	**36,063,952**	62,783,084
- United Bank Limited	10.5	**5,557,076**	24,445,584
- Soneri Bank Limited	10.6	**48,000,000**	-
- Habib Bank Limited	10.7	**37,485,000**	-
- Meezan Bank Limited	10.8 & 10.9	**20,277,100**	-
		351,900,198	330,586,610
Current portion of long term finances		**(86,709,085)**	(84,029,706)
		265,191,113	246,556,904

10.1 This includes long term financing facility (LTFF) of Rs. 250 million (2018: Rs 250 million) for rice protein/rice glucose plant. It is secured by 1st pari passu hypothecation charge of Rs. 382.667 million (2018: Rs 382.667 million) over all present and future fixed assets (excluding land and building) of the Company. Further secured by 1st pari passu mortgage charge of Rs. 382.667 million over land and building (2018: Rs. 382.667 million). It carries mark-up at SBP rate plus 1.0% per annum (2018: SBP rate plus 1%). The Loan is repayable in quarterly installments starting from 15th month from first disbursement i.e. September 2017.

10.2 This also include LTFF/demand finance (DF) financing facility of Rs. 51.4 million (2018: Rs. 51.4 million) for plant & machinery expansion. It is secured by 1st hypothecation charge of Rs. 382.667 million (2018: Rs. 382.667 million) over all present and future fixed assets (excluding land and building). Further secured by 1st mortgage charge of Rs. 382.667 million (2018: Rs. 382.667 million) over land and building. It carries mark-up at 3 months KIBOR plus 1.0% per annum (2018: 3 months KIBOR plus 1.0% per annum). The Loan is repayable in semi annual installments and shall be repaid by April 2020.

10.3 This include LTFF financing facility of Rs. 100 million (2018: Rs. 100 million) for import of various machineries and equipment required for expansion in grain storage silos in Sadhoki Punjab. It is secured by 1st pari passu charge of Rs. 133 million (2018: Rs. 133 million) over present and future fixed assets including land, building, plant & machinery of the project located at Sadhoki Punjab. This facility swap to Term Finance Facility and carries mark up at 3 months KIBOR plus 2.0% per annum (2018: 3 months KIBOR plus 2.0% per annum). The loan is repayable in quarterly installments and shall be repaid by May 2020.

10.4 This also include LTFF financing facility of Rs. 60 million (2018: 60 million) for financing the import of paddy processing machinery at the Company's auto rice mill in Sadhoki Punjab. It is secured by 1st pari passu charge of Rs. 133 million (2018: Rs. 133 million) over fixed assets of the Company. This facility swap to Term Finance Facility and carries mark up at SBP rate plus 1% per annum.(2018: SBP rate plus 1% per annum). The loan is repayable in quarterly installments and shall be repaid by June 2023.

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

10.5 This include financing facility of LTFF Rs. 0.909 million and NIDF of Rs. 4.647 million (2018: LTFF Rs. 2.7 million and NIDF Rs. 21.7 million) for balancing modernization and restructuring (BMR) expenses of the Company. The facility is secured by exclusive charge of Rs. 85.33 million (2018: Rs. 85.33 million) over land and building located at G-205 super highway Karachi., out of which Rs. 50 million (2018: Rs. 50 million) is tagged to this facility. Margin of Rs. 17 million (2018: Rs. 18 million) is secured against ranking charge over all present and future fixed assets of the Company. LTFF carries mark up at SBP rate plus 2.5% per annum and NIDF carries mark up at 6 months KIBOR plus 2.0% per annum (2018: LTFF SBP rate plus 2.5% per annum and NIDF 6 months KIBOR plus 2.0% per annum). The loan is repayable in semi-annual installments and shall be repaid by September 2019.

10.6 This include financing facility of DF Rs. 48 million (2018: Nil) for acquisition of fixed assets to be utilized as a Godown and extension of business facility at Sadhoki Punjab. The facility is secured by 1st exclusive equitable mortgage charge of Rs. 73.478 million (2018: Rs. Nil) duly registered with SECP, including TRM of Rs. 0.1 million and rest through EM over industrial property situated at Sadhoki, Punjab. DF carries mark up at 3 months KIBOR plus 1.5% (2018: Nil). The loan is repayable in quarterly installments and shall be repaid by October 2020.

10.7 This include financing facility of LTFF Rs. 100 million (2018: Nil) to meet in-house energy requirements under SBP renewable energy scheme. The facility is secured by ranking charge over plant and machinery of Rs. 134 million with 25% margin. LTFF carries mark up at SBP rate of 1% (2018: Nil). The loan is repayable in quarterly installments and shall be repaid in 10 years with one year Grace period.

10.8 This include Diminishing Musharakah islamic long term financing facility(ILTFF) of Rs. 11.419 million (2018: Nil) to finance the import of rice processing machinery. The facility is secured by exclusive hypothecation charge over specific DM asset. It carries mark up at SBP rate plus 2.5% (2018: Nil). The loan is repayable in quarterly installments and shall be repaid in 05 years.

10.9 This include Diminishing Musharakah ILTFF of Rs. 10 million (2018: Nil) to finance the import of Bundle Dryer. The facility is secured by exclusive hypothecation charge over specific DM asset. It carries mark up at SBP rate plus 2.5% (2018: Nil). The loan is repayable in quarterly installments and shall be repaid in 05 years.

11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Under the Musharakah agreements, lease rentals are payable in 60 equal monthly installments. The financings carry mark-up at rates ranging from 6 months KIBOR plus 1.75% to 2.25% (2018: 6 months KIBOR plus 1.75% to 2.25%) per annum approximately which have been used as a discounting factor. The Company has the option to purchase the asset upon completion of the lease period.

The minimum lease payments for which the Company has committed to pay in future under the lease agreements are due as follows:

	2019			2018		
	Minimum lease	**Financial charges**	**Present value of minimum lease payments**	Minimum lease	Financial charges	Present value of minimum lease payments
	----------- **Rupees**-----------			----------- Rupees-----------		
Up to one year	**20,061,368**	**6,966,438**	**13,094,930**	16,397,852	4,171,563	12,226,289
Later than one year but not later than five years	**54,474,282**	**9,710,509**	**44,763,773**	38,144,067	8,859,647	29,284,420
Later than five years	**-**	**-**	**-**	-	-	-
	74,535,650	**16,676,947**	**57,858,703**	54,541,919	13,031,210	41,510,709

12 DEFERRED LIABILITIES

	Note	2019	2018
		-------------Rupees------------	
Staff gratuity scheme- unfunded	12.1	**76,715,111**	59,423,344
Deferred tax liability	12.2	**70,088,260**	84,211,483
		146,803,371	143,634,827

12.1 Staff gratuity scheme - unfunded

	Note	2019	2018
		-------------Rupees------------	
Balance at beginning of the year		**59,423,344**	51,785,250
Charge for the year	29 & 31	**18,316,536**	15,859,134
Actuarial losses		**2,409,511**	229,441
Payments made during the year		**(3,434,280)**	(8,450,481)
Balance at end of the year	12.1.1	**76,715,111**	59,423,344

12.1.1 Staff retirement benefits - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2019, using the "Projected Unit Credit Method". Provision has been made in these unconsolidated financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation in respect of above-mentioned schemes are as follows:

	2019	2018
Discount rate- per annum	**14.25%**	9.00%
Expected rate of increase in salaries- per annum	**13.25%**	8.00%

12.1.2 The amounts recognized in the unconsolidated statement of financial position are as follows:

	Note	2019	2018
		-------------Rupees------------	
Present value of defined benefit obligation		**74,305,600**	59,1939,03
Actuarial losses		**2,409,511**	229,441
	12.1.3	**76,715,111**	59,423,344

12.1.3 Movements in the net liability recognized in the unconsolidated statement of financial position are as follows:

	Note	2019	2018
Opening liability		**59,423,344**	51,785,250
Charge for the year	12.1.4	**18,316,536**	15,859,134
Actuarial losses		**2,409,511**	229,441
Benefits paid		**(3,434,280)**	(8,450,481)
Balance at end of the year		**76,715,111**	59,423,344

12.1.4 The amounts recognized in the statement of profit or loss against defined benefit scheme are as follows:

	2019	2018
Current service cost	**13,122,978**	12,292,133
Interest cost	**5,193,558**	3,567,001
Charge for the year	**18,316,536**	15,859,134

12.1.5 The amounts recognized in the other comprehensive against defined benefit scheme are as follows:

	2019	2018
Remeasurement of defined benefits obligation	**(2,409,511)**	(229,441)

12.1.6 Expense chargeable to statement of profit or loss for the next year	2020	2019
	--------------Rupees-------------	
Current service cost	**18,512,771**	15,577,487
Interest cost	**10,809,557**	5,348,101
Charge for the year	**29,322,328**	20,925,588

12.1.7 The expense for the staff retirement benefit scheme has been allocated as follows:	Note	2019	2018
		--------------Rupees-------------	
Cost of sales	29.4	**9,524,599**	8,246,750
Administrative expenses	31.1	**8,791,937**	7,612,384
		18,316,536	15,859,134

12.2 This represent deferred tax on surplus on revaluation of property, plant and equipment. Further, the Company has deferred tax asset amounting to Rs. 16.69 million (Rs. 2018: 11.7 million). However, the Company has not recorded deferred tax asset in the books of these unconsolidated financial statements.

13 TRADE AND OTHER PAYABLES		2019	2018
		--------------Rupees-------------	
Creditors		**154,254,453**	158,895,732
Accrued liabilities		**45,801,411**	32,810,655
Security deposit from customer	13.1	**-**	25,000
Payable to a related party- unsecured	13.2	**7,974,096**	7,121,816
Tax deducted at source and payable to statutory authorities		**1,796,816**	1,079,529
Sales tax payable		**447,584**	591,311
Worker's welfare fund	13.3	**14,415,070**	10,140,803
Worker's profit participation fund	13.4	**23,388,267**	15,263,606
		248,077,697	225,928,452

13.1 This represents amount received from the customer of the Company, which is utilized for the purpose of the business in accordance with the related agreements.

13.2 This represents amount received from the Matco Marketing (Private) Limited and Ghori Trust for the purpose of expenses to be incurred by the Company on their behalf.

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

13.3 Worker's welfare fund	Note	2019	2018
		--------------Rupees-------------	
Opening balance		**10,140,803**	3,073,894
Allocation for the year		**7,270,451**	7,066,909
Amount paid		**(2,996,184)**	-
Closing balance		**14,415,070**	10,140,803

13.4 Worker's profit participation fund	Note	2019	2018
		--------------Rupees-------------	
Opening balance		**15,263,606**	12,836,230
Allocation for the year		**23,388,267**	15,263,606
Amount paid		**(15,263,606)**	(12,836,230)
Closing balance		**23,388,267**	15,263,606

14 ACCRUED MARK-UP

Mark-up on long term finances	**5,825,361**	4,436,488
Mark-up on short term borrowings	**58,871,001**	44,042,236
Mark-up on finance lease	**-**	288,704
	64,696,362	48,767,428

15 SHORT TERM BORROWINGS - SECURED	Note	2019	2018
		--------------Rupees-------------	
MCB Bank Limited (MCB)			
Export Refinance Scheme (ERF)	15.1	**419,752,000**	339,352,000
United Bank Limited (UBL)			
ERF	15.2	**597,397,000**	497,397,000
Askari Bank Limited (AKBL)			
ERF	15.3	**246,000,000**	58,500,000
FAPC	15.4	**235,000,000**	418,700,000
National Bank of Pakistan (NBP)			
ERF	15.5	**400,000,000**	400,000,000
Habib Metropolitan Bank Limited (HMBL)			
ERF	15.6	**222,500,000**	49,900,000
FAPC	15.7	**75,500,000**	249,000,000
Foreign bills purchased/negotiated	15.8	**8,002,636**	18,230,753
Allied Bank Limited (ABL)			
ERF	15.9	**150,000,000**	-
FAPC	15.10	**100,000,000**	234,000,000
Habib Bank Limited (HBL)			
ERF	15.11	**343,200,000**	163,200,000
FAPC	15.12	**25,000,000**	179,000,000
Standard Chartered Bank			
ERF	15.13	**154,500,000**	86,500,000
FAPC	15.14	**94,500,000**	115,000,000
Faysal Bank Limited			
ERF	15.15	**261,000,000**	236,000,000
FAPC	15.16	**288,499,997**	313,500,000
Bank Al Falah Limited			
ERF	15.17	**105,000,000**	105,000,000
FAPC	15.18	**186,500,000**	131,500,000
Pak Oman Investment			
ERF	15.19	**-**	250,000,000
MIB Bank Limited			
ERF	15.20	**50,000,000**	237,000,000
FAPC	15.21	**176,875,770**	-
		4,139,227,403	4,081,779,753

15.1 This facility has been obtained under State Bank of Pakistan (SBP) Export Refinance Scheme (ERF). The sanctioned limit is Rs. 430 million (2018: Rs. 350 million). It carries mark-up at SBP rate plus 1.0% per annum (2018: SBP rate plus 1.0% per annum). This facility is secured by 1st registered joint pari passu hypothecation charge of Rs. 600 million over all present and future current assets, 1st registered joint pari passu hypothecation charge of Rs. 135 million over all present and future fixed assets excluding land & building, 1st registered joint mortgage charge of Rs. 135 million over land, building and properties. (2018: 1st registered joint pari passu hypothecation charge of Rs. 600 million over all present and future current assets, 1st registered joint pari passu hypothecation charge of Rs. 135 million over all present and future fixed assets excluding land & building, 1st registered joint mortgage charge of Rs. 135 million over land and building and selected properties).

15.2 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 600 million (2018: Rs. 500 million). It carries mark-up at SBP rate plus 1.0% per annum (2018: SBP rate plus 1.0% per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 800 million over all present and future current assets with 25% margin, 1st joint pari passu hypothecation charge of Rs. 265.33 million over all present and future fixed assets (excluding land & building), 1st joint mortgage charge of Rs. 265.33 million over land and building of selected properties.{2018: 1st joint pari passu hypothecation charge of Rs. 800 million over all present and future current assets with 25% margin, 1st joint pari passu hypothecation charge of Rs. 265.33 million over all present and future fixed assets (excluding land & building), 1st joint mortgage charge of Rs. 265.33 million over land and building of selected properties}. The facility expiry date is November 30, 2019.

15.3 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 488 million (2018: Rs. 488 million). It carries mark-up at SBP rate plus 0.75% per annum (2018: SBP rate plus 0.75% per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25% margin, 100% secured against cash collateral in the shape of TDR in the name of company/ Director having value Rs. 1.2 million, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets (2018: 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25% margin, 100% secured against cash collateral in the shape of TDR in the name of Company/ Director having value Rs. 1.2 million, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets). The facility expiry date is March 31, 2020.

15.4 The sanctioned limit is Rs. 488 million against FAPC (2018: Rs. 488 million). It carries mark-up at 3 Month KIBOR plus 0.75% per annum (2018: 3 Month KIBOR plus 1 per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25% margin, 100% secured against Cash collateral in the shape of TDR in the name of company/ Director having value Rs. 1.2 million, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets (2018: 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25% margin, 100% secured against Cash collateral in the shape of TDR in the name of company/ Director having value Rs. 1.2 million, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets). The facility expiry date is March 31, 2020.

15.5 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 400 million (2018: Rs. 400 million). It carries mark-up at SBP rate plus 0.75% per annum (2018: SBP rate plus 0.75% per annum). This facility is secured by 1st pari passu hypothecation charge of Rs 533.34 million over all present and future current assets, 1st pari passu hypothecation charge of Rs. 120 million over all present and future fixed assets (excluding land and building), 1st pari passu equitable mortgage charge of Rs. 120 million over all immovable properties (including land and building).

{2018: This facility is secured by 1st pari passu hypothecation charge of Rs 533.34 million over all present and future current assets,1st pari passu hypothecation charge of Rs. 120 million over all present and future fixed assets (excluding land and building), 1st pari passu equitable mortgage charge of Rs. 120 million over all immovable properties (including land and building).

15.6 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 300 million (2018: Rs. 300 million). It carries mark-up at SBP rate plus 1.0% per annum (2018: SBP rate plus 1.0% per annum). This facility is secured by joint pari passu hypothecation charge of Rs. 400 million over all present and future current assets, joint pari passu hypothecation charge of Rs. 90 million over all present and future fixed assets(excluding land and building).{2018: Joint pari passu hypothecation charge of Rs. 400 million over all present and future current assets, joint pari passu hypothecation charge of Rs. 90 million over all present and future fixed assets(excluding land and building), joint pari passu equitable mortgage charge of Rs. 90 million over land and building of selected properties} and personal guarantees of sponsoring directors. The facility expiry date is March 31, 2020.

15.7 The sanctioned limit is Rs. 300 million against FAPC (2018: Rs. 300 million). It carries mark-up at 3 Months KIBOR plus 1% (2018: 3 Months KIBOR plus 1%). This facility is secured by joint pari passu hypothecation charge of Rs. 400 million over all present and future current assets, joint pari passu hypothecation charge of Rs. 90 million over all present and future fixed assets(excluding land and building).{2018: Joint pari passu hypothecation charge of Rs. 400 million over all present and future current assets, joint pari passu hypothecation charge of Rs. 90 million over all present and future fixed assets(excluding land and building), joint pari passu equitable mortgage charge of Rs. 90 million over land and building of selected properties} and personal guarantees of sponsoring directors. The facility expiry date is 31 March 2020.

15.8 The sanctioned limit is Rs. 250 million (2018: Rs. 250 million). It carries mark-up that is to be negotiated on case to case basis. (2018: to be negotiated on case to case basis). This facility is secured by ranking hypothecation charge of Rs. 133 million over stocks and receivables duly insured in HMBL's favor covering all risks with premium payment receipt. (2018: ranking hypothecation charge of Rs. 133 million over stocks and receivables duly insured in bank's favor covering all risks with premium payment receipt.). The facility expiry date is March 31, 2020.

15.9 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 250 million (2018 : 250 million). It carries mark-up at SBP rate plus 1% per annum (2018 : SBP rate plus 0.75% per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 373.33 million over all present and future current assets, 1st joint pari passu charge of Rs. 84 million over all present and future fixed assets including land, building, plant & machinery (2018: 1st joint pari passu hypothecation charge of Rs. 373.33 million over all present and future current assets, 1st joint pari passu charge of Rs. 84 million over all present and future fixed assets including land, building, plant & machinery) and personal guarantees of sponsoring directors.

15.10 The sanctioned limit is Rs. 250 million (2018 : 250 million). It carries mark-up at 6 months KIBOR rate plus 0.75% per annum (2018 : 6 months KIBOR plus 0.75% per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 373.33 million over all present and future current assets, 1st joint pari passu charge of Rs. 84 million over all present and future fixed assets including land, building, plant & machinery (2018: 1st joint pari passu hypothecation charge of Rs. 373.33 million over all present and future current assets, 1st joint pari passu charge of Rs. 84 million over all present and future fixed assets including land, building, plant & machinery).

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

15.11 This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 370 million (2018: Rs. 370 million). It carries mark-up at SBP rate plus 1.00% per annum (2018: SBP rate plus 1.00% per annum). This facility is secured by joint pari passu hypothecation charge of Rs. 493.333 million over all current assets with 25% margin, joint pari passu hypothecation charge over all present and future fixed assets plus joint pari passu mortgage over all immovable properties collectively of Rs. 111 million. (2018: Joint pari passu hypothecation charge of Rs. 493.333 million over all current assets, joint pari passu hypothecation charge over all present and future fixed assets plus joint pari passu mortgage over all immovable properties collectively of Rs. 111 million.) The facility expiry date is December 31, 2019.

15.12 The sanctioned limit is Rs. 200 million (2018: Rs. 200 million). It carries mark-up at 3 Months KIBOR plus 0.75% (2018: 6 Months KIBOR plus 0.75%). This facility is secured by joint pari passu hypothecation charge of Rs. 493.333 million over all current assets with 25% margin, joint pari passu hypothecation charge over all present and future fixed assets plus joint pari passu mortgage over all immovable properties collectively of Rs. 111 million. (2018: Joint pari passu hypothecation charge of Rs. 493.333 million over all current assets, joint pari passu hypothecation charge over all present and future fixed assets plus joint pari passu mortgage over all immovable properties collectively of Rs. 111 million.) The facility expiry date is December 31, 2019.

15.13 This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit of said facility is Rs. 250 million (2018: Rs. 250 million). It carries mark-up that to be negotiated at the time of transaction. This facility is secured by first joint pari passu hypothecation charge amounting to Rs. 333.33 million over all present and future stocks and receivables, first joint pari passu hypothecation charge amounting to Rs. 75 million over all present and future fixed assets including land, building, plant and machinery (2018: first joint pari passu hypothecation charge amounting to Rs. 333.33 million over all present and future stocks and receivables, first joint pari passu hypothecation charge amounting to Rs. 75 million over all present and future fixed assets).

15.14 The sanctioned limit of said facility is Rs. 250 million (2018: Rs. 250 million). It carries mark-up at 6 months KIBOR plus 1% per annum (2018: 6 months KIBOR plus 1% per annum). This facility is secured by first joint pari passu hypothecation charge amounting to Rs. 333.33 million over all present and future stocks and receivables, first joint pari passu hypothecation charge amounting to Rs. 75 million over all present and future fixed assets including land, building, plant and machinery (2018: first joint pari passu hypothecation charge amounting to Rs. 333.33 million over all present and future stocks and receivables, first joint pari passu hypothecation charge amounting to Rs. 75 million over all present and future fixed assets).

15.15 The sanctioned limit is Rs. 550 million (2018: Rs. 550 million). It carries mark-up at SBP rate plus 1% per annum (2018: SBP rate plus 0.75% per annum). This facility is secured by 1st pari passu hypothecation charge of Rs. 733.33 million over stock and book debts, 1st pari passu hypothecation and mortgage charge of Rs. 165 million over fixed assets, lien over export documents (2018: 1st pari passu hypothecation charge of Rs. 734 million over stock and book debts, 1st prai passu hypothecation and mortgage charge of Rs. 165 million over fixed assets.), lien over export documents. The facility expiry date is April 20, 2020.

15.16 The sanctioned limit is Rs. 550 million (2018: Rs. 550 million). It carries mark-up at 3 Months KIBOR plus 1% per annum (2018: 3 Months KIBOR plus 0.75% per annum). This facility is secured by 1st pari passu hypothecation charge of Rs. 733.33 million over stock and book debts, 1st pari passu hypothecation and mortgage charge of Rs. 165 million over fixed assets, lien over export documents.

(2018: 1st pari passu hypothecation charge of Rs. 734 million over stock and book debts, 1st pari passu hypothecation and mortgage charge of Rs. 165 million over fixed assets.), lien over export documents. The facility expiry date is April 20, 2020.

15.17 This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 300 million (2018: Rs. 300 million). It carries mark-up at SBP rate plus 0.75% per annum (2018: SBP rate plus 0.75% per annum).This facility is secured by 1st pari passu hypothecation charge of Rs. 400 million over current assets (Stock/Receivables), 1st pari passu equitable mortgage charge of Rs. 90 million over land, building, plant & machinery. {2018: Rs.1st pari passu hypothecation charge of Rs. 400 million over current assets (Stock/Receivables), 1st pari passu equitable mortgage charge of Rs. 90 million over land, building, plant & machinery}.The facility expiry date is December 31, 2019.

15.18 The sanctioned limit is Rs. 300 million (2018: Rs. 300 million). It carries mark-up at 3 Months KIBOR plus 0.75% per annum (2018: 3 Months KIBOR plus 0.75% per annum).This facility is secured by 1st pari passu hypothecation charge of Rs. 400 million over current assets (Stock/Receivables), 1st pari passu equitable mortgage charge of Rs. 90 million over land, building, plant & machinery. {2018: Rs.1st pari passu hypothecation charge of Rs. 400 million over current assets (Stock/Receivables), 1st pari passu equitable mortgage charge of Rs. 90 million over land, building, plant & machinery}.The facility expiry date is December 31, 2019.

15.19 The sanctioned limit is Rs. Nil (2018: Rs. 250 million). It carries mark-up rate at Nil (2018: KIBOR plus 2.% per annum). This facility is secured by ranking charge over current assets of the company with 25% margin, post dated cheque of principal amount and two markup payments and personal guarantee of sponsor directors.

15.20 This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 250 million (2018: Rs. 250 million). Formerly, it belonged to NIB Bank. It carries mark-up at SBP rate plus 0.75% (2018: SBP rate plus 0.75% per annum). This facility is secured by joint pari passu charge of Rs. 334 million over all present and future current assets, joint pari passu charge of Rs. 75 million over all present and future movable fixed assets and immovable properties.(2018: Joint pari passu charge of Rs. 334 million over all present and future current assets, joint pari passu charge of Rs. 75 million over all present and future movable fixed assets and immovable properties).

15.21 The sanctioned limit is Rs. 250 million (2018: Rs. 250 million). Formerly, it belonged to NIB Bank. It carries mark-up at 3 months KIBOR plus 0.75% (2018: 3 months KIBOR plus 0.75% per annum). This facility is secured by joint pari passu charge of Rs. 334 million over all present and future current assets, joint pari passu charge of Rs. 75 million over all present and future movable fixed assets and immovable properties.(2018: Joint pari passu charge of Rs. 334 million over all present and future current assets, joint pari passu charge of Rs. 75 million over all present and future movable fixed assets and immovable properties).

16 UNPAID DIVIDEND

This represents part of interim dividend for the half year ended December 31, 2017 and final dividend for the year ended June 30, 2018 which remained unpaid to the shareholders who have not provided their valid Central Depository System (CDS) Account no. and International Bank Account Number (IBAN). The Company has already sent letters to those shareholders for the purpose of above stated information.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

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

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

17.1.2 The Petition No. 3358/2011 and 1823/2013 were filed on December 13, 2011 and April 29, 2013 by the Company against Federal Board of Revenue (FBR) and Others, whereby, the chargeability of the customs duty against import of storage silos has been challenged. It is pertinent to point out that the said import was exempt from duties and taxes vide SRO No. 575(I) 2006. Now through SRO dated October 23, 2012, the said silos have been added as clarificatory being exempt. The said chargeability of customs duty has been challenged of the intervening period through Writ Petition No. 3358/11 and 1823/13. The Company has filed intra court appeal ICA no. 84/2015 and 85/2015 both are pending in honorable Islamabad High Court, Islamabad as notice are issued and no proceeding till to date. We believe that the Company is not likely to suffer any losses on account of the above petition.

17.1.3 In prior years Government of Sindh imposed infrastructure cess @ 0.85% of import value on all imports into Pakistan. A large number of importers including the Company challenged the matter in the Honorable High Court of Sindh. Honorable High Court of Sindh has issued an interim order allowing release of imported goods on 50% payment and 50% bank guarantee. The litigation is pending adjudication. This suit was filed on June 10, 2013 and there are no proceedings conducted till date and we understand that the Company is not likely to suffer any losses due to above suit.

17.2 Commitments	Note	2019	2018
		--------------Rupees------------	
Capital expenditures		-	345,991,757
Letter of credit		-	300,482,000
Letter of guarantees		**1,514,650**	1,514,650
Ijara contracts		-	74,784
		1,514,650	648,063,191

18	PROPERTY PLANT AND EQUIPMENT	Note	2019	2018
			--------------Rupees------------	
	Operating fixed assets	18.1	2,697,320,656	2,163,162,877
	Capital work in progress	18.2	6,258,083	5,422,378
			2,703,578,739	2,168,585,255

18.1 Operating fixed assets

2019

Particulars	Cost / Revaluation						Depreciation					
	Cost at July 01, 2018	Additions	Transfers in / (out)	Revaluation surplus	(Disposals)	Cost at June 30, 2019	Accumulated depreciation at July 01, 2018	Depreciation for the year	(Depreciation on disposals)	Accumulated depreciation at June 30, 2019	Book value at June 30, 2019	Rate per annum %
Owned Assets												
Leasehold land	90,000,000	-	-	-	90,000,000	-	-	-	-	-	-	-
Factory land	531,894,744	-	-	-	-	531,894,744	-	-	-	-	531,894,744	-
Factory building	898,105,927	3,422,074	336,871,170	-	68,218,000	1,170,181,171	350,725,499	55,128,935	26,764,439	379,089,995	791,091,176	10
Plant and machinery	1,304,296,569	37,499,485	375,027,252	-	-	1,716,823,306	487,596,408	82,982,709	-	570,579,117	1,146,244,189	10
Electric cables and fitting	39,576,420	575,000	-	-	-	40,151,420	19,891,884	1,991,806	-	21,883,690	18,267,730	10
Furniture and fixture	9,945,997	1,347,733	-	-	-	11,293,730	5,555,169	507,462	-	6,062,631	5,231,099	10
Motor vehicles	77,063,646	3,433,657	5,695,500	-	11,613,500	74,579,303	58,223,861	9,547,426	7,827,814	59,943,473	14,635,830	20
Office equipment	20,406,020	463,067	2,387,703	-	-	23,256,790	11,350,739	948,074	-	12,298,813	10,957,977	10
Factory equipment	16,624,025	37,674,962	-	-	-	54,298,987	7,083,754	1,128,672	-	8,212,426	46,086,561	10
Computers	16,941,349	768,272	-	-	-	17,709,621	12,653,898	1,517,877	-	14,171,775	3,537,846	33
Camera	3,468,608	30,060	-	-	-	3,498,668	3,229,239	82,335	-	3,311,574	187,094	33
Godown & Shops	23,881,972	-	-	-	-	23,881,972	8,550,401	1,595,878	-	10,146,279	13,735,693	10
Sewing machine	1,279,205	40,000	-	-	-	1,319,205	770,100	52,675	-	822,775	496,430	10
Mobile phone	2,799,027	314,392	-	-	-	3,113,419	1,948,770	326,062	-	2,274,832	838,587	33
Generator	70,038,366	-	-	-	1,300,000	68,738,366	34,670,513	3,579,586	533,336	37,716,763	31,021,603	10
Sub-total	3,106,321,875	85,568,702	719,981,625	-	171,131,500	3,740,740,702	1,002,250,235	159,389,497	35,125,589	1,126,514,143	2,614,226,559	
Leased Assets under diminishing musharika												
Motor Vehicle	74,718,435	41,407,208	(5,695,500)	-	-	110,430,143	15,627,199	11,708,847	-	27,336,046	83,094,097	20
Total	3,181,040,310	126,975,910	714,286,125	-	171,131,500	3,851,170,845	1,017,877,434	171,098,344	35,125,589	1,153,850,189	2,697,320,656	

2018

Particulars	Cost / Revaluation						Depreciation					
	Cost at July 01, 2017	Additions	Transfers in / (out)	Revaluation surplus	(Disposals)	Cost at June 30, 2018	Accumulated depreciation at July 01, 2017	Depreciation for the year	(Depreciation on disposals)	Accumulated depreciation at June 30, 2018	Book value at June 30, 2018	Rate per annum %
Owned Assets												
Leasehold land	90,000,000	-	-	-	-	90,000,000	-	-	-	-	90,000,000	-
Factory land	452,921,021	78,973,723	-	-	-	531,894,744	-	-	-	-	531,894,744	-
Factory building	715,359,427	5,779,783	176,966,717	-	-	898,105,927	298,418,521	52,306,978	-	350,725,499	547,380,428	10
Plant and machinery	1,056,260,445	18,781,745	229,254,379	-	-	1,304,296,569	406,563,989	81,032,419	-	487,596,408	816,700,161	10
Electric cables and fitting	39,553,820	22,600	-	-	-	39,576,420	17,706,633	2,185,251	-	19,891,884	19,684,536	10
Furniture and fixture	9,489,967	211,490	244,540	-	-	9,945,997	5,089,421	465,748	-	5,555,169	4,390,828	10
Motor vehicles	69,018,242	13,978,291	1,400,000	-	7,332,887	77,063,646	54,447,066	8,806,462	5,029,667	58,223,861	18,839,785	20
Office equipment	19,294,764	481,522	629,734	-	-	20,406,020	10,402,668	948,071	-	11,350,739	9,055,281	10
Factory equipment	13,164,270	2,949,505	510,250	-	-	16,624,025	6,220,281	863,473	-	7,083,754	9,540,271	10
Computers	16,192,668	748,680	-	-	-	16,941,349	10,702,301	1,951,597	-	12,653,898	4,287,451	33
Camera	3,468,608	-	-	-	-	3,468,608	3,111,341	117,898	-	3,229,239	239,369	33
Godown & Shops	25,997,428	38,415	-	-	2,153,871	23,881,972	8,305,214	1,771,853	1,526,666	8,550,401	15,331,571	10
Sewing machine	1,244,205	35,000	-	-	-	1,279,205	716,537	53,563	-	770,100	509,105	10
Mobile phone	2,658,437	140,590	-	-	-	2,799,027	1,543,411	405,359	-	1,948,770	850,257	33
Generator	70,038,367	-	-	-	-	70,038,367	30,740,751	3,929,762	-	34,670,513	35,367,854	10
Sub-total	2,584,661,669	122,141,344	409,005,620	-	9,486,758	3,106,321,875	853,968,134	154,838,434	6,556,333	1,002,250,235	2,104,071,641	
Leased Assets under diminishing musharika												
Motor Vehicle	59,449,260	15,269,175	-	-	-	74,718,435	8,211,681	7,415,518	-	15,627,199	59,091,236	20
Total	2,644,110,929	137,410,519	409,005,620	-	9,486,758	3,181,040,310	862,179,815	162,253,952	6,556,333	1,017,877,434	2,163,162,877	

18.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		--------------Rupees------------	
Cost of sales	29	136,878,676	129,803,161
Distribution expenses	30	8,554,917	8,112,698
Administrative expenses	31	25,664,752	24,338,093
		171,098,345	162,253,952

18.1.2 Factory land includes a plot in which a law suit has been filed by the plaintiff who is claiming the possession and injunction of the property. The case is in process under the Honorable High Court Sindh Karachi (refer note 17.1.1).

18.1.3 Operating fixed assets include assets that are subject to mortgage with various banks against long-term finances and short-term borrowings (refer note 10 and 15).

18.1.4 Details of forced sale value of revalued property, plant and equipment

Description of Assets	Forced sale value
	Rupees
Land	393,075,000
Building	466,544,600
Plant and machinery	564,560,000

The above forced sale value has been taken from revaluation report of K.G Traders (Private) Limited as on March 31, 2014.

18.1.5 Following items of property, plant and equipment having book value above Rs. 500,000 were disposed off during the year:

	Cost / Revaluation	Accumulated depreciation	Net book amount	Sale proceeds	Gain / Loss	Mode of disposal	Particulars of buyer
	.... Rupees						
Vehicles							
Toyota Corolla	2,115,000	385,839	1,729,161	1,886,500	157,339	Tender	Mr. Noman
Suzuki Mehran	732,000	224,052	507,948	600,000	92,052	Tender	Mr. Noman
Land and Building							
L-24/1, Block-21, Federal 'B' Area	158,218,000	26,764,439	131,453,561	200,000,000	68,546,439	Tender	Mr. Usman Paracha
Generator							
Generator	1,300,000	533,336	766,664	550,000	(216,664)	Tender	A.Z Generation
Total	162,365,000	27,907,666	134,457,334	203,036,500	68,579,166		

The buyers do not have any relationship with the Company and its directors.

18.1.6 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Locations	Total Area in Acres	Covered Area in Square Feet
Plot A-15 & 16, SITE-II, Super highway Karachi	2	79155
A-21, SITE-II, Super highway, Karachi	1.5	49631
G-205, SITE-II, Super highway, Karachi	4	76566
50 KM G.T Road, Sadhoke District, Gujranwala	15	133024
Plot G-06, Port Qasim Authority, Karachi	10	-
B1-A, SITE-II, Super highway, Karachi	0.97	34850
Plot H-162, SITE-II, Super highway, Karachi	2.5	-
Plot F-193, SITE-II, Super highway, Karachi	2	60871
50 KM G.T Road, Sadhoke District, Gujranwala	3.38	-

18.2 CAPITAL WORK IN PROGRESS

	Note	2019	2018
		-------------Rupees------------	
Tangibles			
Plant and machinery		**3,901,110**	-
Civil and electric work		**2,356,973**	5,422,378
		6,258,083	5,422,378

18.3 Movement in capital work in progress is as under:

	Cost			
	As at July 01, 2018	**Additions / (adjustment) during the year**	**(Transferred) to Property, plant and equipment**	**As at June 30, 2019**
	---Rupees---			
Plant and machinery	**-**	**365,250,812**	**(361,349,702)**	**3,901,110**
Civil works	**5,422,378**	**349,871,018**	**(352,936,423)**	**2,356,973**
	5,422,378	**715,121,830**	**(714,286,125)**	**6,258,083**

	Cost			
	As at July 01, 2017	Additions / (adjustment) during the year	(Transferred) to Property, plant and equipment	As at June 30, 2018
	---Rupees---			
Plant and machinery	359,064,281	12,343,339	(371,407,620)	-
Civil works	312,726	42,707,652	(37,598,000)	5,422,378
	359,377,007	55,050,991	(409,005,620)	5,422,378

18.4 Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have been amounted to:

	2019	2018
Net book value	-------------Rupees------------	
Leasehold land	**-**	21,317,504
Factory land	**161,484,005**	161,484,005
Factory building	**288,480,713**	320,534,125
Plant and machinery	**355,108,559**	394,565,066
	805,073,277	897,900,700

19 INTANGIBLE ASSETS

	2019	2018
	-------------Rupees------------	
Cost		
Opening	**14,710,766**	14,710,766
Addition during the year	**-**	-
Closing	**14,710,766**	14,710,766
Amortization		
Opening	**(14,710,766)**	(9,807,178)
Charge for the year	**-**	(4,903,588)
Closing	**(14,710,766)**	(14,710,766)
Balance as at June 30	**-**	-

20 LONG TERM INVESTMENTS

	Note	2019	2018
		-------------Rupees------------	
Subsidiary			
JKT General Trading FZE	20.1	**23,582,747**	23,582,747
Matco Marketing (Private) Limited	20.2	**(7,499,960)**	(7,499,960)
		31,082,707	31,082,707

20.1 On October 8, 2013, the Company incorporated a new wholly owned subsidiary, JKT General Trading FZE in Dubai. The principal activities are manufacturing, general trading, export / import and other related activities. The Company has made an equity investment of USD 255,000 out of which shares of USD 40,872 have been issued. Shares for the remaining amount would be issued after completion of necessary regulatory formalities.

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

20.3 Further, no such terms and conditions has been made at the time of investment. The Company has beneficial ownership of the investee companies. No return on investment has been made since incorporation. No litigation has been received against the subsidiaries.

		Note	2019	2018
			--------------Rupees-------------	
21	**STORES, SPARES AND LOOSE TOOLS**			
	Stores and spares	29.3	**24,651,611**	20,271,197
	Provision for slow moving / obsolete items	21.1	**(1,543,929)**	(1,543,929)
			23,107,682	18,727,268
21.1	**Movement in provision for slow moving / obsolete items**			
	Balance at beginning of the year		**1,543,929**	1,543,929
	Charge for the year		**-**	-
	Balance at end of the year		**1,543,929**	1,543,929
22	**STOCK IN TRADE**			
	Raw materials	22.2	**4,282,666,523**	4,180,456,923
	Packing materials	29.2	**70,078,406**	95,650,372
	Work in process	29	**-**	-
	Finished goods	22.3	**882,395,502**	883,118,576
			5,235,140,431	5,159,225,871
	Provision for slow moving / obsolete items	22.1	**(30,161,739)**	(20,245,075)
			5,204,978,692	5,138,980,796
22.1	**Movement in provision for slow moving / obsolete items**			
	Opening balance		**20,245,075**	9,626,080
	Charge for the year	29.2	**9,916,664**	10,618,995
	Closing balance		**30,161,739**	20,245,075

22.2 This includes pledged stock of raw material with various banks under long term and short term borrowing arrangements (refer note 10 and 15).

22.3 This includes by product amounting to Rs. 104.28 million (2018: Rs. 87.71 million).

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

			2019	2018
23	**TRADE DEBTS**		--------------Rupees-------------	
	Considered good			
	Export - secured	23.3	**687,939,989**	500,158,816
	Local - unsecured		**253,153,247**	174,304,807
	Considered doubtful			
	Local - unsecured		**13,567,967**	7,464,595
	Less: Allowance for expected credit losses	23.5	**(13,567,967)**	(7,464,595)
			941,093,236	674,463,623

23.1 Export trade debts are outstanding against total export sales made to the following countries under documents against acceptance basis:

Name of Country	Cash against document	Letter of credit	Total	2018 Rupees
	2019 Rupees			
Armenia	**40,580,981**	**-**	**40,580,981**	-
Australia	**1,181,017,301**	**128,318,528**	**1,309,335,829**	1,126,726,619
Bangladesh	**-**	**-**	**-**	50,288,239
Canada	**68,912,091**	**-**	**68,912,091**	47,440,416
Czech Republic	**15,818,021**	**-**	**15,818,021**	-
Denmark	**6,682,146**	**-**	**6,682,146**	-
Djibouti	**81,239,645**	**-**	**81,239,645**	71,603,603
England	**15,152,209**	**-**	**15,152,209**	-
Ethiopia	**-**	**10,644,450**	**10,644,450**	-
France	**-**	**-**	**-**	240,067,163
Iraq	**8,161,752**	**-**	**8,161,752**	49,913,386
Italy	**58,091,636**	**-**	**58,091,636**	-
Lebanon	**-**	**4,839,677**	**4,839,677**	-
Maldives	**54,734,562**	**-**	**54,734,562**	15,309,277
Netherland	**299,637,786**	**-**	**299,637,786**	510,493,815
Nigeria	**5,231,415**	**-**	**5,231,415**	-
Norway	**11,845,600**	**-**	**11,845,600**	-
Piraeus-Greece	**11,493,400**	**-**	**11,493,400**	-
Poland	**-**	**-**	**-**	13,330,836
Portugal	**-**	**-**	**-**	236,838,750
Qatar	**-**	**-**	**-**	34,734,109
Russia	**77,901,776**	**-**	**77,901,776**	222,562,432
Saudi Arabia	**105,287,552**	**53,514,506**	**158,802,058**	-
South Africa	**-**	**-**	**-**	38,503,715
South Korea	**-**	**867,830**	**867,830**	-
Spain	**41,149,577**	**-**	**41,149,577**	45,832,021
Srilanka	**335,061,848**	**-**	**335,061,848**	-
Sweden	**63,159,217**	**-**	**63,159,217**	35,053,105
Thailand	**93,926,571**	**-**	**93,926,571**	56,888,338
Turkey	**66,138,747**	**-**	**66,138,747**	-
UAE	**100,565,871**	**-**	**100,565,871**	333,876,676
UK	**73,603,683**	**-**	**73,603,683**	411,646,369
USA	**437,341,996**	**-**	**437,341,996**	230,569,407
Yemen	**-**	**18,583,715**	**18,583,715**	-
Total	**3,252,735,383**	**216,768,706**	**3,469,504,089**	3,771,678,276

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

23.2 Borrowings are secured by way of charge over book debts of the Company (refer notes 10 and 15).

23.3 It includes the amount of Rs. Nil (2018: Rs. 19.98 million) due from JKT General Trading FZE (related party). The maximum aggregate amount due from related party at the end of any month during the year was Rs. 19.98 million (2018: Rs. 19.98 million).

23.4 As of June 30, 2019, the age analysis of trade debts is as follows:

	2019	2018
	------Rupees------	
Not yet due	**-**	-
Past due:		
- Up to 3 months	**846,452,061**	626,615,386
- 3 to 6 months	**66,751,178**	14,754,861
- 6 to 12 months	**35,468,655**	3,234,995
- More than 12 months	**5,989,309**	37,322,976
	954,661,203	681,928,218
Trade debts-Gross	**954,661,203**	681,928,218

23.5 Allowance for expected credit losses

	2019	2018
Opening balance	**7,464,595**	-
Charge during the year	**6,103,372**	7,464,595
Allowance no longer required	**-**	-
Closing balance	**13,567,967**	7,464,595

24 SHORT-TERM LOANS AND ADVANCES

	Note	2019	2018
Loans			
Staff - unsecured, considered good	24.1	**10,086,964**	6,494,263
Advances			
- against services and others		**2,480,047**	1,032,798
- against purchases	24.3	**339,112,025**	19,242,652
- to contractors	24.4	**3,706,097**	56,962,338
		355,385,133	83,732,051

24.1 It represent interest free loans to various staff in accordance with the Company's policy.

24.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs.2 milion (2018: Rs. 0.12 million).

24.3 It represents the amount provided to suppliers of rice, stores & spares and packaging which is adjustable against future purchases.

24.4 It represents the amount provided to contractors for construction purpose. It is adjustable against the services and no collateral security has been obtained against these amount.

Name of Party	2018 Rupees
SITE Limited	994,830
A A Associates	598,927
Trade Development Authority of Pakistan	1,456,090
Pakistan Institute of Corporate Governance	656,250
	3,706,097

25 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2019	2018
		-------------Rupees------------	
Deposits			
- Capital management account		**681,549**	681,549
- Guarantee margin		**1,514,650**	1,514,650
		2,196,199	2,196,199
Prepayments			
- Prepaid expense	25.1	**2,520,226**	4,609,414
- Prepaid insurance		**552,046**	4,037,825
		3,072,272	8,647,239
		5,268,471	10,843,438

25.1 This include prepaid expense relating to godown rent and system maintenance charges.

26 OTHER RECEIVABLES

	Note	2019	2018
		-------------Rupees------------	
Sales tax refundable	26.1	**183,026,846**	84,564,331
Receivable from related parties	26.2	**5,817,074**	805,615
		188,843,920	85,369,946

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

26.1 Movement in sales tax refundable is as under:

	2019	2018
	-------------Rupees------------	
Balance at beginning of the year	**84,564,331**	81,549,201
Refunds claim for the year	**127,147,327**	43,009,774
Received during the year	**(18,346,176)**	(38,303,049)
Adjusted during the year	**(10,338,636)**	(1,691,595)
Balance at end of the year	**183,026,846**	84,564,331

26.2 It includes the amount due from JKT General Trading FZE and Matco Engineering (Private) Limited amounting to Rs. 295,831 and Rs. 528,446 respectively against expenses incurred on behalf of them.

27 CASH AND BANK BALANCES

	Note	2019	2018
		-------------Rupees------------	
Cash in hand		**955,741**	4,507,418
Cash at bank			
- current accounts		**48,179,637**	147,138,260
- deposit accounts		**28,045,564**	373,233,385
- term deposit certificates	27.1	**1,200,000**	298,200,000
		77,425,201	818,571,645
		78,380,942	823,079,063

27.1 These represent term deposit certificates of Habib Bank Limited and Askari Bank Limited amounting to Rs. Nil and Rs. 1.2 million respectively. The rate of profit on these certificates is between 5.5% to 5.75% per annum (2018: 4.75% to 5.6%). These term deposit certificates matured within a year.

28 SALES - NET

	2019	2018
Export sales	**5,852,786,231**	4,952,359,418
Local sales		
Rice	**940,776,907**	675,703,794
By-products	**1,346,225,608**	1,302,458,886
	2,287,002,515	1,978,162,680
	8,139,788,746	6,930,522,098
Sales discount / return	**(89,678,230)**	(56,434,263)
Freight	**(127,594,616)**	(104,744,582)
Clearing and forwarding	**(48,381,884)**	(41,916,228)
Sales tax	**(11,081,115)**	(4,695,737)
	7,863,052,901	6,722,731,288

29 COST OF SALES	Note	2019	2018
		-------------Rupees------------	
Rice consumed	29.1	**5,850,699,539**	5,272,963,980
Packing materials consumed	29.2	**294,053,509**	229,363,029
Stores and spares consumed	29.3	**86,957,852**	57,778,514
Processing expenses			
Salaries, wages and benefits	29.4	**281,819,663**	230,343,959
Electricity and power		**77,590,989**	61,509,485
Telephone and mobile		**685,188**	756,420
Gas charges		**21,645,320**	18,777,760
Insurance		**9,276,928**	10,265,138
Repairs and maintenance		**30,215,882**	15,821,505
Other purchases		**17,382,351**	13,847,903
Provision for slow moving stock		**9,916,664**	10,618,995
Fumigation charges		**13,136,044**	12,112,924
Water charges		**35,526,495**	10,796,107
Canteen		**9,016,779**	5,579,026
Diesel and oil		**3,610,747**	3,756,116
Staff welfare		**2,096,772**	2,606,470
Security expenses		**12,257,018**	12,796,353
Godown expenses		**19,724,925**	11,119,094
Rent, rates and taxes		**1,527,692**	427,438
Vehicle running expenses		**5,530,700**	4,698,601
Medical		**1,181,490**	881,049
Depreciation	18.1.1	**136,878,676**	129,803,161
Processing charges		**17,309,551**	-
Inspection charges		**9,779,315**	17,084,611
Cost of goods manufactured		**6,947,820,089**	6,133,707,638
Work in process			
Opening stock		**-**	-
Closing stock	22	**-**	-
		-	-
Cost of goods available for sale		**6,947,820,089**	6,133,707,638
Finished goods			
Opening stock		**883,118,576**	611,451,055
Closing stock	22	**(882,395,502)**	(883,118,576)
		723,074	(271,667,521)
		6,948,543,163	5,862,040,117

29.1 Rice consumed	Note	2019	2018
		-------------Rupees------------	
Opening stock of raw material		**4,180,456,923**	4,581,456,782
Purchases		**5,815,239,642**	4,755,958,817
Cartage inwards		**137,669,497**	116,005,304
Closing stock of raw material	22	**(4,282,666,523)**	(4,180,456,923)
		5,850,699,539	5,272,963,980
29.2 Packing material consumed			
Opening stock		**95,650,372**	57,209,207
Purchases		**268,481,543**	267,804,194
		364,131,915	325,013,401
Closing stock-gross	22	**(70,078,406)**	(95,650,372)
		294,053,509	229,363,029
29.3 Stores and spares consumed			
Opening stock		**20,271,197**	15,373,483
Purchases		**91,338,266**	62,676,228
		111,609,463	78,049,711
Closing stock-gross	21	**(24,651,611)**	(20,271,197)
		86,957,852	57,778,514

29.4 It includes provision for gratuity amounting to Rs. 9.524 million (2018: Rs. 8.247 million).

30 SELLING AND DISTRIBUTION	Note	2019	2018
		-------------Rupees------------	
Salaries and benefits		**39,523,023**	45,451,283
Travelling		**19,998,837**	21,758,699
Sales promotion		**37,289,753**	33,197,399
Allowance for ECL		**6,103,372**	7,464,595
Insurance		**1,703,721**	973,547
Export charges		**36,546,923**	29,631,942
Export commission		**11,326,345**	2,215,191
Depreciation	18.1.1	**8,554,917**	8,112,698
Shop rent		**632,400**	1,704,000
General		**5,431,723**	2,966,982
		167,111,014	153,476,336

31 ADMINISTRATIVE EXPENSES	Note	2019	2018
		-------------Rupees------------	
Salaries and benefits	31.1	**156,302,374**	134,232,770
Vehicle running		**4,299,897**	2,282,846
Entertainment		**997,710**	873,016
Printing and stationery		**1,837,011**	1,078,422
Fee and subscription		**9,579,097**	8,346,091
Legal and professional		**610,000**	1,349,687
Auditor remuneration	31.2	**3,245,270**	2,954,210
Postage and telegrams		**1,985,005**	1,456,067
General expenses		**1,290,717**	1,011,055
Newspaper and periodicals		**34,554**	34,985
Electricity and gas charges		**795,439**	433,870
Taxes, duty and fee		**7,567,552**	692,157
Medical		**977,574**	1,423,357
Insurance		**2,782,017**	3,631,057
Software maintenance		**628,785**	2,136,036
Computer expenses		**5,460,862**	2,733,584
Depreciation	18.1.1	**25,664,752**	24,338,093
Amortization		**-**	-
Lease ijarah rentals		**75,792**	3,386,577
Donations	31.3	**405,760**	545,000
Advertisement		**91,090**	122,270
Others		**15,701,261**	5,038,168
		240,332,519	**198,099,318**

31.1 It includes directors' remuneration amounting to **Rs. 27.24 million** (2018: Rs. 25.10 million) and provision for gratuity amounting to **Rs. 8.791 million** (2018: Rs. 7.61 million).

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

31.2 Auditor's remuneration	Note	2019	2018
		-------------Rupees------------	
- audit fee of unconsolidated financial statements		**1,900,000**	1,900,000
- audit fee of consolidated financial statements		**100,000**	100,000
- audit fee of half yearly review		**492,070**	-
- other certifications		**371,400**	175,000
- out of pocket expenses		**125,000**	125,000
- other services	31.2.1	**256,800**	654,210
		3,245,270	2,954,210

31.2.1 This represents services relating to taxation.

31.3 Donation to a single party does not exceed 10% of total amount of donation or Rs. 1 million, whichever is higher. No directors is interested in such donation.

32 FINANCE COST	2019	2018
	-------------Rupees------------	
Mark up		
- long term finances	**21,309,362**	14,419,881
- short term borrowings	**246,682,457**	218,994,121
- finance lease	**5,427,855**	2,612,597
Bank charges and commission	**2,083,503**	3,677,717
	275,503,177	239,704,316

33 OTHER INCOME	2019	2018
From financial assets and liabilities		
- Profit on bank/short term deposits	**15,432,156**	9,387,656
From non-financial assets		
- Amortization of deferred income	**362,666**	362,667
- Gain or (loss) on sale of PPE	**73,325,589**	5,220,075
- Scrap sales	**17,535,264**	2,879,421
- Gain on sale of shares	**-**	-
- Reversal of WWF	**-**	-
- Dividend income	**-**	-
	106,655,675	17,849,819

34 EXCHANGE GAIN - NET

This represents exchange gain incurred on foreign currency denominated trade debts, advances from customers, creditors and bank balances.

35	INCOME TAX EXPENSE	Note	2019	2018
			--------------Rupees-------------	
	- Current	35.2	**67,919,455**	51,802,859
	- Prior year		**(21,260,847)**	-
	- Deferred		**-**	(22,307,301)
			46,658,608	29,495,558

35.1 Current year taxation has been charged on the basis of provisions in Income Tax Ordinance, 2001 and accounted for after taking effect of admissible expenses in normal taxation with proportion of local sales and on final tax regime applicable to the Company based on tax withheld from export proceeds which is deemed as full and final discharge of the tax liability.

35.2 It includes the benefits arising from tax credit of BMR and enlistment.

35.3	Reconciliation of tax expense	Note	2019	2018
			--------------Rupees-------------	
	Profit before income tax		**460,494,895**	337,788,513
	Enacted tax rate		**29%**	30%
	Tax on accounting profit at applicable tax rate		**133,543,520**	101,336,554
	Tax effect of:			
	- permanent differences		**-**	-
	- temporary differences		**18,953,807**	16,887,972
	- applicability of fixed tax rate on certain income		**(58,527,862)**	(49,523,594)
	- applicability of lower tax rate on certain income		**(3,086,431)**	(1,877,531)
	- change of statutory tax rate		**1,335,435**	1,013,365
	- tax credit		**(22,239,828)**	(37,759,588)
	- prior year		**(21,260,847)**	-
	- others		**(2,059,186)**	(586,881)
	Tax expense charged on income		**46,658,608**	29,495,558

35.4 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	2018	2017	2016
	------------------------Rupees------------------------		
- Provisions	51,802,859	85,319,933	47,636,962
- Assessment	34,704,791	55,386,043	46,920,883

35.5 Return of 2015-16 filed on January 10 2017, is an assessment order under section 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The Additional Commissioner Inland Revenue (ADCIR) initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 16-02-2017 for amendment of deemed assessment. Response submitted by the representative of the Company.

Proceeding initiated u/s 122(5A) for amendment by ACIR and issued the notice u/s 122(9). In response thereof, all the requisite information/documents were submitted. However, the ADCIR passed the order and disallowed the Finance Cost. Against the treatment of learned ADCIR, appeal was filed on 20-09-2017.The Commissioner Inland Revenue (CIR) has rejected the grounds of appeal made by the Company and ordered to add back WWF and disallowed finance cost in the normal taxable income. But inspite of the above disallowance of expenses, the tax liability is higher in minimum tax u/s 113c of the Income Tax Ordinance as claimed under the income tax return 2016 of the Company, therefore no adverse impact on the Company due to above order.

35.6 Return of 2016-17 filed on January 17, 2018, is an assessment order u/s 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The ADCIR initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 21-05-2018 for amendment of deemed assessment. The response of the above notice submitted by the Company till November 15, 2018, no further notice has been received.

36	NUMBER OF EMPLOYEES	2019	2018
	Number of employees as at June 30	**729**	673
	Average number of employees during the year	**716**	618

37 TRANSACTION WITH RELATED PARTIES

Related parties include subsidiary company, entities under common directorship, directors, major shareholders, key management personnel and retirement benefit funds. Transactions with related parties essentially entail rent expense and transactions with key management personnel. Details of transactions with related parties and the balances with them as at year end other than those which have been disclosed else where are as follows:

Nature of relationship	Percentage of Holding	Transactions / Balance Outstanding	Note	2019	2018
				Rupees	Rupees
Directors		Godown rent paid to director		**14,011,411**	11,119,094
Subsidiary					
JKT General Trading FZE	100%	Sales		**65,279,118**	69,832,924
		Receivable against expenses	26.2	**295,831**	295,831
		Receivable against sales	23.3	**-**	19,980,905

Matco Marketing (Private) Limited	100%	Paid expense on behalf		**27,000**	78,184
		Advance received against expenses		**-**	7,121,816
		Advance outstanding		**7,107,636**	7,121,816
Common Directors					
Matco Engineering (Private) Limited	0%	Paid expenses on behalf		**38,862**	489,584
		Receivable against expenses	26.2	**528,446**	489,584
Joint Venture					
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf		**4,992,797**	-
		Receivable against expenses		**4,992,797**	-
Trust operated by the company					
Ghori Trust	0%	Paid on behalf (Receivable)		**2,636,960**	496,580

37.1 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Company Name	Registered Address	Country of Incorporation	Basis of Association	Name of Chief Executive / Principal Officer / Authorized Agent	Aggregate % of shareholding	Operational Status	Auditor's Opinion
1	JKT General Trading FZE	P.O.Box 123347, Sharjah	UAE	Subsidiary Company	Jawed Ali Ghori	100%	Active	Clean

37.2 Consideration for services is determined with mutual agreement considering the level of services provided. Expenses charged by / to the Company are determined on actual cost basis. Particulars of remuneration of chief executive officer, directors and executives are disclosed in note 38 to these unconsolidated financial statements.

37.3 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Company considers all members of its management team, including the chief executive officer and the directors to be key management personnel.

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

38 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

For the purpose of disclosure those employees are considered as executives whose basic salary exceed twelve hundred thousands rupees in financial year.

	Chief Executive Officer		Directors		Executives		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	----Rupees----							
Short-term employee benefits								
Managerial remuneration	**3,360,000**	3,080,000	**8,982,000**	8,440,000	**11,995,527**	18,258,400	**24,337,527**	29,778,400
House rent allowances	**1,512,000**	1,386,000	**4,041,900**	3,798,000	**5,397,987**	8,216,280	**10,951,887**	13,400,280
Utilities	**768,297**	776,220	**2,123,620**	2,756,385	**912,394**	912,920	**3,804,311**	4,445,525
Bonus	**385,000**	385,000	**1,055,000**	1,055,000	**1,652,900**	2,282,300	**3,092,900**	3,722,300
Fuel expense	**244,296**	590,556	**895,897**	1,676,968	**1,370,365**	2,163,500	**2,510,558**	4,431,024
Medical expense	**27,109**	51,843	**94,009**	131,931	**188,543**	283,900	**309,661**	467,674
Vehicle expense	**210,055**	198,754	**255,718**	408,428	**229,920**	297,313	**695,693**	904,495
Other expense	**484,499**	301,164	**806,394**	1,474,968	**-**	-	**1,290,893**	1,776,132
	6,991,256	6,769,537	**18,254,538**	19,741,680	**21,747,636**	32,414,613	**46,993,430**	58,925,830
Value of motor vehicles	**10,508,500**	10,508,500	**40,005,000**	41,553,500	**50,844,373**	17,394,500	**101,357,873**	69,456,500
Number of Persons	**1**	1	**2**	2	**12**	16		

38.1 In addition to the above, chief executive officer and directors are provided with the use of the Company's vehicles. Certain executives are also provided with Company maintained cars.

38.2 The Company considers its chief executive officer and the executive director as its key management personnel i.e. the personnel having authority and responsibility for planning, directing and controlling the activities of the Company.

39 PLANT CAPACITY AND PRODUCTION

	2019 (Tons)	2018 (Tons)
Annual Plant Capacity		
- Rice processing	134,700	134,700
- Rice Glucose	10,000	10,000
Actual Production		
- Rice processing	49,094	47,084
- Rice Glucose	4,155	2,828

39.1 This represent actual production of finished product

40 EARNINGS PER SHARE - BASIC AND DILUTED	2019	2018
	-------------Rupees------------	
		Restated
Profit for the year	**413,836,287**	308,292,955
Number of ordinary shares	**122,400,698**	116,572,094
Weighted average number of ordinary shares	**122,400,698**	104,276,147
Earning per share - basic and diluted	**3.38**	2.96

There is no dilutive effect on earnings per share as the Company does not have any convertible instruments as at June 30, 2019 and June 30, 2018.

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company manages its exposure to financial risk in following manner:

41.1 Market risk

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The Company manages market risk as follows:

41.1.1 Foreign currency risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables, bank balances, borrowings and payables exist due to transactions entered into foreign currencies.

Exposure to Foreign currency risk

The Company is exposed to foreign exchange risk arising from currency value fluctuations due to the following:

	2019	2018
	---------- Amount in USD ----------	
Trade debts	**4,307,999**	4,531,524
Cash and bank balances	**7,457**	19,049
Borrowings from financial institutions	**-**	-
Advance from customer	**(321,583)**	(172,733)
	3,993,873	4,377,840
Off balance sheet exposures		
Forward rate agreements	**-**	-
Net Exposure	**3,993,873**	4,377,840

The following significant exchange rates were applied during the year.

	2019	2018
	Rupee per USD	
Average rate	**136.23**	109.86
Reporting date rate	**160.05**	121.50

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2019 would have effect on the equity and statement of profit or loss of the company as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2019.

	2019	2018
	-------------Rupees------------	
Strengthening of PKR against respective currencies	**(63,921,944)**	(53,190,757)
Weakening of PKR against respective currencies	**63,921,944**	53,190,757

A 10 percentage weakening of the PKR against the USD at June 30, 2019 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

41.1.2 Price risk

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to equity price risk since there are no investments in equity securities.

41.1.3 Interest/Mark-up rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Company has long term and short term finance at variable rates. The Company is exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option". Interest rate risk on short term borrowings is covered by holding "Prepayment Option" which can be exercised upon any adverse movement in the underlying interest rates. The local and foreign currency loans carry mark up at the prevailing rate of SBP plus 0.75% to 2%, KIBOR plus 1% to 2% and LIBOR plus 1.25% respectively. Applicable interest rates for financial assets and liabilities are given in respective notes.

	Note	2019 Mark-up / profit bearing Less than one year	One year to Five years	Over five years	Non mark-up / profit bearing	Total
		-----------------------	----------------	Rupees	----------------	-----------------------
Financial assets						
Amortised cost						
Long term deposits	-	-	-	-	9,938,831	9,938,831
Long term investment	20	-	-	-	31,082,707	31,082,707
Trade debts - considered goods	23	-	-	-	941,093,236	941,093,236
Short-term Loans and advances	24	-	-	-	10,086,964	10,086,964
Deposits	25	-	-	-	2,196,199	2,196,199
Other receivables	26	-	-	-	5,817,074	5,817,074
Cash and bank balances	27	29,245,564	-	-	49,135,378	78,380,942
		29,245,564	-	-	1,049,350,389	1,078,595,953
Fair value through profit or loss						
Short-term investment		-	-	-	255,362	255,362
Financial liabilities						
At amortized cost						
Long term finances - secured	10	86,709,085	265,191,113	-	-	351,900,198
Trade and other payables	13	-	-	-	208,029,960	208,029,960
Accrued mark-up	14	-	-	-	64,696,362	64,696,362
Short term borrowings - secured	15	4,139,227,403	-	-	-	4,139,227,403
Unpaid dividend	16	-	-	-	489,804	489,804
Liabilities against assets subject to	11	13,094,930	44,763,773	-	-	57,858,703
		4,239,031,418	309,954,886	-	273,216,126	4,822,202,430
On balance sheet gap		(4,209,785,854)	(309,954,886)	-	776,134,263	(3,743,606,477)
Off balance sheet items						
Guarantees	17.2	-	-	-	1,514,650	1,514,650
Commitments	17.2	-	-	-	-	-

	Note	2018 Mark-up / profit bearing Less than one year	One year to Five years	Over five years	Non mark-up / profit bearing	Total
		-----------------------	----------------	Rupees	----------------	-----------------------
Financial assets						
Amortised cost						
Long term deposits	-	-			13,048,793	13,048,793
Long term investment	20	-			31,082,707	31,082,707
Trade debts - considered goods	23	-	-	-	674,463,623	674,463,623
Short-term Loans and advances	24	-	-	-	6,494,263	6,494,263
Deposits	25	-	-	-	2,196,199	2,196,199
Other receivables	26	-	-	-	805,615	805,615
Cash and bank balances	27	671,433,385	-	-	151,645,678	823,079,063
		671,433,385	-	-	879,736,878	1,551,170,263
Fair value through profit or loss						
Short-term investment		-	-	-	500,000	500,000
Financial liabilities						
At amortized cost						
Long term finances - secured	10	84,029,706	246,556,904	-	-	330,586,610
Trade and other payables	13	-	-	-	198,853,203	198,853,203
Accrued mark-up	14	-	-	-	48,767,428	48,767,428
Short term borrowings	15	4,081,779,753	-	-	-	4,081,779,753
Unpaid dividend	16	-	-	-	761,095	761,095
Liabilities against assets subject to	11	12,226,289	29,284,420	-	-	41,510,709
		4,178,035,748	275,841,324	-	248,381,726	4,702,258,798
On balance sheet gap		(3,506,602,363)	(275,841,324)	-	631,355,152	(3,151,088,535)
Off balance sheet items						
Guarantees	17.2	-	-	-	1,514,650	1,514,650
Commitments	17.2	-	-	-	646,548,541	646,548,541

(a) On balance sheet gap represents the net amounts of balance sheet items.

(b) Effective rates of return/mark-up on financial liabilities are as follows:

	2019	2018
Financial liabilities		
Long term finances - secured	**SBP rate + 1% to 2% and KIBOR + 1% to 2%**	SBP rate + 1% to 2% and KIBOR + 1% to 2%
Short term borrowings	**SBP rate+ 0.75% to 2% & KIBOR + 1 to 2%**	SBP rate+ 0.75% to 2% & KIBOR + 1 to 2%

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2019, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 2.65 million (2018: Rs. 2.46 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2019, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 42.26 million (2018: Rs. 41.66 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

41.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. To mitigate the risk, the Company has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Company's gross maximum exposure to credit risk at the reporting date is as follows:

Financial assets	Note	2019	2018
		----------------Rupees----------------	
Long term investment		**31,082,707**	31,082,707
Long term deposits		**9,938,831**	13,048,793
Trade debts		**5,204,978,692**	5,138,980,796
Short-term Loans and advances		**941,093,236**	674,463,623
Trade deposit		**2,196,199**	2,196,199
Other receivables		**5,817,074**	805,615
Short-term investment		**255,362**	500,000
Bank balances		**77,425,201**	818,571,645
		6,272,787,302	6,679,649,378

The ageing of trade debts and related movement of ECL has been disclosed in note 23.4 of these unconsolidated financial statements.

Bank balances

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations..

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

The bank balances along with the credit ratings are tabulated below:

	Short-term Ratings	2019	2018
		----------------Rupees----------------	
MCB Bank Limited	A1+	**24,572,778**	78,987,862
Meezan Bank Limited	A1+	**864,391**	4,188,053
National Bank of Pakistan	A1+	**1,866,284**	9,757,001
Standard Chartered Bank Limited	A1+	**821,995**	1,356,880
United Bank Limited	A1+	**(13,326,113)**	-
Allied Bank Limited	A1+	**11,309,788**	3,434,051
Askari Bank Limited	A1+	**13,826,089**	47,979,695
Bank Alfalah Limited	A1+	**10,424,355**	6,967,395
Faysal Bank Limited	A1+	**1,947,918**	3,824,654
Habib Bank Limited	A1+	**1,271,793**	5,331,923
Habib Metropolitan Bank Limited	A1+	**1,783,305**	5,572,363
Soneri Bank Limited	A1+	**995,182**	229,534
Bank Al Habib Limited	A1+	**146,159**	3,245,232
JS Bank	A1+	**11,586**	23,247
MCB Islamic Bank	A1	**19,709,688**	349,473,755
		76,225,201	520,371,645

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2019	2018
		----------------Rupees----------------	
Trade debts	23	**941,093,236**	674,463,623
Short-term Loans and advances	24	**10,086,964**	6,494,263
Bank balances	27	**77,425,201**	818,571,645
		1,028,605,401	1,499,529,531

41.3 Liquidity risk

Liquidity risk reflects the Company's inability in raising funds to meet commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. At June 30, 2019, the Company has Rs. 4,919.97 million (2018: Rs. 4,745.8 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 428.84 million (2018: Rs. 333.433 million) being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

41.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing par ties 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).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g.. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

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

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on market value of shares at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2019:

		2019		
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
		------------------Rupees ------------------		
Financial investments: Held for trading	**255,362**		**-**	**255,362**
		2018		
Financial assets	Level 1	Level 2	Level 3	Total
		------------------Rupees ------------------		
Financial investments: Held for trading	500,000	-	-	500,000

MATCO FOODS LIMITED
Notes To The Unconsolidated Financial Statements
For The Year Ended June 30, 2019

42 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue shares or sell assets to reduce debt.

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectations of the shareholders. Debt is calculated as total borrowings (short term borrowings, long term finances and current portion of long term finances as shown in the balance sheet). Capital signifies equity as reported in balance sheet and includes share capital, share premium and accumulated profits / (losses).

During 2019, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2019 and 2018 were as follows:

	Note	**2019**	2018
		-------------Rupees------------	
Total borrowings		**4,548,986,304**	4,453,877,072
Less: Cash and bank	27	**(78,380,942)**	(823,079,063)
Net debt		**4,470,605,362**	3,630,798,009
Total equity		**4,506,974,299**	4,128,667,040
Total equity and debt		**8,977,579,661**	7,759,465,049
Gearing ratio (%)		**50%**	47%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

43 OPERATING SEGMENTS

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

43.1 Revenue from sale of rice represents 89.3% (2018: 98.7%) of the total revenue of the Company. Whereas 6.75% represents revenue from sale of rice glucose and remaining represents other items.

43.2 All non-current assets of the Company as at June 30, 2019 are located in Pakistan except investment in JKT General Trading (FZE) which is disclosed in note 20 of these unconsolidated financial statements. Further, debtors from rice represents 97.04% (2018: 98%) of the total debtors.

44 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

During the last year, the Company has issued its shares to general public through IPO to finance the project of expansion of its Rice Glucose / Syrup and Rice Protein plant from IPO proceeds. Refer 2.3.13 of the Prospectus issued for the Project detail. As at June 30, 2019, the utilization of proceeds from IPO is as follows:

	2019 Rupees
Proceeds from IPO	**757,718,000**
IPO related expenses	**(45,917,563)**
Deposited with HBL against LCs	**(350,773,557)**
Other Expenses	**(341,117,192)**
Cash at bank	**19,909,688**

45 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on September 05, 2019.

45.1 Non-adjusting events after the date of statement of financial position

Subsequent to year ended June 30, 2019 the Board of Directors in its meeting held on September 05, 2019, has proposed final cash dividend @ Rs. 0.7/- per share (2018: Rs. 0.4/- per share) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Nil/- per share (2018: Rs. 0.3/- per share) approved by the Board of Directors for the year ended June 30, 2019. The effect of such dividend and transfer shall be accounted for in the financial statements for the year ending June 30, 2020.

46 GENERAL

46.1 Figures have been rounded off to the nearest Rupee.

46.2 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.

46.3 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

Chief Executive Officer | Chief Financial Officer | Director

Grant Thornton
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INDEPENDENT AUDITOR'S REPORT

To the Members of Matco Foods Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Matco Foods Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated profit or loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
1	**Valuation of Stock in Trade** As at June 30, 2019, the Group held stock in trade amounting to Rs. 5.2 billion as disclosed in note 21 of accompanying consolidated financial statements. The stock in trade account for 75.6% of the total current assets. The value of stock is based on the purchase price using weighted average method. Therefore, the Group is exposed to the risk of valuation of stock in trade as a result of volatility in prices. The Group is required to measure its stock in trade at the lower of cost and net realizable value. There is an element of judgement involved relating to the valuation, which is required for the estimation of the net realizable value (NRV) and allowance for slow-moving and obsolete stock in trades. Such estimation is made after taking into consideration factors such as movement in prices, current and expected future market demands and pricing competitions. This was the key audit matter because of its materiality and significance in terms of judgments involved in estimating the NRV of underlying inventories.	As part of our audit, we have performed the following audit procedures: • Attended the stock counts at locations to observe the stock count process and evaluate the condition of stock in trade. • Tested the valuation method used by the management in valuation of stock in trade. • Compared on sample basis specific purchases with underlying supporting documents. • Evaluated the appropriateness of the basis and processes used by management in determining the net realizable value of stock in trade. • Performed testing on sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete stock. • Reviewed the adequacy of the disclosures on stock in trade in the consolidated financial statements.

S. No.	Key Audit Matters	How the matter was addressed in our audit
2	**First time adoption of IFRS 9 – Financial Instruments** As referred in note 6 to the consolidated financial statements, the Group has adopted IFRS 9 with effect from July 01, 2018. The new standard requires the Group to make provision for financial assets using expected credit loss (ECL) approach as against Incurred Loss Model previously applied by the Group. Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of IFRS 9 requirements as a key matters due to significance of the change in accounting methodology and involvement of estimates and judgement in this regard.	As part of our audit, we have performed the following audit procedures: • Reviewed the methodology developed and applied by the Group to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates. • We assessed the integrity and quality of data used for ECL computation based on the accounting records and information system of the Group as well as the related external sources as used for this purpose. • We checked the mathematical accuracy of the ECL model by performing recalculation on test basis. • We have checked the classification of financial assets and financial liabilities to ensure compliance of IFRS 9 classification requirement. • In addition to above, we assessed the adequacy of disclosures in the consolidated financial statements of the Group.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Chartered Accountants

Karachi
September 05, 2019

MATCO FOODS LIMITED
Consolidated Statements Of Financial Position
As At June 30, 2019

EQUITY AND LIABILITIES	Note	2019	2018
		------------------Rupees---------------	
Share capital and reserves			
Authorized share capital	7.1	**2,000,000,000**	2,000,000,000
Issued, subscribed and paid up share capital	7.2	**1,224,006,980**	1,165,720,940
Capital reserve	8	**680,467,220**	739,367,162
Exchange revaluation reserve		**18,361,478**	5,160,255
Unappropriated profit		**2,167,423,585**	1,688,073,372
Surplus on revaluation of property, plant and equipment - net of tax	9	**445,144,929**	546,781,614
Total shareholders' equity		**4,535,404,192**	4,145,103,343
Non-current liabilities			
Long-term finances-secured	10	**265,191,113**	246,556,904
Liabilities against assets subject to finance leases	11	**44,763,773**	29,284,420
Deferred liabilities	12	**147,086,095**	143,803,980
Deferred income		**269,842**	632,508
Total non-current liabilities		**457,310,823**	420,277,812
Current liabilities			
Trade and other payables	13	**241,230,081**	219,982,984
Advance from customers - secured		**58,666,494**	24,883,671
Accrued mark-up	14	**64,696,362**	48,767,428
Short-term borrowings-secured	15	**4,139,227,403**	4,081,779,753
Current portion of long term finances-secured	10	**86,709,085**	84,029,706
Current portion of liabilities against assets subject to finance leases	11	**13,094,930**	12,226,289
Unpaid dividend	16	**489,804**	761,095
Provision for taxation-net		**-**	21,287,637
Total current liabilities		**4,604,114,159**	4,493,718,563
Total liabilities		**5,061,424,982**	4,913,996,375
Contingencies and commitments	17		
Total equity and liabilities		**9,596,829,174**	9,059,099,718

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

MATCO FOODS LIMITED
Consolidated Statements Of Financial Position
As At June 30, 2019

ASSETS	Note	2019	2018
		------------------Rupees---------------	
Non-current assets			
Property, plant and equipment	18	**2,703,578,739**	2,168,585,255
Intangible assets	19	**-**	-
Long term deposits		**9,938,831**	13,048,793
Total non-current assets		**2,713,517,570**	2,181,634,048
Current assets			
Stores, spares and loose tools	20	**23,107,682**	18,727,268
Stock in trade	21	**5,204,978,692**	5,138,980,796
Trade debts	22	**988,520,276**	709,705,319
Short-term Loans and advances	23	**355,385,133**	83,732,051
Trade deposits and short term prepayments	24	**5,268,471**	13,734,531
Short-term investment		**255,362**	500,000
Other receivables	25	**188,548,089**	85,074,115
Taxation - net		**33,050,458**	-
Cash and bank balances	26	**84,197,441**	827,011,590
Total current assets		**6,883,311,604**	6,877,465,670
Total assets		**9,596,829,174**	9,059,099,718

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

MATCO FOODS LIMITED
Consolidated Statements Of Profit Or Loss
For The Year Ended June 30, 2019

	Note	2019	2018
		--Rupees--	
Sales - net	27	**7,870,367,253**	6,732,941,921
Cost of sales	28	**(6,948,543,163)**	(5,861,897,104)
GROSS PROFIT		**921,824,090**	871,044,817
Selling and Distribution	29	**(170,763,022)**	(158,189,344)
Administrative expenses	30	**(244,865,613)**	(203,619,372)
		(415,628,635)	(361,808,716)
		506,195,455	509,236,101
Finance cost	31	**(275,840,060)**	(240,005,015)
Other income	32	**106,655,675**	17,849,819
Exchange gain - net	33	**152,934,910**	72,858,009
Provision for worker's welfare fund	13.2	**(7,270,451)**	(7,066,909)
Provision for worker's profit participation fund	13.3	**(23,388,267)**	(15,283,606)
PROFIT BEFORE TAX		**459,287,262**	337,588,399
Income tax expense	34	**(46,658,608)**	(29,522,349)
PROFIT FOR THE YEAR		**412,628,654**	308,066,050
Attributable to:			
Shareholders of the Holding Company		**412,628,654**	308,066,050
Non-controlling interest		**-**	-
		412,628,654	308,066,050

	Note	2019	2018
		--Rupees--	
			Restated
EARNINGS PER SHARE - BASIC AND DILUTED	39	**3.37**	2.95

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

MATCO FOODS LIMITED
Consolidated Statement of Comprehensive Income
For The Year Ended June 30, 2019

	Note	2019	2018
		--Rupees--	
PROFIT FOR THE YEAR		**412,628,654**	308,066,050
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to the Consolidated statement of profit or loss			
- Exchange difference on translation of foreign operations		**13,201,223**	5,514,367
Items that will not to be reclassified subsequently to the Consolidated statement of profit or loss			
- Remeasurement of defined benefits obligation	12.1.5	**(2,409,511)**	(229,441)
- Deferred tax on disposal of land and building		**4,789,032**	-
- Deferred tax on incremental depreciation		**9,334,191**	-
		11,713,712	(229,441)
Other comprehensive income		**24,914,935**	**5,284,926**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**437,543,589**	313,350,976
Attributable to:			
Shareholders of the Holding Company		**437,543,589**	313,350,976
Non-controlling interest		**-**	-
		437,543,589	313,350,976

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive Officer | Chief Financial Officer | Director

MATCO FOODS LIMITED
Consolidated Statements Of Cash Flow
For The Year Ended June 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2019 Rupees	2018 Rupees
Profit before taxation		459,287,262	337,588,399
Adjustments for:			
Depreciation	18	171,098,344	162,253,952
Exchange gain - net	33	(152,934,910)	(72,858,009)
Provision of doubtful debts		6,103,372	7,464,595
Provision for slow moving stock		9,916,664	10,618,995
Finance cost	31	275,840,060	240,005,015
Provision for staff gratuity	12.1	18,316,536	15,859,134
Amortization of deferred income	32	(362,666)	(362,667)
Gain on disposal of property, plant and equipment	32	(73,325,589)	(5,220,075)
		254,651,811	357,760,940
		713,939,073	695,349,339
Changes in working capital			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(4,380,414)	(4,897,714)
Stock-in-trade		(75,914,560)	101,510,168
Trade debts - considered good		(131,983,419)	(43,510,629)
Loans and advances		(271,653,082)	(25,560,462)
Trade deposits and prepayments		8,466,060	(1,743,510)
Other receivables		(103,473,974)	(328,953)
		(578,939,389)	25,468,900
Increase / (decrease) in current liabilities			
Trade and other payables		21,247,097	(115,026,178)
Advances from customers		33,782,823	(168,708,345)
		55,029,920	(283,734,523)
Cash generated from operations		190,029,604	437,083,716
Finance cost paid		(259,911,126)	(237,273,241)
Income taxes paid		(102,019,982)	(59,478,800)
Gratuity paid	12.1	(3,434,280)	(8,450,481)
Net cash (used in) /generated from operating activities		(175,335,784)	131,881,195
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure including capital work in progress		(807,151,692)	(182,760,348)
Proceeds from disposal of property, plant and equipment		210,097,160	8,150,500
Long-term deposits		3,109,962	(2,057,870)
Net cash used in investing activities		(593,944,570)	(176,667,719)
Balance carried forward		(769,280,354)	(44,786,524)

MATCO FOODS LIMITED
Consolidated Statements Of Cash Flow
For The Year Ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Balance brought forward		(769,280,354)	(44,786,524)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances			
- received during the year		106,904,000	252,898,301
- repayments during the year		(85,590,376)	(341,270,050)
Proceeds from issuance of shares	7.4	-	291,430,000
Proceeds from share premium received	8	-	420,984,339
Finance lease obligation paid during the year		(19,644,841)	(12,579,609)
Dividend paid		(46,139,034)	(34,210,534)
Short-term borrowings		57,447,650	173,411,776
Net cash generated from financing activities		12,977,399	750,664,223
Effect of exchange rate changes on value of foreign operation		13,201,223	5,514,367
Net change in cash and cash equivalents during the year		(743,101,732)	711,392,066
Cash and cash equivalents as at the beginning of year		827,011,590	115,042,329
Effects of exchange rate changes on cash and cash equivalents		287,583	577,195
Cash and cash equivalents as at the end of year	26	84,197,441	827,011,590

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

MATCO FOODS LIMITED

Consolidated Statements Of Change In Equity

For The Year Ended June 30, 2019

	Issued, subscribed and paid up share capital	Capital reserve: Share premium reserve	Exchange Revaluation Reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Equity attributable to the Holding Company 's shareholders	Total
	----------	----------	----------	Rupees	----------	----------	----------
Balance as on June 30, 2017	874,290,940	318,382,823	(354,112)	1,390,324,788	571,665,218	3,154,309,657	3,154,309,657
Total comprehensive income for the year							
Profit for the year	-	-		308,066,050	-	308,066,050	308,066,050
Other comprehensive income	-	-	5,514,367	(229,441)	-	5,284,926	5,284,926
Total comprehensive income	-	-	5,514,367	307,836,609	-	313,350,976	313,350,976
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 9)	-	-		24,883,604	(24,883,604)	-	-
Transactions with owners							
Issue of shares @ Rs. 10 per share	291,430,000	-		-	-	291,430,000	291,430,000
Share premium @ Rs. 16 per share - net of expenses	-	420,984,339		-	-	420,984,339	420,984,339
Dividend paid @ Re. 0.3 per share (2017: Rs. 0.4118 per share)	-	-		(34,971,629)	-	(34,971,629)	(34,971,629)
Balance as on June 30, 2018	1,165,720,940	739,367,162	5,160,255	1,688,073,372	546,781,614	4,145,103,343	4,145,103,343
Balance as on July 01, 2018	1,165,720,940	739,367,162	5,160,255	1,688,073,372	546,781,614	4,145,103,343	4,145,103,343
Total comprehensive income for the year							
Profit for the year	**-**	**-**		**412,628,654**	**-**	**412,628,654**	**412,628,654**
Other comprehensive income	**-**	**-**	**13,201,223**	**11,713,712**	**-**	**24,914,935**	**24,914,935**
Total comprehensive income	**-**	**-**	**13,201,223**	**424,342,366**	**-**	**437,543,589**	**437,543,589**
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 9)	**-**	**-**	**-**	**21,779,780**	**(21,779,780)**	**-**	**-**
Transferred from surplus on revaluation of property, plant and equipment on account of disposal of land and building	**-**	**-**	**-**	**79,856,905**	**(79,856,905)**	**-**	**-**
Preliminary expenses incurred for IPO	**-**	**(613,902)**	**-**	**-**	**-**	**(613,902)**	**(613,902)**
Transactions with owners							
Bonus shares issued in the ratio of 5 shares for every 100 shares held	**58,286,040**	**(58,286,040)**	**-**	**-**	**-**		**-**
Dividend paid @ Re. 0.4 per share (2018: Rs. 0.3 per share)	**-**	**-**	**-**	**(46,628,838)**	**-**	**(46,628,838)**	**(46,628,838)**
Balance as on June 30, 2019	**1,224,006,980**	**680,467,220**	**18,361,478**	**2,167,423,585**	**445,144,929**	**4,535,404,192**	**4,535,404,192**

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

Chief Executive Officer	Chief Financial Officer	Director

MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements

For The Year Ended June 30, 2019

1 LEGAL STATUS AND OPERATIONS

The 'Group" consists of:

Holding Company

- Matco Foods Limited (the Holding Company)

Subsidiary Group

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

The Group has 100% ownership in JKT General Trading FZE (subsidiary) a Dubai based Company and 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 activities of the establishment as per the trade license are general trading.

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 capital of PKR 10 million and PKR 7.5 million respectively. However, no business carried out by the Subsidary Company since its incorporation.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

a) The Holding Company has completed installation of the construction of rice glucose plant for 20,000 MT of rice glucose and 2,000 MT of rice protein at G-205, SITE-II, Super highway Karachi;

b) The exchange rate of USD to PKR has increased from PKR 121.5 as at June 30, 2018 to PKR 160.05 as at June 30, 2019 which resulted in exchange gain of Rs. 152.9 million as disclosed in consolidated statement of profit or loss;

c) During the year 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.

3 BASIS OF CONSOLIDATION

The consolidated financial statements include financial statements of the Holding Company and its subsidiary comprising together 'the Group'.

Subsidiaries
JKT General Trading FZE
Matco Marketing (Private) Limited

The Holding Company can directly exercise control over JKT General Trading FZE and Matco Marketing (Private) Limited as these are 100% owned by the Holding Company.

The financial statements of the subsidiary is prepared for the same reporting year as the financial statements of the Holding Company, using consistent accounting policies.

The consolidated financial statements comprise financial statements of the Group. The assets and liabilities of the subsidiary Group have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company have been eliminated against corresponding holding in subsidiary's shareholders' equity in the consolidated financial statements. All intra-group transactions, balances, income and expenses have been eliminated.

Non-controlling interests, presented as part of total equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiary between the owners of the Holding Company and the non-controlling interests based on their respective ownership interests.

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) 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.

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed in preparation of these consolidated financial statements.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies' note and statement of cash flows.

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the group's functional currency and presentation currency.

3.4 Standards, Amendments and Interpretations to Approved Accounting Standards

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 15 'Revenue from Contracts with Customers'	July 1,2018
IFRS 9 'Financial Instruments'	July 1,2018

The impact of above standards on the amounts for the year ended June 30, 2019 has been disclosed in the note 6 of these consolidated financial statements.

3.4.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2018 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are therefore not presented here.

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 'Leases'	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 01, 2019

IAS 28 'Long-term Interests in Associates and Joint Ventures' (Amendments to IAS 28)	January 01, 2019
Annual improvements to IFRSs 2015- 2017 Cycle	January 01, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments to IAS 19)	January 01, 2019

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 01, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 01, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

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

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

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

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14- Regulatory Deferral Accounts	January 01, 2016
IFRS 17- Insurance Contracts	January 01, 2021
IFRS 1- First time adoption of International Financial Reporting	January 01, 2009

4 CRITICAL ASSUMPTIONS AND ESTIMATES

The preparation of these consolidated financial statements in conformity with approved financial reporting framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

	Note
(a) useful lives of property, plant and equipment	5.2
(b) impairment of financial assets	5.8
(c) staff retirement plan	5.12
(d) income taxes	5.15
(e) trade and other payables	5.17
(f) contingencies	5.18
(g) provisions	5.23
(h) impairment	5.25

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies have been applied on consistent basis except as disclosed elsewhere. These policies have been adopted in the preparation of these consolidated financial statements are as follows:

5.1 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement, if any. Acquisition costs are expensed as incurred.

The Group recognizes identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognized in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognized amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognized in the consolidated statement of profit or loss immediately.

5.2 Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item when it is probable that the future economic benefits associated with the item flow to the entity and its cost can be reliably measured. Normal repair and maintenance are charged to the consolidated statement profit or loss during the period in which they are incurred.

Depreciation is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 18.1 of the consolidated financial statements. Depreciation on addition is charged from the day an asset is available for use upto the day prior to its disposal.

Gains and losses on disposal of assets are taken to the statement of profit or loss, and related surplus on revaluation of property and plant is transferred directly to retained earnings / unappropriated profits.

5.3 Leased Assets

Leased assets in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments.

The outstanding obligations under the lease excluding finance charges allocated to future periods are shown as liability. Financial charges are allocated to the accounting periods in a manner so as to provide a constant rate of charge on the outstanding obligation.

5.4 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognized when it is probable that the expected future economic benefits will flow to the entity and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognized as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization is charged over the estimated useful life of the asset on a systematic basis applying the straight line method.

Useful lives of intangible operating assets are reviewed, at each reporting date and adjusted if the impact of amortization is significant.

5.5 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. Cost also includes applicable borrowing cost. These are transferred to specific assets as and when assets are available for use.

5.6 Ijara contracts

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as Ijara contract. Payments made under Ijara contract (net of any incentives received from the lessor) are charged to the statement of profit or loss on a straight line basis over the lease term.

5.7 Other investments

All regular way purchases / sales of investment are recognized on the trade date, i.e., the date the Group commits to purchase / sell the investments. Regular way purchases or sales of investment require delivery of securities within the time frame generally established by regulation or convention in the market place.

5.8 IFRS 9 - Financial Instruments - initial recognition and subsequent measurement

Initial recognition

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received. These are subsequently measured at fair value or amortized cost as the case may be.

Classification of financial assets

The Group classifies its financial instruments in the following categories:
- at fair value through profit or loss ("FVTPL")
- at fair value through other comprehensive income ("FVTOCI"), or

The Group determines the classifications of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Classification of financial liabilities

The Group classifies its financial liabilities in the following categories:

- at fair value through profit or loss ("FVTPL"), or
- at amortized cost

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instrument held for trading or derivatives) or the Group has opted to measure them at FVTPL.

Subsequent measurement

i) Financial assets at FVTOCI
Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income/loss.

ii) Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

iii) Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Realised and unrealised gains and losses arising from changes in the fair value of financial assets and liabilities held at FVTPL are included in the consolidated statement of profit or loss in the period in which they arise.
Where the management has opted to recognise a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognised in other comprehensive income/(loss). Currently, there are no financial liabilities designated at FVTPL.

Impairment of financial assets
The Group recognises loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to life time ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determine to have low credit risk at the reporting date, in which case twelve months' ECL is recorded. The following were either determined to have low or there was no credit risk since initial recognition and at the reporting date:

- bank balances;
- deposits;
- loan and advances; and

Loss allowance for trade receivables are always measured at an amount equal to life time ECLs.

Life time ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve months ECLs are portion of ECL that result from default events that are possible within twelve months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash short falls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectation of recovering a financial asset in entirety or a portion thereof.

Derecognition

i) Financial assets
The Group derecognises financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfer the financial assets and substantially all the associated risks and reward of ownership to another entity. On derecognition of financial assets measured at amortized cost, the difference between the assets carrying value and the sum of the consideration received and receivable recognised in consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to consolidated statement of profit or loss, but is transferred to statement of changes in equity.

ii) Financial liabilities
The Group derecognises financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss. The Group's financial liabilities include long term finances, trade and other payables, accrued markup and short term borrowing.

Financial assets - policy upto June 30, 2018
Trade debts and other receivables were recognised initially at fair value plus directly attributable cost, if any and subsequently, at amortized cost less impairment, if any. Provision for impairment of trade and other receivable was established when there is an objective evidence that the entity will not be able to collect all amounts due according to terms of receivables. Trade receivable considered irrecoverable were written off.

5.9 Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the dates on which the derivative contracts are entered into and are subsequently re-measured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative. Any change in the fair value of derivative instruments is taken to the statement of profit or loss.

5.10 Stores, spares and loose tools

These are valued at the cost less allowance for obsolete and slow moving items. Items in transit are valued at invoice value plus other charges incurred thereon, up to the reporting date.

5.11 Stock-in-trade

These are valued at lower of cost and net realizable value less impairment loss, if any. Raw material is valued at moving weighted average cost, packing material is valued at cost, work in process is valued at manufacturing cost and finished goods is valued at cost allocated on sales value of finish and by-product for each job completion or net realizable value (NRV) whichever is lower.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

5.12 Staff retirement benefits

Defined benefit plan

The Group operates following benefits:

- For Holding Company: an unapproved gratuity scheme for its employees completing the eligibility period of service as defined under the plan. This year provision is made in the financial statements based on the actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses for the defined benefit plan are recognized in full in the period in which they occur in other comprehensive income.

- For subsidiary Company: the entitlement to end of service benefits is based upon the employees' salary and length of service. The expected costs of these benefits are accrued over the period of employment. The provision for staff terminal benefit is based on the liability that would arise if the employment of all employees was terminated at the end of the reporting period.

5.13 Trade debts

These are measured at original invoice amount less an estimate made for allowance for expected credit loss based on the probability of default at reporting period. Bad debts are written off when identified.

5.14 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, balances with banks, highly liquid short-term investments that are convertible to known amounts of cash and are subject to insignificant risk of change in value.

5.15 Taxation

Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance or Alternate Corporate Tax (ACT) under section 113C of the said Ordinance, whichever is higher.

Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of the deferred tax asset is reviewed at each reporting date and is recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the reporting date.

5.16 Borrowings and their costs

All borrowings are recorded at the proceeds received net of transaction cost. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are charged to statement of profit or loss in the period in which these are incurred.

5.17 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

5.18 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

5.19 IFRS 15 ‘Revenue from Contracts with Customers’

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue.

The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue.

The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Group is in the business of the manufacture and sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and thereby the performance obligations are satisfied, at amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The Group has concluded that based on the contractual arrangement control of goods are transferred and performance obligations are satisfied at a point in time when the goods are dispatched to the customers.

In case of export the control is transferred when the goods are shipped to the destination and Bill of Lading has been prepared, thus completing the performance obligation. Whereas in case of local sales, control is transferred when the goods are dispatched to customers from the warehouse.

5.20 Interest income

Interest income is recognized on a time proportion basis that takes into account the effective yield.

5.21 Foreign currency translation

Transactions in foreign currencies are accounted for in Pak Rupee at the rate of exchange prevailing on the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the statement of financial position date are expressed in Rupee at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the statement of profit or loss.

5.22 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the consolidated financial statements only when the Group has a legally enforceable right to off-set the recognized amounts and the Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.23 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

5.24 Operating segments

Business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. As the operations of the Group are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The Group accounts for segment reporting using the business segments as the primary reporting format based on the Group's practice of reporting to the management on the same basis.

5.25 Impairment of non-financial assets

The carrying amount of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and accordingly an impairment loss is recognized in the statement of profit or loss account for the carrying amount of the asset that exceeds its recoverable amount.

5.26 Related party transactions

All related party transactions are carried out by the Group on arm's length basis.

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

5.27 Dividend

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which such dividends are approved by the Board.

6 CHANGE IN ACCOUNTING POLICY

i) IFRS 9 - Financial Instrument

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instrument, impairment of financial assets and hedge accounting. The adoption of IFRS 9 from July 1, 2018 resulted in changes in accounting policies and adjustments to the amount recognised in the consolidated financial statements. The new accounting policies are set out in the note 5.7 above. In accordance with the transitional provisions in IFRS 9, corresponding figures have not been restated.

Classifications and remeasurement

On 1 July 2018 (the date of initial application of IFRS 9), the Group's management has assessed business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from these reclassifications and adjustments are as follows:

Financial assets	**Note**	FVTPL	Held for trading	Loans and receivable	Amortised cost
		--------------------------Amount in Rupees ---------------------			
Closing balance June 30, 2018 - IAS 39					
Trade debts	22	-	-	(709,705,319)	709,705,319
Short-term Loans and advances	23	-	-	(83,732,051)	83,732,051
Other receivables	25	-	-	(85,074,115)	85,074,115
Short term investments		500,000	(500,000)	-	-
Cash and bank balances	26	-	-	(827,011,590)	827,011,590
		500,000	(500,000)	(1,705,523,075)	1,705,523,075
Opening balance July 1, 2018 - IFRS		500,000.0	(500,000)	(1,705,523,075)	1,705,523,075

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'Expected Credit Loss' (ECL) model. The Group has determined that the application of IFRS 9 impairment requirement at July 1, 2018 that results in additional allowance for trade receivables. (Note 22.5)

ii) IFRS 15 - Revenue from contracts with customers

The adoption of IFRS 15 which replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations, did not have an impact on the timing and amounts of revenue recognition of the Group. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the consolidated financial statements of the Group that may require retrospective change and restatement of comparatives for the year ended June 30, 2018.

As a result of the application of IFRS 15, freight charges and clearing and forwarding relating to Exports that were classified in Selling and distribution costs, have now been netted against revenue.

7 SHARE CAPITAL

7.1 AUTHORIZED SHARE CAPITAL

2019	2018		2019	2018
Number of shares			Rupees	
200,000,000	200,000,000	Ordinary shares of Rs. 10 (2018: Rs. 10)	**2,000,000,000**	2,000,000,000

7.2 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2019	2018		2019	2018
Number of shares			Rupees	
		Ordinary shares of Rs. 10 each:		
50,340,213	50,340,213	- fully paid in cash	**503,402,130**	503,402,130
6,002,950	6,002,950	- issued for consideration other than cash	**60,029,500**	60,029,500
66,057,535	60,228,931	- issued as fully paid bonus shares	**660,575,350**	602,289,310
122,400,698	116,572,094		**1,224,006,980**	1,165,720,940

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

7.3 Shares held by the related parties of the Group

	2019	2018
	Number of shares	
Name of the shareholders		
Mr. Jawed Ali Ghori	23,795,021	22,661,925
Mr. Khalid Sarfaraz Ghori	24,031,271	22,886,925
Mr. Tariq Ghori	24,054,896	22,909,425
Mr. Faizan Ali Ghori	378,250	224,997
Ms. Naheed Jawed	448,875	427,500
Ms. Nuzhat Khalid Ghori	448,875	427,500
Ms. Sadaf Tariq	425,250	405,000
International Finance Corporation	18,360,109	17,485,819
Mr. Naeem-ur-Rehman Akhoond	1	1
Syed Kamran Rasheed	500	1
Mr. Abdul Samad Khan	500	1
Mrs. Faryal Murtaza	340,473	-
Ms. Umme Habibah	500	-

7.4 Reconciliation of number of shares outstanding is as under:

	Note	2019	2018
		Number of shares	
Shares at the beginning of the year		**116,572,094**	87,429,094
Shares issued during the year in cash		**-**	29,143,000
Bonus shares issued during the year	22	**5,828,604**	-
Shares at the end of the year		**122,400,698**	116,572,094

7.5 The Holding Company has issued 15% shares to International Finance Corporation (IFC) (registered with World Bank) under an agreement with the Holding Company till June 30, 2019. During the year 2012, the Holding Company offered shares as fully paid right shares which were declined by the existing members and the directors issued those shares to the IFC. These shares have been issued at a price of Rs. 39.28 per share resulting in overall premium from IFC on issue of shares amounting to Rs. 341.311 million.

7.6 During the year, the Holding Company has issued 5% bonus shares to their shareholders.

8 CAPITAL RESERVE	Note	2019	2018
		Rupees	
Share premium	8.1 & 8.2	680,467,220	739,367,162

8.1 This represents:

- premium received over and above face value of the shares issued to IFC amounting to Rs. 341 million out of which Rs. 22.9 million had been utilized under section 83 of the repealed Companies Ordinance, 1984 during the year ended June 30, 2014.

- premium received over and above face value of the shares issued to general public through IPO amounting to Rs. 466.3 million out of which Rs. 45.3 million had been utilized under section 81 of the Companies Act, 2017 during the year ended June 30, 2018.

8.2 During the year the Holding Company has issued 5% fully paid bonus shares amounting to Rs. 58.29 million and Rs. 0.6 million had been utilized under section 81 of the Companies Act, 2017 during the year ended June 30, 2019.

9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

This represents surplus arising on revaluation of land, buildings, plant and machinery. The revaluation was carried by MYK Associates (Private) Limited and KG Traders (Private) Limited on March 31, 2014. (refer note 15.5).

	Note	2019	2018
		-------------Rupees------------	
Balance at beginning of the year		**546,781,614**	571,665,218
Surplus arising on revaluation during the year		**-**	-
Transferred to un-appropriated profits on account of			
- incremental depreciation		**(31,113,971)**	(35,548,005)
- tax impact on incremental depreciation		**9,334,191**	10,664,401
- disposal of land and building		**(84,645,937)**	-
- tax impact on disposal		**4,789,032**	-
Balance at end of the year		**445,144,929**	546,781,614

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

10 LONG TERM FINANCES - SECURED

	Note	2019	2018
		-------------Rupees------------	
From banking companies and financial institution:			
- MCB Bank Limited	10.1 & 10.2	**204,517,070**	243,357,942
- Pak Oman Investment Company Limited	10.3 & 10.4	**36,063,952**	62,783,084
- United Bank Limited	10.5	**5,557,076**	24,445,584
- Soneri Bank Limited	10.6	**48,000,000**	-
- Habib Bank Limited	10.7	**37,485,000**	-
- Meezan Bank Limited	10.8 & 10.9	**20,277,100**	-
		351,900,198	330,586,610
Current portion of long term finances		**(86,709,085)**	(84,029,706)
		265,191,113	246,556,904

10.1 This includes long term financing facility (LTFF) of Rs. 250 million (2018: Rs 250 million) for rice protein/rice glucose plant. It is secured by 1st pari passu hypothecation charge of Rs. 382.667 million (2018: Rs 382.667 million) over all present and future fixed assets (excluding land and building) of the Group. Further secured by 1st pari passu mortgage charge of Rs. 382.667 million over land and building (2018: Rs. 382.667 million). It carries mark-up at SBP rate plus 1.0% per annum (2018: SBP rate plus 1%). The Loan is repayable in quarterly installments starting from 15th month from first disbursement i.e. September 2017.

10.2 This also include LTFF/demand finance (DF) financing facility of Rs. 51.4 million (2018: Rs. 51.4 million) for plant & machinery expansion. It is secured by 1st hypothecation charge of Rs. 382.667 million (2018: Rs. 382.667 million) over all present and future fixed assets (excluding land and building). Further secured by 1st mortgage charge of Rs. 382.667 million (2018: Rs. 382.667 million) over land and building. It carries mark-up at 3 months KIBOR plus 1.0% per annum (2018: 3 months KIBOR plus 1.0% per annum). The Loan is repayable in semi annual installments and shall be repaid by April 2020.

10.3 This include LTFF financing facility of Rs. 100 million (2018: Rs. 100 million) for import of various machineries and equipment required for expansion in grain storage silos in Sadhoki Punjab. It is secured by 1st pari passu charge of Rs. 133 million (2018: Rs. 133 million) over present and future fixed assets including land, building, plant & machinery of the project located at Sadhoki Punjab. This facility swap to Term Finance Facility and carries mark up at 3 months KIBOR plus 2.0% per annum (2018: 3 months KIBOR plus 2.0% per annum). The loan is repayable in quarterly installments and shall be repaid by May 2020.

10.4 This also include LTFF financing facility of Rs. 60 million (2018: 60 million) for financing the import of paddy processing machinery at the Group's auto rice mill in Sadhoki Punjab. It is secured by 1st pari passu charge of Rs. 133 million (2018: Rs. 133 million) over fixed assets of the Group. This facility swap to Term Finance Facility and carries mark up at SBP rate plus 1% per annum.(2018: SBP rate plus 1% per annum). The loan is repayable in quarterly installments and shall be repaid by June 2023.

10.5 This include financing facility of LTFF Rs. 0.909 million and NIDF of Rs. 4.647 million (2018: LTFF Rs. 2.7 million and NIDF Rs. 21.7 million) for balancing modernization and restructuring (BMR) expenses of the Group. The facility is secured by exclusive charge of Rs. 85.33 million (2018: Rs. 85.33 million) over land and building located at G-205 super highway Karachi., out of which Rs. 50 million (2018: Rs. 50 million) is tagged to this facility. Margin of Rs. 17 million (2018: Rs. 18 million) is secured against ranking charge over all present and future fixed assets of the Group. LTFF carries mark up at SBP rate plus 2.5% per annum and NIDF carries mark up at 6 months KIBOR plus 2.0% per annum (2018: LTFF SBP rate plus 2.5% per annum and NIDF 6 months KIBOR plus 2.0% per annum). The loan is repayable in semi-annual installments and shall be repaid by September 2019.

10.6 This include financing facility of DF Rs. 48 million (2018: Nil) for acquisition of fixed assets to be utilized as a Godown and extension of business facility at Sadhoki Punjab. The facility is secured by 1st exclusive equitable mortgage (EM) charge of Rs. 73.478 million (2018: Rs. Nil) duly registered with SECP, including TRM of Rs. 0.1 million and rest through EM over industrial property situated at Sadhoki, Punjab. DF carries mark up at 3 months KIBOR plus 1.5% (2018: Nil). The loan is repayable in quarterly installments and shall be repaid by October 2020.

10.7 This include financing facility of LTFF Rs. 100 million (2018: Nil) to meet in-house energy requirements under SBP renewable energy scheme. The facility is secured by ranking charge over plant and machinery of Rs. 134 million with 25% margin. LTFF carries mark up at SBP rate of 1% (2018: Nil). The loan is repayable in quarterly installments and shall be repaid in 10 years with one year Grace period.

10.8 This include Diminishing Musharakah (DM) islamic long term financing facility(ILTFF) of Rs. 11.419 million (2018: Nil) to finance the import of rice processing machinery. The facility is secured by exclusive hypothecation charge over specific DM asset. It carries mark up at SBP rate plus 2.5% (2018: Nil). The loan is repayable in quarterly installments and shall be repaid in 05 years.

10.9 This include Diminishing Musharakah ILTFF of Rs. 10 million (2018: Nil) to finance the import of Bundle Dryer. The facility is secured by exclusive hypothecation charge over specific DM asset. It carries mark up at SBP rate plus 2.5% (2018: Nil). The loan is repayable in quarterly installments and shall be repaid in 05 years.

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Under the Musharakah agreements, lease rentals are payable in 60 equal monthly installments. The financings carry mark-up at rates ranging from 6 months KIBOR plus 1.75% to 2.25% (2018: 6 months KIBOR plus 1.75% to 2.25%) per annum approximately which have been used as a discounting factor. The Group has the option to purchase the asset upon completion of the lease period.

The minimum lease payments for which the Group has committed to pay in future under the lease agreements are due as follows:

	2019			2018		
	Minimum lease	**Financial charges**	**Present value of minimum lease payments**	Minimum lease	Financial charges	Present value of minimum lease payments
	----------- Rupees-----------			----------- Rupees-----------		
Up to one year	**20,061,368**	**6,966,438**	**13,094,930**	16,397,852	4,171,563	12,226,289
Later than one year but not later than five years	**54,474,282**	**9,710,509**	**44,763,773**	38,144,067	8,859,647	29,284,420
Later than five years	**-**	**-**	**-**	-	-	-
	74,535,650	**16,676,947**	**57,858,703**	54,541,919	13,031,210	41,510,709

12 DEFERRED LIABILITIES	**Note**	**2019**	2018
		-------------Rupees------------	
Staff gratuity scheme- unfunded	12.1	**76,715,111**	59,423,344
Deferred tax liability	12.2	**70,088,260**	84,211,483
Employees' end of service benefit	12.3	**282,724**	169,153
		147,086,095	143,803,980

12.1 Staff gratuity scheme - unfunded	**Note**	**2019**	2018
		-------------Rupees------------	
Balance at beginning of the year		**59,423,344**	51,785,250
Charge for the year	28 & 30	**18,316,536**	15,859,134
Actuarial losses		**2,409,511**	229,441
Payments made during the year		**(3,434,280)**	(8,450,481)
Balance at end of the year	12.1.1	**76,715,111**	59,423,344

12.1.1 Staff retirement benefits - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2019, using the "Projected Unit Credit Method". Provision has been made in these consolidated financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation in respect of above-mentioned schemes are as follows:

	2019	2018
Discount rate- per annum	14.25%	9.00%
Expected rate of increase in salaries- per annum	13.25%	8.00%

12.1.2 The amounts recognized in the consolidated statement of financial position are as follows:

	Note	2019	2018
		------Rupees------	
Present value of defined benefit obligation		74,305,600	59,193,903
Actuarial losses		2,409,511	229,441
	12.1.3	76,715,111	59,423,344

12.1.3 Movements in the net liability recognized in the consolidated statement of financial position are as follows:

	Note	2019	2018
Opening liability		59,423,344	51,785,250
Charge for the year	12.1.4	18,316,536	15,859,134
Actuarial losses		2,409,511	229,441
Benefits paid		(3,434,280)	(8,450,481)
Balance at end of the year		76,715,111	59,423,344

12.1.4 The amounts recognized in the consolidated statement of profit or loss against defined benefit scheme are as follows:

	2019	2018
Current service cost	13,122,978	12,292,133
Interest cost	5,193,558	3,567,001
Charge for the year	18,316,536	15,859,134

12.1.5 The amounts recognized in the consolidated statement of comprehensive income against defined benefit scheme are as follows:

	2019	2018
Remeasurement of defined benefits obligation	(2,409,511)	(229,441)

12.1.6 Expense chargeable to consolidated statement of profit or loss for the next year

	2020	2019
	------Rupees------	
Current service cost	18,512,771	15,577,487
Interest cost	10,809,557	5,348,101
Charge for the year	29,322,328	20,925,588

12.1.7 The expense for the staff retirement benefit scheme has been allocated as follows:

	Note	2019	2018
		------Rupees------	
Cost of sales	28.4	9,524,599	8,246,750
Administrative expenses	30.1	8,791,937	7,612,384
		18,316,536	15,859,134

12.2 This represent deferred tax on surplus on revaluation of property, plant and equipment. Further, the Group has deferred tax asset amounting to Rs. 16.69 million (Rs. 2018: 11.7 million). However, the Group has not recorded deferred tax asset in the books of these consolidated financial statements.

12.3 Employees' end of service benefits

	2019	2018
	------Rupees------	
Opening liability	169,153	148,645
Charge for the year	113,571	20,508
Payment during the year	-	-
Closing liability	282,724	169,153

13 TRADE AND OTHER PAYABLES

	Note	2019	2018
Creditors		155,350,933	159,977,082
Accrued liabilities		45,831,411	32,885,654
Security deposit from customer	13.1	-	25,000
Tax deducted at source and payable to statutory authorities		1,796,816	1,079,529
Sales tax payable		447,584	591,311
Worker's welfare fund	13.2	14,415,070	10,140,803
Worker's profit participation fund	13.3	23,388,267	15,283,605
		241,230,081	219,982,984

13.1 This represents amount received from the customer of the Group, which is utilized for the purpose of the business in accordance with the related agreements.

13.2 Worker's welfare fund	Note	2019	2018
		-------------Rupees------------	
Opening balance		**10,140,803**	3,073,894
Allocation for the year		**7,270,451**	7,066,909
Amount paid		**(2,996,184)**	-
Closing balance		**14,415,070**	10,140,803

13.3 Worker's profit participation fund	Note	2019	2018
		-------------Rupees------------	
Opening balance		**15,263,606**	12,836,230
Allocation for the year		**23,388,267**	15,263,606
Amount paid		**(15,263,606)**	(12,836,230)
Closing balance		**23,388,267**	15,263,606

14 ACCRUED MARK-UP	2019	2018
	-------------Rupees------------	
Mark-up on long term finances	**5,825,361**	4,436,488
Mark-up on short term borrowings	**58,871,001**	44,042,236
Mark-up on finance lease	**-**	288,704
	64,696,362	48,767,428

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

15 SHORT TERM BORROWINGS - SECURED	Note	2019	2018
		-------------Rupees------------	
MCB Bank Limited (MCB)			
Export Refinance Scheme (ERF)	15.1	**419,752,000**	339,352,000
United Bank Limited (UBL)			
ERF	15.2	**597,397,000**	497,397,000
Askari Bank Limited (AKBL)			
ERF	15.3	**246,000,000**	58,500,000
FAPC	15.4	**235,000,000**	418,700,000
National Bank of Pakistan (NBP)			
ERF	15.5	**400,000,000**	400,000,000
Habib Metropolitan Bank Limited (HMBL)			
ERF	15.6	**222,500,000**	49,900,000
FAPC	15.7	**75,500,000**	249,000,000
Foreign bills purchased/negotiated	15.8	**8,002,636**	18,230,753
Allied Bank Limited (ABL)			
ERF	15.9	**150,000,000**	-
FAPC	15.10	**100,000,000**	234,000,000
Habib Bank Limited (HBL)			
ERF	15.11	**343,200,000**	163,200,000
FAPC	15.12	**25,000,000**	179,000,000
Standard Chartered Bank			
ERF	15.13	**154,500,000**	86,500,000
FAPC	15.14	**94,500,000**	115,000,000
Faysal Bank Limited			
ERF	15.15	**261,000,000**	236,000,000
FAPC	15.16	**288,499,997**	313,500,000
Bank Al Falah Limited			
ERF	15.17	**105,000,000**	105,000,000
FAPC	15.18	**186,500,000**	131,500,000
Pak Oman Investment			
ERF	15.19	**-**	250,000,000
MIB Bank Limited			
ERF	15.20	**50,000,000**	237,000,000
FAPC	15.21	**176,875,770**	-
		4,139,227,403	4,081,779,753

15.1 This facility has been obtained under State Bank of Pakistan (SBP) Export Refinance Scheme (ERF). The sanctioned limit is Rs. 430 million (2018: Rs. 350 million). It carries mark-up at SBP rate plus 1.0% per annum (2018: SBP rate plus 1.0% per annum). This facility is secured by 1st registered joint pari passu hypothecation charge of Rs. 600 million over all present and future current assets, 1st registered joint pari passu hypothecation charge of Rs. 135 million over all present and future fixed assets excluding land & building, 1st registered joint mortgage charge of Rs. 135 million over land, building and properties. (2018: 1st registered joint pari passu hypothecation charge of Rs. 600 million over all present and future current assets, 1st registered joint pari passu hypothecation charge of Rs. 135 million over all present and future fixed assets excluding land & building, 1st registered joint mortgage charge of Rs. 135 million over land and building and selected properties).

15.2 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 600 million (2018: Rs. 500 million). It carries mark-up at SBP rate plus 1.0% per annum (2018: SBP rate plus 1.0% per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 800 million over all present and future current assets with 25% margin, 1st joint pari passu hypothecation charge of Rs. 265.33 million over all present and future fixed assets (excluding land & building), 1st joint mortgage charge of Rs. 265.33 million over land and building of selected properties.{2018: 1st joint pari passu hypothecation charge of Rs. 800 million over all present and future current assets with 25% margin, 1st joint pari passu hypothecation charge of Rs. 265.33 million over all present and future fixed assets (excluding land & building), 1st joint mortgage charge of Rs. 265.33 million over land and building of selected properties}. The facility expiry date is November 30, 2019.

15.3 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 488 million (2018: Rs. 488 million). It carries mark-up at SBP rate plus 0.75% per annum (2018: SBP rate plus 0.75% per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25% margin, 100% secured against cash collateral in the shape of TDR in the name of Group/ Director having value Rs. 1.2 million, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets (2018: 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25% margin, 100% secured against cash collateral in the shape of TDR in the name of Group/ Director having value Rs. 1.2 million, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets). The facility expiry date is March 31, 2020.

15.4 The sanctioned limit is Rs. 488 million against FAPC (2018: Rs. 488 million). It carries mark-up at 3 Month KIBOR plus 0.75% per annum (2018: 3 Month KIBOR plus 1 per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25% margin, 100% secured against Cash collateral in the shape of TDR in the name of Group/ Director having value Rs. 1.2 million, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets (2018: 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25% margin, 100% secured against Cash collateral in the shape of TDR in the name of Group/ Director having value Rs. 1.2 million, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets). The facility expiry date is March 31, 2020.

15.5 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 400 million (2018: Rs. 400 million). It carries mark-up at SBP rate plus 0.75% per annum (2018: SBP rate plus 0.75% per annum). This facility is secured by 1st pari passu hypothecation charge of Rs 533.34 million over all present and future current assets, 1st pari passu hypothecation charge of Rs. 120 million over all present and future fixed assets (excluding land and building), 1st pari passu equitable mortgage charge of Rs. 120 million over all immovable properties (including land and building).

{2018: This facility is secured by 1st pari passu hypothecation charge of Rs 533.34 million over all present and future current assets,1st pari passu hypothecation charge of Rs. 120 million over all present and future fixed assets (excluding land and building), 1st pari passu equitable mortgage charge of Rs. 120 million over all immovable properties (including land and building).

15.6 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 300 million (2018: Rs. 300 million). It carries mark-up at SBP rate plus 1.0% per annum (2018: SBP rate plus 1.0% per annum). This facility is secured by joint pari passu hypothecation charge of Rs. 400 million over all present and future current assets, joint pari passu hypothecation charge of Rs. 90 million over all present and future fixed assets(excluding land and building).{2018: Joint pari passu hypothecation charge of Rs. 400 million over all present and future current assets, joint pari passu hypothecation charge of Rs. 90 million over all present and future fixed assets(excluding land and building), joint pari passu equitable mortgage charge of Rs. 90 million over land and building of selected properties} and personal guarantees of sponsoring directors. The facility expiry date is March 31, 2020.

15.7 The sanctioned limit is Rs. 300 million against FAPC (2018: Rs. 300 million). It carries mark-up at 3 Months KIBOR plus 1% (2018: 3 Months KIBOR plus 1%). This facility is secured by joint pari passu hypothecation charge of Rs. 400 million over all present and future current assets, joint pari passu hypothecation charge of Rs. 90 million over all present and future fixed assets(excluding land and building).{2018: Joint pari passu hypothecation charge of Rs. 400 million over all present and future current assets, joint pari passu hypothecation charge of Rs. 90 million over all present and future fixed assets(excluding land and building), joint pari passu equitable mortgage charge of Rs. 90 million over land and building of selected properties} and personal guarantees of sponsoring directors. The facility expiry date is 31 March 2020.

15.8 The sanctioned limit is Rs. 250 million (2018: Rs. 250 million). It carries mark-up that is to be negotiated on case to case basis. (2018: to be negotiated on case to case basis). This facility is secured by ranking hypothecation charge of Rs. 133 million over stocks and receivables duly insured in HMBL's favor covering all risks with premium payment receipt. (2018: ranking hypothecation charge of Rs. 133 million over stocks and receivables duly insured in bank's favor covering all risks with premium payment receipt.). The facility expiry date is March 31, 2020.

15.9 This facility has been obtained under SBP ERF. The sanctioned limit is Rs. 250 million (2018 : 250 million). It carries mark-up at SBP rate plus 1% per annum (2018 : SBP rate plus 0.75% per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 373.33 million over all present and future current assets, 1st joint pari passu charge of Rs. 84 million over all present and future fixed assets including land, building, plant & machinery (2018: 1st joint pari passu hypothecation charge of Rs. 373.33 million over all present and future current assets, 1st joint pari passu charge of Rs. 84 million over all present and future fixed assets including land, building, plant & machinery) and personal guarantees of sponsoring directors.

15.10 The sanctioned limit is Rs. 250 million (2018 : 250 million). It carries mark-up at 6 months KIBOR rate plus 0.75% per annum (2018 : 6 months KIBOR plus 0.75% per annum). This facility is secured by 1st joint pari passu hypothecation charge of Rs. 373.33 million over all present and future current assets, 1st joint pari passu charge of Rs. 84 million over all present and future fixed assets including land, building, plant & machinery (2018: 1st joint pari passu hypothecation charge of Rs. 373.33 million over all present and future current assets, 1st joint pari passu charge of Rs. 84 million over all present and future fixed assets including land, building, plant & machinery).

15.11 This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 370 million (2018: Rs. 370 million). It carries mark-up at SBP rate plus 1.00% per annum (2018: SBP rate plus 1.00% per annum). This facility is secured by joint pari passu hypothecation charge of Rs. 493.333 million over all current assets with 25% margin, joint pari passu hypothecation charge over all present and future fixed assets plus joint pari passu mortgage over all immovable properties collectively of Rs. 111 million. (2018: Joint pari passu hypothecation charge of Rs. 493.333 million over all current assets, joint pari passu hypothecation charge over all present and future fixed assets plus joint pari passu mortgage over all immovable properties collectively of Rs. 111 million.) The facility expiry date is December 31, 2019.

15.12 The sanctioned limit is Rs. 200 million (2018: Rs. 200 million). It carries mark-up at 3 Months KIBOR plus 0.75% (2018: 6 Months KIBOR plus 0.75%). This facility is secured by joint pari passu hypothecation charge of Rs. 493.333 million over all current assets with 25% margin, joint pari passu hypothecation charge over all present and future fixed assets plus joint pari passu mortgage over all immovable properties collectively of Rs. 111 million. (2018: Joint pari passu hypothecation charge of Rs. 493.333 million over all current assets, joint pari passu hypothecation charge over all present and future fixed assets plus joint pari passu mortgage over all immovable properties collectively of Rs. 111 million.) The facility expiry date is December 31, 2019.

15.13 This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit of said facility is Rs. 250 million (2018: Rs. 250 million). It carries mark-up that to be negotiated at the time of transaction. This facility is secured by first joint pari passu hypothecation charge amounting to Rs. 333.33 million over all present and future stocks and receivables, first joint pari passu hypothecation charge amounting to Rs. 75 million over all present and future fixed assets including land, building, plant and machinery (2018: first joint pari passu hypothecation charge amounting to Rs. 333.33 million over all present and future stocks and receivables, first joint pari passu hypothecation charge amounting to Rs. 75 million over all present and future fixed assets).

15.14 The sanctioned limit of said facility is Rs. 250 million (2018: Rs. 250 million). It carries mark-up at 6 months KIBOR plus 1% per annum (2018: 6 months KIBOR plus 1% per annum). This facility is secured by first joint pari passu hypothecation charge amounting to Rs. 333.33 million over all present and future stocks and receivables, first joint pari passu hypothecation charge amounting to Rs. 75 million over all present and future fixed assets including land, building, plant and machinery (2018: first joint pari passu hypothecation charge amounting to Rs. 333.33 million over all present and future stocks and receivables, first joint pari passu hypothecation charge amounting to Rs. 75 million over all present and future fixed assets).

15.15 The sanctioned limit is Rs. 550 million (2018: Rs. 550 million). It carries mark-up at SBP rate plus 1% per annum (2018: SBP rate plus 0.75% per annum). This facility is secured by 1st pari passu hypothecation charge of Rs. 733.33 million over stock and book debts, 1st pari passu hypothecation and mortgage charge of Rs. 165 million over fixed assets, lien over export documents (2018: 1st pari passu hypothecation charge of Rs. 734 million over stock and book debts, 1st pari passu hypothecation and mortgage charge of Rs. 165 million over fixed assets.), lien over export documents. The facility expiry date is April 20, 2020.

15.16 The sanctioned limit is Rs. 550 million (2018: Rs. 550 million). It carries mark-up at 3 Months KIBOR plus 1% per annum (2018: 3 Months KIBOR plus 0.75% per annum). This facility is secured by 1st pari passu hypothecation charge of Rs. 733.33 million over stock and book debts, 1st pari passu hypothecation and mortgage charge of Rs. 165 million over fixed assets, lien over export documents.

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

(2018: 1st pari passu hypothecation charge of Rs. 734 million over stock and book debts, 1st pari passu hypothecation and mortgage charge of Rs. 165 million over fixed assets.), lien over export documents. The facility expiry date is April 20, 2020.

15.17 This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 300 million (2018: Rs. 300 million). It carries mark-up at SBP rate plus 0.75% per annum (2018: SBP rate plus 0.75% per annum).This facility is secured by 1st pari passu hypothecation charge of Rs. 400 million over current assets (Stock/Receivables), 1st pari passu equitable mortgage charge of Rs. 90 million over land, building, plant & machinery. {2018: Rs.1st pari passu hypothecation charge of Rs. 400 million over current assets (Stock/Receivables), 1st pari passu equitable mortgage charge of Rs. 90 million over land, building, plant & machinery}.The facility expiry date is December 31, 2019.

15.18 The sanctioned limit is Rs. 300 million (2018: Rs. 300 million). It carries mark-up at 3 Months KIBOR plus 0.75% per annum (2018: 3 Months KIBOR plus 0.75% per annum).This facility is secured by 1st pari passu hypothecation charge of Rs. 400 million over current assets (Stock/Receivables), 1st pari passu equitable mortgage charge of Rs. 90 million over land, building, plant & machinery. {2018: Rs.1st pari passu hypothecation charge of Rs. 400 million over current assets (Stock/Receivables), 1st pari passu equitable mortgage charge of Rs. 90 million over land, building, plant & machinery}.The facility expiry date is December 31, 2019.

15.19 The sanctioned limit is Rs. Nil (2018: Rs. 250 million). It carries mark-up rate at Nil (2018: KIBOR plus 2.% per annum). This facility is secured by ranking charge over current assets of the Group with 25% margin, post dated cheque of principle amount and two markup payments and personel guarantee of sponsor directors.

15.20 This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 250 million (2018: Rs. 250 million). Formerly, it belonged to NIB Bank. It carries mark-up at SBP rate plus 0.75% (2018: SBP rate plus 0.75% per annum). This facility is secured by joint pari passu charge of Rs. 334 million over all present and future current assets, joint pari passu charge of Rs. 75 million over all present and future movable fixed assets and immovable properties.(2018: Joint pari passu charge of Rs. 334 million over all present and future current assets, joint pari passu charge of Rs. 75 million over all present and future movable fixed assets and immovable properties).

15.21 The sanctioned limit is Rs. 250 million (2018: Rs. 250 million). Formerly, it belonged to NIB Bank. It carries mark-up at 3 months KIBOR plus 0.75% (2018: 3 months KIBOR plus 0.75% per annum). This facility is secured by joint pari passu charge of Rs. 334 million over all present and future current assets, joint pari passu charge of Rs. 75 million over all present and future movable fixed assets and immovable properties.(2018: Joint pari passu charge of Rs. 334 million over all present and future current assets, joint pari passu charge of Rs. 75 million over all present and future movable fixed assets and immovable properties).

16 UNPAID DIVIDEND

This represents part of interim dividend for the half year ended December 31, 2017 and final dividend for the year ended June 30, 2018 which remained unpaid to the shareholders who have not provided their valid Central Depository System (CDS) Account no. and International Bank Account Number (IBAN). The Holding Company has already sent letters to these shareholders for the purpose of above stated information.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

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

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

17.1.2 The Petition No. 3358/2011 and 1823/2013 were filed on December 13, 2011 and April 29, 2013 by the Group against Federal Board of Revenue (FBR) and Others, whereby, the chargeability of the customs duty against import of storage silos has been challenged. It is pertinent to point out that the said import was exempt from duties and taxes vide SRO No. 575(I) 2006. Now through SRO dated October 23, 2012, the said silos have been added as clarificatory being exempt. The said chargeability of customs duty has been challenged of the intervening period through Writ Petition No. 3358/11 and 1823/13. The Group has filed intra court appeal ICA no. 84/2015 and 85/2015 both are pending in honorable Islamabad High Court, Islamabad as notice are issued and no proceeding till to date. We believe that the Group is not likely to suffer any losses on account of the above petition.

17.1.3 In prior years Government of Sindh imposed infrastructure cess @ 0.85% of import value on all imports into Pakistan. A large number of importers including the Group challenged the matter in the Honorable High Court of Sindh. Honorable High Court of Sindh has issued an interim order allowing release of imported goods on 50% payment and 50% bank guarantee. The litigation is pending adjudication. This suit was filed on June 10, 2013 and there are no proceedings conducted till date and we understand that the Group is not likely to suffer any losses due to above suit.

17.2 Commitments

	Note	2019	2018
		--------------Rupees-------------	
Capital expenditures		-	345,991,757
Letter of credit		-	300,482,000
Letter of guarantees		**1,514,650**	1,514,650
Ijara contracts		-	74,784
		1,514,650	648,063,191

18 PROPERTY PLANT AND EQUIPMENT

	Note	2019	2018
		--------------Rupees-------------	
Operating fixed assets	18.1	**2,697,320,656**	2,163,162,877
Capital work in progress	18.2	**6,258,083**	5,422,378
		2,703,578,739	2,168,585,255

18.1 Operating fixed assets

2019

Particulars	Cost / Revaluation						Depreciation					
	Cost at July 01, 2018	Additions	Transfers in / (out)	Revaluation surplus	(Disposals)	Cost at June 30, 2019	Accumulated depreciation at July 01, 2018	Depreciation for the year	(Depreciation on disposals)	Accumulated depreciation at June 30, 2019	Book value at June 30, 2019	Rate per annum %
Owned Assets												
Leasehold land	90,000,000	-	-	-	90,000,000	-	-	-	-	-	-	-
Factory land	531,894,744	-	-	-	-	531,894,744	-	-	-	-	531,894,744	-
Factory building	898,105,927	3,422,074	336,871,170	-	68,218,000	1,170,181,171	350,725,499	55,128,935	26,764,439	379,089,995	791,091,176	10
Plant and machinery	1,304,296,569	37,608,459	375,027,252	-	108,974	1,716,823,306	487,596,408	82,982,709	-	570,579,117	1,146,244,189	10
Electric cables and fitting	39,576,420	575,000	-	-	-	40,151,420	19,891,884	1,991,806	-	21,883,690	18,267,730	10
Furniture and fixture	9,945,997	1,347,733	-	-	-	11,293,730	5,555,169	507,462	-	6,062,631	5,231,099	10
Motor vehicles	77,063,646	3,433,657	5,695,500	-	11,613,500	74,579,303	58,223,861	9,547,426	7,827,814	59,943,473	14,635,830	20
Office equipment	20,406,020	1,119,753	2,387,703	-	656,686	23,256,790	11,350,739	948,074	-	12,298,813	10,957,977	10
Factory equipment	16,624,025	37,674,962	-	-	-	54,298,987	7,083,754	1,128,672	-	8,212,426	46,086,561	10
Computers	16,941,349	768,272	-	-	-	17,709,621	12,653,898	1,517,877	-	14,171,775	3,537,846	33
Camera	3,468,608	30,060	-	-	-	3,498,668	3,229,239	82,335	-	3,311,574	187,094	33
Godown & Shops	23,881,972	-	-	-	-	23,881,972	8,550,401	1,595,878	-	10,146,279	13,735,693	10
Sewing machine	1,279,205	40,000	-	-	-	1,319,205	770,100	52,675	-	822,775	496,430	10
Mobile phone	2,799,027	314,392	-	-	-	3,113,419	1,948,770	326,062	-	2,274,832	838,587	33
Generator	70,038,366	-	-	-	1,300,000	68,738,366	34,670,513	3,579,586	533,336	37,716,763	31,021,603	10
Sub-total	3,106,321,875	86,334,362	719,981,625	-	171,897,160	3,740,740,702	1,002,250,235	159,389,497	35,125,589	1,126,514,143	2,614,226,559	
Leased Assets under diminishing musharika												
Motor Vehicle	74,718,435	41,407,208	(5,695,500)	-	-	110,430,143	15,627,199	11,708,847	-	27,336,046	83,094,097	20
Total	3,181,040,310	127,741,570	714,286,125	-	171,897,160	3,851,170,845	1,017,877,434	171,098,344	35,125,589	1,153,850,189	2,697,320,656	

2018

Particulars	Cost / Revaluation						Depreciation					
	Cost at July 01, 2017	Additions	Transfers in / (out)	Revaluation surplus	(Disposals)	Cost at June 30, 2018	Accumulated depreciation at July 01, 2017	Depreciation for the year	(Depreciation on disposals)	Accumulated depreciation at June 30, 2018	Book value at June 30, 2018	Rate per annum %
Owned Assets												
Leasehold land	90,000,000	-	-	-	-	90,000,000	-	-	-	-	90,000,000	-
Factory land	452,921,021	78,973,723	-	-	-	531,894,744	-	-	-	-	531,894,744	-
Factory building	715,359,427	5,779,783	176,966,717	-	-	898,105,927	298,418,521	52,306,978	-	350,725,499	547,380,428	10
Plant and machinery	1,056,260,445	18,781,745	229,254,379	-	-	1,304,296,569	406,563,989	81,032,419	-	487,596,408	816,700,161	10
Electric cables and fitting	39,553,820	22,600	-	-	-	39,576,420	17,706,633	2,185,251	-	19,891,884	19,684,536	10
Furniture and fixture	9,489,967	211,490	244,540	-	-	9,945,997	5,089,421	465,748	-	5,555,169	4,390,828	10
Motor vehicles	69,018,242	13,978,291	1,400,000	-	7,332,887	77,063,646	54,447,066	8,806,462	5,029,667	58,223,861	18,839,785	20
Office equipment	19,294,764	481,522	629,734	-	-	20,406,020	10,402,668	948,071	-	11,350,739	9,055,281	10
Factory equipment	13,164,270	2,949,505	510,250	-	-	16,624,025	6,220,281	863,473	-	7,083,754	9,540,271	10
Computers	16,192,668	748,680	-	-	-	16,941,349	10,702,301	1,951,597	-	12,653,898	4,287,451	33
Camera	3,468,608	-	-	-	-	3,468,608	3,111,341	117,898	-	3,229,239	239,369	33
Godown & Shops	25,997,428	38,415	-	-	2,153,871	23,881,972	8,305,214	1,771,853	1,526,666	8,550,401	15,331,571	10
Sewing machine	1,244,205	35,000	-	-	-	1,279,205	716,537	53,563	-	770,100	509,105	10
Mobile phone	2,658,437	140,590	-	-	-	2,799,027	1,543,411	405,359	-	1,948,770	850,257	33
Generator	70,038,367	-	-	-	-	70,038,367	30,740,751	3,929,762	-	34,670,513	35,367,854	10
Sub-total	2,584,661,669	122,141,344	409,005,620	-	9,486,758	3,106,321,875	853,968,134	154,838,434	6,556,333	1,002,250,235	2,104,071,641	
Leased Assets under diminishing musharika												
Motor Vehicle	59,449,260	15,269,175	-	-	-	74,718,435	8,211,681	7,415,518	-	15,627,199	59,091,236	20
Total	2,644,110,929	137,410,519	409,005,620	-	9,486,758	3,181,040,310	862,179,815	162,253,952	6,556,333	1,017,877,434	2,163,162,877	

18.1.1 The depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		--------------Rupees-------------	
Cost of sales	28	**136,878,676**	129,803,161
Distribution expenses	29	**8,554,916**	8,112,698
Administrative expenses	30	**25,664,752**	24,338,093
		171,098,344	162,253,952

18.1.2 Factory land includes a plot in which a law suit has been filed by the plaintiff who is claiming the possession and injunction of the property. The case is in process under the Honorable High Court Sindh Karachi (refer note 17.1.1).

18.1.3 Operating fixed assets include assets that are subject to mortgage with various banks against long-term finances and short-term borrowings (refer note 10 and 15).

18.1.4 Details of forced sale value of revalued property, plant and equipment

Description of Assets	**Forced sale value**
	Rupees
Land	393,075,000
Building	466,544,600
Plant and machinery	564,560,000

The above forced sale value has been taken from revaluation report of K.G Traders (Private) Limited as on March 31, 2014.

18.1.5 Following items of property, plant and equipment having book value above Rs. 500,000 were disposed off during the year:

	Cost / Revaluation	Accumulated depreciation	Net book amount	Sale proceeds	Gain / Loss	Mode of disposal	Particulars of buyer
	.... Rupees						
Vehicles							
Toyota Corolla	2,115,000	385,839	1,729,161	1,886,500	157,339	Tender	Mr. Noman
Suzuki Mehran	732,000	224,052	507,948	600,000	92,052	Tender	Mr. Noman
Land and Building							
L-24/1, Block-21, Federal 'B' Area	158,218,000	26,764,439	131,453,561	200,000,000	68,546,439	Tender	Mr. Usman Paracha
Generator							
Generator	1,300,000	533,336	766,664	550,000	(216,664)	Tender	A.Z Generation
Total	**162,365,000**	**27,907,666**	**134,457,334**	**203,036,500**	**68,579,166**		

The buyers do not have any relationship with the Group and its directors.

18.1.6 Particulars of immovable property (i.e. land and building) in the name of Group are as follows:

Locations	**Total Area in Acres**	**Covered Area in Square Feet**
Plot A-15 & 16, SITE-II, Super highway Karachi	2	79155
A-21, SITE-II, Super highway, Karachi	1.5	49631
G-205, SITE-II, Super highway, Karachi	4	76566
50 KM G.T Road, Sadhoke District, Gujranwala	15	133024
Plot G-06, Port Qasim Authority, Karachi	10	-
B1-A, SITE-II, Super highway, Karachi	0.97	34850
Plot H-162, SITE-II, Super highway, Karachi	2.5	-
Plot F-193, SITE-II, Super highway, Karachi	2	60871
50 KM G.T Road, Sadhoke District, Gujranwala	3.38	-

18.2 CAPITAL WORK IN PROGRESS

	Note	2019	2018
		--------------Rupees-------------	
Tangibles			
Plant and machinery		**3,901,110**	-
Civil and electric work		**2,356,973**	5,422,378
		6,258,083	5,422,378

18.3 Movement in capital work in progress is as under:

	Cost			
	As at July 01, 2018	**Additions / (adjustment) during the year**	**(Transferred) to Property, plant and equipment**	**As at June 30, 2019**
	-----------------	------------**Rupees**------------	-----------------	
Plant and machinery	**-**	**365,250,812**	**(361,349,702)**	**3,901,110**
Civil works	**5,422,378**	**349,871,018**	**(352,936,423)**	**2,356,973**
	5,422,378	**715,121,830**	**(714,286,125)**	**6,258,083**

	Cost			
	As at July 01, 2017	Additions / (adjustment) during the year	(Transferred) to Property, plant and equipment	As at June 30, 2018
	-----------------	------------Rupees------------	-----------------	
Plant and machinery	359,064,281	12,343,339	(371,407,620)	-
Civil works	312,726	42,707,652	(37,598,000)	5,422,378
	359,377,007	55,050,991	(409,005,620)	5,422,378

18.4 Had there been no revaluation, the net book value of specific classes of operating property, plant and equipment would have been amounted to:

Net book value	2019	2018
	-------------Rupees------------	
Leasehold land	-	21,317,504
Factory land	161,484,005	161,484,005
Factory building	288,480,713	320,534,125
Plant and machinery	355,108,559	394,565,066
	805,073,277	897,900,700

19 INTANGIBLE ASSETS

	2019	2018
	-------------Rupees------------	
Cost		
Opening	14,710,766	14,710,766
Addition during the year	-	-
Closing	14,710,766	14,710,766
Amortization		
Opening	(14,710,766)	(14,710,766)
Charge for the year	-	-
Closing	(14,710,766)	(14,710,766)
Balance as at June 30	-	-

20 STORES, SPARES AND LOOSE TOOLS

	Note	2019	2018
		-------------Rupees------------	
Stores and spares	28.3	24,651,611	20,271,197
Provision for slow moving / obsolete items	20.1	(1,543,929)	(1,543,929)
		23,107,682	18,727,268

20.1 Movement in provision for slow moving / obsolete items

	2019	2018
Balance at beginning of the year	1,543,929	1,543,929
Charge for the year	-	-
Balance at end of the year	1,543,929	1,543,929

21 STOCK IN TRADE

	Note	2019	2018
		-------------Rupees------------	
Raw materials	21.2	4,282,666,523	4,180,456,923
Packing materials	28.2	70,078,406	95,650,372
Work in process	28	-	-
Finished goods	21.3	882,395,502	883,118,576
		5,235,140,431	5,159,225,871
Provision for slow moving / obsolete items	21.1	(30,161,739)	(20,245,075)
		5,204,978,692	5,138,980,796

21.1 Movement in provision for slow moving / obsolete items

	Note	2019	2018
		-------------Rupees------------	
Opening balance		20,245,075	9,626,080
Charge for the year	28.2	9,916,664	10,618,995
Closing balance		30,161,739	20,245,075

21.2 This includes pledged stock of raw material with various banks under long term and short term borrowing arrangements (refer note 10 and 15).

21.3 This includes by product amounting to Rs. 104.28 million (2018: Rs. 87.71 million).

22 TRADE DEBTS

	Note	2019	2018
		-------------Rupees------------	
Considered good			
Export - secured	22.3	735,367,029	535,400,512
Local - unsecured		253,153,247	174,304,807
Considered doubtful			
Local - unsecured		13,567,967	7,464,595
Less: Allowance for expected credit losses	22.5	(13,567,967)	(7,464,595)
		988,520,276	709,705,319

22.1 Export trade debts are outstanding against total export sales made to the following countries under documents against acceptance basis:

	2019 Rupees			2018 Rupees
Name of Country	**Cash against document**	**Letter of credit**	**Total**	
Armenia	**40,580,981**	**-**	**40,580,981**	-
Australia	**1,181,017,301**	**128,318,528**	**1,309,335,829**	1,126,726,619
Bangladesh	**-**	**-**	**-**	50,288,239
Canada	**68,912,091**	**-**	**68,912,091**	47,440,416
Czech Republic	**15,818,021**	**-**	**15,818,021**	-
Denmark	**6,682,146**	**-**	**6,682,146**	-
Djibouti	**81,239,645**	**-**	**81,239,645**	71,603,603
England	**15,152,209**	**-**	**15,152,209**	-
Ethiopia	**-**	**10,644,450**	**10,644,450**	-
France	**-**	**-**	**-**	240,067,163
Iraq	**8,161,752**	**-**	**8,161,752**	49,913,386
Italy	**58,091,636**	**-**	**58,091,636**	-
Lebanon	**-**	**4,839,677**	**4,839,677**	-
Maldives	**54,734,562**	**-**	**54,734,562**	15,309,277
Netherland	**299,637,786**	**-**	**299,637,786**	510,493,815
Nigeria	**5,231,415**	**-**	**5,231,415**	-
Norway	**11,845,600**	**-**	**11,845,600**	-
Piraeus-Greece	**11,493,400**	**-**	**11,493,400**	-
Poland	**-**	**-**	**-**	13,330,836
Portugal	**-**	**-**	**-**	236,838,750
Qatar	**-**	**-**	**-**	34,734,109
Russia	**77,901,776**	**-**	**77,901,776**	222,562,432
Saudi Arabia	**105,287,552**	**53,514,506**	**158,802,058**	-
South Africa	**-**	**-**	**-**	38,503,715
South Korea	**-**	**867,830**	**867,830**	-
Spain	**41,149,577**	**-**	**41,149,577**	45,832,021
Srilanka	**335,061,848**	**-**	**335,061,848**	-
Sweden	**63,159,217**	**-**	**63,159,217**	35,053,105
Thailand	**93,926,571**	**-**	**93,926,571**	56,888,338
Turkey	**66,138,747**	**-**	**66,138,747**	-
UAE	**100,565,871**	**-**	**100,565,871**	333,876,676
UK	**73,603,683**	**-**	**73,603,683**	411,646,369
USA	**437,341,996**	**-**	**437,341,996**	230,569,407
Yemen	**-**	**18,583,715**	**18,583,715**	-
Total	**3,252,735,383**	**216,768,706**	**3,469,504,089**	3,771,678,276

22.2 Borrowings are secured by way of charge over book debts of the Group (refer notes 10 and 15).

22.3 It includes the amount of Rs. Nil (2018: Rs. 19.98 million) due from JKT General Trading FZE (related party). The maximum aggregate amount due from related party at the end of any month during the year was Rs. 19.98 million (2018: Rs. 19.98 million).

22.4 As of June 30, 2019, the age analysis of trade debts is as follows:

	2019	2018
	--------------Rupees-------------	
Not yet due	**-**	-
Past due:		
- Up to 3 months	**890,041,236**	626,615,386
- 3 to 6 months	**69,118,649**	14,754,861
- 6 to 12 months	**36,726,626**	3,234,995
- More than 12 months	**6,201,732**	37,322,976
	1,002,088,243	681,928,218
Trade debts-Gross	**1,002,088,243**	681,928,218

22.5 Allowance for expected credit losses

	2019	2018
Opening balance	**7,464,595**	-
Charge during the year	**6,103,372**	7,464,595
Allowance no longer required	**-**	-
Closing balance	**13,567,967**	7,464,595

23 SHORT-TERM LOANS AND ADVANCES

	Note	2019	2018
Loans			
Staff - unsecured, considered good	23.1	**10,086,964**	6,494,263
Advances			
- against services and others		**2,480,047**	1,032,798
- against purchases	23.3	**339,112,025**	19,242,652
- to contractors	23.4	**3,706,097**	56,962,338
		355,385,133	83,732,051

23.1 It represent interest free loans to various staff in accordance with the Group's policy.

23.2 The maximum aggregate amount due from executives at the end of any month during the year was Rs.2 milion (2018: Rs. 0.12 million).

23.3 It represents the amount provided to suppliers of rice, stores & spares and packaging which is adjustable against future purchases.

23.4 It represents the amount provided to contractors for construction purpose. It is adjustable against the services and no collateral security has been obtained against these amount.

Name of Party	2018 Rupees
SITE Limited	994,830
A A Associates	598,927
Trade Development Authority of Pakistan	1,456,090
Pakistan Institute of Corporate Governance	656,250
	3,706,097

24 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	**Note**	**2019**	2018
		----Rupees----	
Deposits			
- Capital management account		681,549	969,140
- Guarantee margin		1,514,650	1,514,650
		2,196,199	2,483,790
Prepayments			
- Prepaid expense	24.1	2,520,226	7,212,916
- Prepaid insurance		552,046	4,037,825
		3,072,272	11,250,741
		5,268,471	13,734,531

24.1 This include prepaid expense relating to godown rent and system maintenance charges.

25 OTHER RECEIVABLES		**2019**	2018
		----Rupees----	
Sales tax refundable	25.1	183,026,846	84,564,331
Receivable from related parties	25.2	5,521,243	509,784
		188,548,089	85,074,115

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

25.1 Movement in sales tax refundable is as under:	**2019**	2018
	----Rupees----	
Balance at beginning of the year	84,564,331	81,549,201
Refunds claim for the year	127,147,327	43,009,774
Received during the year	(18,346,176)	(38,303,049)
Adjusted during the year	(10,338,636)	(1,691,595)
Balance at end of the year	183,026,846	84,564,331

25.2 It includes the amount due from Matco Engineering (Private) Limited and Barentz Pakistan (Private) Limited amounting to Rs. 528,446 and Rs. 4,992,797 respectively against expenses incurred on behalf of them.

26 CASH AND BANK BALANCES	**Note**	**2019**	2018
		----Rupees----	
Cash in hand		955,741	4,507,418
Cash at bank			
- current accounts		53,996,136	151,070,787
- deposit accounts		28,045,564	373,233,385
- term deposit certificates	26.1	1,200,000	298,200,000
		83,241,700	822,504,172
		84,197,441	827,011,590

26.1 These represent term deposit certificates of Habib Bank Limited and Askari Bank Limited amounting to Rs. Nil and Rs. 1.2 million respectively. The rate of profit on these certificates is between 5.5% to 5.75% per annum (2018: 4.75% to 5.6%). These term deposit certificates matured within a year.

27 SALES - NET	**2019**	2018
	----Rupees----	
Export sales	5,860,100,583	4,962,570,051
Local sales		
Rice	940,776,907	675,703,794
By-products	1,346,225,608	1,302,458,886
	2,287,002,515	1,978,162,680
	8,147,103,098	6,940,732,731
Sales discount / return	(89,678,230)	(56,434,263)
Freight	(127,594,616)	(104,744,582)
Clearing and forwarding	(48,381,884)	(41,916,228)
Sales tax	(11,081,115)	(4,695,737)
	7,870,367,253	6,732,941,921

28 COST OF SALES

	Note	2019	2018
		----Rupees----	
Rice consumed	28.1	**5,850,699,539**	5,272,820,967
Packing materials consumed	28.2	**294,053,509**	229,363,029
Stores and spares consumed	28.3	**86,957,852**	57,778,514
Processing expenses			
Salaries, wages and benefits	28.4	**281,819,663**	230,343,959
Electricity and power		**77,590,989**	61,509,485
Telephone and mobile		**685,188**	756,420
Gas charges		**21,645,320**	18,777,760
Insurance		**9,276,928**	10,265,138
Repairs and maintenance		**30,215,882**	15,821,505
Other purchases		**17,382,351**	13,847,903
Provision for slow moving stock		**9,916,664**	10,618,995
Fumigation charges		**13,136,044**	12,112,924
Water charges		**35,526,495**	10,796,107
Canteen		**9,016,779**	5,579,026
Diesel and oil		**3,610,747**	3,756,116
Staff welfare		**2,096,772**	2,606,470
Security expenses		**12,257,018**	12,796,353
Godown expenses		**19,724,925**	11,119,094
Rent, rates and taxes		**1,527,692**	427,438
Vehicle running expenses		**5,530,700**	4,698,601
Medical		**1,181,490**	881,049
Depreciation	18.1.1	**136,878,676**	129,803,161
Processing charges		**17,309,551**	-
Inspection charges		**9,779,315**	17,084,611
Cost of goods manufactured		**6,947,820,089**	6,133,564,625
Work in process			
Opening stock		**-**	-
Closing stock	21	**-**	-
		-	-
Cost of goods available for sale		**6,947,820,089**	6,133,564,625
Finished goods			
Opening stock		**883,118,576**	611,451,055
Closing stock	21	**(882,395,502)**	(883,118,576)
		723,074	(271,667,521)
		6,948,543,163	5,861,897,104

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

	Note	2019	2018
		----Rupees----	
28.1 Rice consumed			
Opening stock of raw material		**4,180,456,923**	4,581,456,782
Purchases		**5,815,239,642**	4,755,815,804
Cartage inwards		**137,669,497**	116,005,304
Closing stock of raw material	21	**(4,282,666,523)**	(4,180,456,923)
		5,850,699,539	5,272,820,967
28.2 Packing material consumed			
Opening stock		**95,650,372**	57,209,207
Purchases		**268,481,543**	267,804,194
		364,131,915	325,013,401
Closing stock-gross	21	**(70,078,406)**	(95,650,372)
		294,053,509	229,363,029
28.3 Stores and spares consumed			
Opening stock		**20,271,197**	15,373,483
Purchases		**91,338,266**	62,676,228
		111,609,463	78,049,711
Closing stock-gross	20	**(24,651,611)**	(20,271,197)
		86,957,852	57,778,514

28.4 It includes provision for gratuity amounting to Rs. 9.524 million (2018: Rs. 8.247 million).

29 SELLING AND DISTRIBUTION

	Note	2019	2018
		----Rupees----	
Salaries and benefits		**39,523,023**	45,451,283
Travelling		**19,998,837**	21,758,699
Sales promotion		**40,941,761**	37,910,407
Allowance for ECL		**6,103,372**	7,464,595
Insurance		**1,703,721**	973,547
Export charges		**36,546,923**	29,631,942
Export commission		**11,326,345**	2,215,191
Depreciation	18.1.1	**8,554,917**	8,112,698
Shop rent		**632,400**	1,704,000
General		**5,431,723**	2,966,982
		170,763,022	158,189,344

30 ADMINISTRATIVE EXPENSES	Note	2019	2018
		------------Rupees------------	
Salaries and benefits	30.1	**156,302,372**	134,604,829
Office rent		**1,076,848**	448,408
Vehicle running		**4,299,897**	2,374,769
Entertainment		**997,710**	873,016
Printing and stationery		**1,837,011**	1,078,422
Fee and subscription		**10,363,681**	8,882,858
Legal and professional		**610,000**	1,349,687
Auditor remuneration	30.2	**3,497,358**	3,538,301
Postage and telegrams		**1,987,181**	1,457,562
General expenses		**1,290,717**	1,011,055
Newspaper and periodicals		**34,554**	34,985
Electricity and gas charges		**795,439**	433,872
Taxes, duty and fee		**7,567,552**	692,157
Medical		**977,574**	1,423,357
Insurance		**5,199,417**	7,116,365
Software maintenance		**628,785**	2,136,036
Computer expenses		**5,460,862**	2,733,585
Depreciation	18.1.1	**25,664,752**	24,338,093
Amortization		**-**	-
Lease ijarah rentals		**75,792**	3,386,577
Donations	30.3	**405,760**	545,000
Advertisement		**91,090**	122,270
Others		**15,701,261**	5,038,168
		244,865,613	203,619,372

30.1 It includes directors' remuneration amounting to **Rs. 27.24 million** (2018: Rs. 25.10 million) and provision for gratuity amounting to **Rs. 8.791 million** (2018: Rs. 7.61 million).

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

30.2 Auditor's remuneration	Note	2019	2018
		------------Rupees------------	
- audit fee of unconsolidated financial statements		**2,152,088**	2,484,091
- audit fee of consolidated financial statements		**100,000**	100,000
- audit fee of half yearly review		**492,070**	-
- other certifications		**371,400**	175,000
- out of pocket expenses		**125,000**	125,000
- other services	30.2.1	**256,800**	654,210
		3,497,358	3,538,301

30.2.1 This represents services relating to taxation.

30.3 Donation to a single party does not exceed 10% of total amount of donation or Rs. 1 million, whichever is higher. No directors is interested in such donation.

31 FINANCE COST	2019	2018
	------------Rupees------------	
Mark up		
- long term finances	**21,309,362**	14,419,881
- short term borrowings	**246,682,457**	218,994,120
- finance lease	**5,427,855**	2,612,597
Bank charges and commission	**2,420,386**	3,978,417
	275,840,060	240,005,015

32 OTHER INCOME	2019	2018
	------------Rupees------------	
From financial assets and liabilities		
- Profit on bank/short term deposits	**15,432,156**	9,387,656
From non-financial assets		
- Amortization of deferred income	**362,666**	362,667
- Gain or (loss) on sale of PPE	**73,325,589**	5,220,075
- Scrap sales	**17,535,264**	2,879,421
	106,655,675	17,849,819

33 EXCHANGE GAIN - NET

This represents exchange gain incurred on foreign currency denominated trade debts, advances from customers, creditors and bank balances.

34	INCOME TAX EXPENSE	Note	2019	2018
			-------------Rupees------------	
	- Current	34.2	**67,919,455**	51,829,650
	- Prior year		**(21,260,847)**	-
	- Deferred		**-**	(22,307,301)
			46,658,608	29,522,349

34.1 Current year taxation has been charged on the basis of provisions in Income Tax Ordinance, 2001 and accounted for after taking effect of admissible expenses in normal taxation with proportion of local sales and on final tax regime applicable to the Group based on tax withheld from export proceeds which is deemed as full and final discharge of the tax liability.

34.2 It includes the benefits arising from tax credit of BMR and enlistment.

34.3	Reconciliation of tax expense	Note	2019	2018
			-------------Rupees------------	
	Profit before income tax		**459,287,262**	337,588,399
	Enacted tax rate		**29%**	30%
	Tax on accounting profit at applicable tax rate		**133,193,306**	101,276,520
	Tax effect of:			
	- temporary differences		**13,642,012**	16,887,972
	- applicability of fixed tax rate on certain income		**(58,601,006)**	(49,625,701)
	- applicability of lower tax rate on certain income		**(3,086,431)**	(1,971,408)
	- change of statutory tax rate		**1,331,933**	1,012,765
	- tax credit		**(22,234,088)**	(37,759,588)
	- prior year		**(21,260,847)**	-
	- others		**3,673,729**	(298,212)
	Tax expense charged on income		**46,658,608**	29,522,349

34.4 The Group computes tax based on the generally accepted interpretations of the tax laws to ensure that the sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	2018	2017	2016
		-----------------------Rupees------------------------	
- Provisions	51,829,650	85,319,933	47,636,962
- Assessment	34,704,791	55,386,043	46,920,883

34.5 Return of 2015-16 filed on January 10 2017, is an assessment order under section 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The Additional Commissioner Inland Revenue (ADCIR) initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 16-02-2017 for amendment of deemed assessment. Response submitted by the representative of the Group. Proceeding initiated u/s 122(5A) for amendment by ACIR and issued the notice u/s 122(9).

In response thereof, all the requisite information/documents were submitted. However, the ADCIR passed the order and disallowed the Finance Cost. Against the treatment of learned ADCIR, appeal was filed on 20-09-2017.The Commissioner Inland Revenue (CIR) has rejected the grounds of appeal made by the Group and ordered to add back WWF and disallowed finance cost in the normal taxable income. But inspite of the above disallowance of expenses, the tax liability is higher in minimum tax u/s 113c of the Income Tax Ordinance as claimed under the income tax return 2016 of the Group, therefore no adverse impact on the Group due to above order.

34.6 Return of 2016-17 filed on January 17, 2018, is an assessment order u/s 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The ADCIR initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 21-05-2018 for amendment of deemed assessment. The response of the above notice submitted by the Group till November 15, 2018, no further notice has been received.

35	NUMBER OF EMPLOYEES	2019	2018
	Number of employees as at June 30	**729**	673
	Average number of employees during the year	**716**	618

36 TRANSACTION WITH RELATED PARTIES

Related parties include entities under common directorship, associates, directors, major shareholders, key management personnel and retirement benefit funds. Transactions with related parties essentially entail rent expense and transactions with key management personnel. Details of transactions with related parties and the balances with them as at year end other than those which have been disclosed else where are as follows:

Nature of relationship	Percentage of Holding	Transactions / Balance Outstanding	Note	2019 Rupees	2018 Rupees
Directors		Godown rent paid to director		**14,011,411**	11,119,094
Common Directors					
Matco Engineering (Private) Limited	0%	Paid expenses on behalf		**38,862**	489,584
		Receivable against expenses		**528,446**	489,584
Joint Venture					
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf		**4,992,797**	-
		Receivable against expenses		**4,992,797**	-
Trust operated by the Group					
Ghori Trust	0%	Paid on behalf (Receivable)		**2,636,960**	496,580

36.1 Consideration for services is determined with mutual agreement considering the level of services provided. Expenses charged by / to the Group are determined on actual cost basis. Particulars of remuneration of chief executive officer, directors and executives are disclosed in note 38 to these consolidated financial statements.

36.2 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers all members of its management team, including the chief executive officer and the directors to be key management personnel.

37 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

For the purpose of disclosure those employees are considered as executives whose basic salary exceed twelve hundred thousands rupees in financial year.

	Chief Executive Officer		Directors		Executives		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	-----	-----	-----	-----	Rupees	-----	-----	-----
Short-term employee benefits								
Managerial remuneration	**3,360,000**	3,080,000	**8,982,000**	8,440,000	**11,995,527**	18,258,400	**24,337,527**	29,778,400
House rent allowances	**1,512,000**	1,386,000	**4,041,900**	3,798,000	**5,397,987**	8,216,280	**10,951,887**	13,400,280
Utilities	**768,297**	776,220	**2,123,620**	2,756,385	**912,394**	912,920	**3,804,311**	4,445,525
Bonus	**385,000**	385,000	**1,055,000**	1,055,000	**1,652,900**	2,282,300	**3,092,900**	3,722,300
Fuel expense	**244,296**	590,556	**895,897**	1,676,968	**1,370,365**	2,163,500	**2,510,558**	4,431,024
Medical expense	**27,109**	51,843	**94,009**	131,931	**188,543**	283,900	**309,661**	467,674
Vehicle expense	**210,055**	198,754	**255,718**	408,428	**229,920**	297,313	**695,693**	904,495
Other expense	**484,499**	301,164	**806,394**	1,474,968	**-**	-	**1,290,893**	1,776,132
	6,991,256	6,769,537	**18,254,538**	19,741,680	**21,747,636**	32,414,613	**46,993,430**	58,925,830
Value of motor vehicles	**10,508,500**	10,508,500	**40,005,000**	41,553,500	**50,844,373**	17,394,500	**101,357,873**	69,456,500
Number of Persons	**1**	1	**2**	2	**12**	16		

37.1 In addition to the above, chief executive officer and directors are provided with the use of the Group's vehicles. Certain executives are also provided with Group maintained cars.

37.2 The Group considers its chief executive officer and the executive director as its key management personnel i.e. the personnel having authority and responsibility for planning, directing and controlling the activities of the Group.

38 PLANT CAPACITY AND PRODUCTION

	2019 (Tons)	2018 (Tons)
Annual Plant Capacity		
- Rice processing	134,700	134,700
- Rice Glucose	10,000	10,000
Actual Production		
- Rice processing	49,094	47,084
- Rice Glucose	4,155	2,828

38.1 This represent actual production of finished product

39 EARNINGS PER SHARE - BASIC AND DILUTED

	2019	2018
	--------------Rupees	------------
Profit for the year	**412,628,654**	308,066,050
Number of ordinary shares	**122,400,698**	116,572,094
Weighted average number of ordinary shares	**122,400,698**	104,276,147
Earning per share - basic and diluted	**3.37**	2.95

There is no dilutive effect on earnings per share as the Group does not have any convertible instruments as at June 30, 2019 and June 30, 2018.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. Overall, risks arising from the Group's financial assets and liabilities are limited. The Group manages its exposure to financial risk in following manner:

40.1 Market risk

Market risk refers to fluctuation in value of financial instruments as a result of changes in market prices. The Group manages market risk as follows:

40.1.1 Foreign currency risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. It arises mainly where receivables, bank balances, borrowings and payables exist due to transactions entered into foreign currencies.

Exposure to Foreign currency risk

The Group is exposed to foreign exchange risk arising from currency value fluctuations due to the following:

	2019	2018
	---------- Amount in USD	**----------**
Trade debts	**4,307,999**	4,531,524
Cash and bank balances	**7,457**	19,049
Borrowings from financial institutions	**-**	-
Advance from customer	**(321,583)**	(172,733)
	3,993,873	4,377,840
Off balance sheet exposures		
Forward rate agreements	**-**	-
Net Exposure	**3,993,873**	4,377,840

The following significant exchange rates were applied during the year.

	2019	2018
	Rupee per USD	
Average rate	**136.23**	109.86
Reporting date rate	**160.05**	121.50

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2019 would have effect on the equity and statement of profit or loss of the Group as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2019.

	2019	2018
	-------------Rupees-------------	
Strengthening of PKR against respective currencies	**(63,921,944)**	(53,190,757)
Weakening of PKR against respective currencies	**63,921,944**	53,190,757

A 10 percentage weakening of the PKR against the USD at June 30, 2019 would have had the equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remain constant.

40.1.2 Price risk

Price risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specified to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not exposed to equity price risk since there are no investments in equity securities.

40.1.3 Interest/Mark-up rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Group has long term and short term finance at variable rates. The Group is exposed to interest/mark-up rate risk on long and short term financing and these are covered by holding "Prepayment Option" and "Rollover Option". Interest rate risk on short term borrowings is covered by holding "Prepayment Option" which can be exercised upon any adverse movement in the underlying interest rates. These loans carry mark up at the prevailing rate of SBP plus 0.75% to 2% and KIBOR plus 1% to 2% respectively. Applicable interest rates for financial assets and liabilities are given in respective notes.

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

		2019				
		Mark-up / profit bearing			**Non mark-up / profit bearing**	**Total**
	Note	**Less than one year**	**One year to Five years**	**Over five years**		
Financial assets		----------Rupees----------				
Amortised cost						
Long term deposits	-	-	-	-	**9,938,831**	**9,938,831**
Trade debts	22	-	-	-	**988,520,276**	**988,520,276**
Short-term Loans and advances	23	-	-	-	**10,086,964**	**10,086,964**
Deposits	24	-	-	-	**2,196,199**	**2,196,199**
Other receivables	25	-	-	-	**5,521,243**	**5,521,243**
Cash and bank balances	26	**29,245,564**	-	-	**54,951,877**	**84,197,441**
		29,245,564	-	-	**1,071,215,390**	**1,100,460,954**
Fair value through profit or loss						
Short-term investment		-	-	-	**255,362**	**255,362**
Financial liabilities						
At amortized cost						
Long term finances - secured	10	**86,709,085**	**265,191,113**	-	-	**351,900,198**
Trade and other payables	13	-	-	-	**201,182,344**	**201,182,344**
Accrued mark-up	14	-	-	-	**64,696,362**	**64,696,362**
Short term borrowings - secured	15	**4,139,227,403**	-	-	-	**4,139,227,403**
Unpaid dividend	16	-	-	-	**489,804**	**489,804**
Liabilities against assets subject to	11	**13,094,930**	**44,763,773**	-	-	**57,858,703**
		4,239,031,418	**309,954,886**	-	**266,368,510**	**4,815,354,814**
On balance sheet gap		**(4,209,785,854)**	**(309,954,886)**	-	**804,846,880**	**(3,714,893,860)**
Off balance sheet items						
Guarantees	17.2	-	-	-	**1,514,650**	**1,514,650**
Commitments	17.2	-	-	-	-	-

		2018				
		Mark-up / profit bearing			Non mark-up / profit bearing	Total
	Note	Less than one year	One year to Five years	Over five years		
Financial assets		----------Rupees----------				
Amortised cost						
Long term deposits	-	-			13,048,793	13,048,793
Trade debts	22	-	-	-	709,705,319	709,705,319
Short-term Loans and advances	23	-	-	-	6,494,263	6,494,263
Trade deposits	24	-	-	-	2,483,790	2,483,790
Other receivables	25	-	-	-	509,784	509,784
Cash and bank balances	26	671,433,385	-	-	155,578,205	827,011,590
		671,433,385	-	-	887,820,154	1,559,253,539
Fair value through profit or loss						
Short-term investment		-	-	-	500,000	500,000
Financial liabilities						
At amortized cost						
Long term finances - secured	10	84,029,706	246,556,904	-	-	330,586,610
Trade and other payables	13	-	-	-	192,887,736	192,887,736
Accrued mark-up	14	-	-	-	48,767,428	48,767,428
Short term borrowings	15	4,081,779,753	-	-	-	4,081,779,753
Unpaid dividend	16	-	-	-	761,095	761,095
Liabilities against assets subject to	11	12,226,289	29,284,420	-	-	41,510,709
		4,178,035,748	275,841,324	-	242,416,259	4,696,293,331
On balance sheet gap		(3,506,602,363)	(275,841,324)	-	645,403,895	(3,137,039,792)
Off balance sheet items						
Guarantees	17.2	-	-	-	1,514,650	1,514,650
Commitments	17.2	-	-	-	646,548,541	646,548,541

(a) On balance sheet gap represents the net amounts of balance sheet items.

(b) Effective rates of return/mark-up on financial liabilities are as follows:

Financial liabilities	2019	2018
Long term finances - secured	**SBP rate + 1% to 2% and KIBOR + 1% to 2%**	SBP rate + 1% to 2% and KIBOR + 1% to 2%
Short term borrowings	**SBP rate+ 0.75% to 2% & KIBOR + 1 to 2%**	SBP rate+ 0.75% to 2% & KIBOR + 1 to 2%

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect the consolidated statement of profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2019, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 2.65 million (2018: Rs. 2.46 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2019, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 42.26 million (2018: Rs. 41.66 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

40.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter-parties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECLs against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on evaluation based on customer profile and payment history. Outstanding customer receivables are regularly monitored. Some customers are also secured, where possible, by way of inland letters of credit, cash security deposit, bank guarantees and insurance guarantees.

The Group's gross maximum exposure to credit risk at the reporting date is as follows:

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

Financial assets	Note	2019	2018
		-----Rupees-----	
Long term deposits		**9,938,831**	13,048,793
Trade debts		**988,520,276**	709,705,319
Short-term Loans and advances		**10,086,964**	6,494,263
Trade deposit		**2,196,199**	2,483,790
Other receivables		**5,521,243**	509,784
Short-term investment		**255,362**	500,000
Bank balances		**84,197,441**	827,011,590
		1,100,716,316	1,559,753,539

The ageing of trade debts and related movement of ECL has been disclosed in note 22.4 of these consolidated financial statements.

Bank balances

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Short-term Ratings	2019	2018
		-----Rupees-----	
MCB Bank Limited	A1+	**30,389,277**	82,886,771
Meezan Bank Limited	A1+	**864,391**	4,188,053
National Bank of Pakistan	A1+	**1,866,284**	9,757,001
Standard Chartered Bank Limited	A1+	**821,995**	1,356,880
United Bank Limited	A1+	**(13,326,113)**	-
Allied Bank Limited	A1+	**11,309,788**	3,434,051
Askari Bank Limited	A1+	**13,826,089**	47,979,695
Bank Alfalah Limited	A1+	**10,424,355**	6,967,395
Faysal Bank Limited	A1+	**1,947,918**	3,824,654
Habib Bank Limited	A1+	**1,271,793**	5,331,923
Habib Metropolitan Bank Limited	A1+	**1,783,305**	5,572,363
Soneri Bank Limited	A1+	**995,182**	263,181
Bank Al Habib Limited	A1+	**146,159**	3,245,232
JS Bank	A1+	**11,586**	23,247
MCB Islamic Bank	A1	**19,709,688**	349,473,755
		82,041,700	524,304,201

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2019	2018
		----------------Rupees----------------	
Trade debts	22	**988,520,276**	709,705,319
Short-term Loans and advances	23	**10,086,964**	6,494,263
Bank balances	26	**83,241,700**	822,504,172
		1,081,848,940	1,538,703,754

40.3 Liquidity risk

Liquidity risk reflects the Group's inability in raising funds to meet commitments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. At June 30, 2019, the Group has Rs. 4,919.97 million (2018: Rs. 4,745.8 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 428.84 million (2018: Rs. 333.433 million) being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

40.3 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing par ties 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).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g.. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

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

The valuation techniques used are as follows:
Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on market value of shares at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table analysis within the fair value hierarchy of the Group's financial assets (by class) measured at fair value at June 30, 2019:

	2019			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
		-------------------Rupees-------------------		
Financial investments: Held for trading	**255,362**		**-**	**255,362**

	2018			
Financial assets	Level 1	Level 2	Level 3	Total
		-------------------Rupees-------------------		
Financial investments: Held for trading	500,000	-	-	500,000

41 CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to the shareholders or issue shares or sell assets to reduce debt.

The Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectations of the shareholders. Debt is calculated as total borrowings (short term borrowings, long term finances and current portion of long term finances as shown in the balance sheet). Capital signifies equity as reported in balance sheet and includes share capital, share premium and accumulated profits / (losses).

During 2019, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2019 and 2018 were as follows:

	Note	2019	2018
		----Rupees----	
Total borrowings		**4,548,986,304**	4,453,877,072
Less: Cash and bank	26	**(84,197,441)**	(827,011,590)
Net debt		**4,464,788,863**	3,626,865,482
Total equity		**4,535,404,192**	4,145,103,343
Total equity and debt		**9,000,193,055**	7,771,968,825
Gearing ratio (%)		**50%**	47%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

42 OPERATING SEGMENTS

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

42.1 Revenue from sale of rice represents 89.3% (2018: 98.7%) of the total revenue of the Group. Whereas 6.75% represents revenue from sale of rice glucose and remaining represents other items.

42.2 All non-current assets of the Group as at June 30, 2019 are located in Pakistan.

43 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

During the last year, the Group has issued its shares to general public through IPO to finance the project of expansion of its Rice Glucose / Syrup and Rice Protein plant from IPO proceeds. Refer 2.3.13 of the Prospectus issued for the Project detail. As at June 30, 2019, the utilization of proceeds from IPO is as follows:

	2019 Rupees
Proceeds from IPO	**757,718,000**
IPO related expenses	**(45,917,563)**
Deposited with HBL against LCs	**(350,773,557)**
Other Expenses	**(341,117,192)**
Cash at bank	**19,909,688**

MATCO FOODS LIMITED
Notes To The Consolidated Financial Statements
For The Year Ended June 30, 2019

44 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Group and authorized for issue on September 05, 2019.

44.1 Non-adjusting events after the statement of financial position date

Subsequent to year ended June 30, 2019 the Board of Directors in its meeting held on September 05, 2019, has proposed final cash dividend @ Rs. 0.7/- per share (2018: Rs. 0.4/- per share) for approval of the members at the Annual General Meeting. This is in addition to the interim cash dividend @ Nil/- per share (2018: Rs. 0.3/- per share) approved by the Board of Directors for the year ended June 30, 2019. The effect of such dividend and transfer shall be accounted for in the financial statements for the year ending June 30, 2020.

45 GENERAL

45.1 Figures have been rounded off to the nearest Rupee.

45.2 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.

45.3 Corresponding figures have also been rearranged and reclassified, wherever necessary, for better presentation. However, there has been no material reclassification to report.

Chief Executive Officer   Chief Financial Officer   Director

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given to the members that Annual General Meeting of Matco Foods Limited will be held on Thursday, October 24, 2019 at 10:45 am at Institute of Cost and Management Accountants of Pakistan, Seminar Room, ICMA Pakistan Building ST-18/C, ICMAP Avenue, Block 6, Gulshan-e-Iqbal, Karachi 75300 to transact the following business:

A. Ordinary Business:

1. To receive, consider and adopt the Audited Annual Financial Statements of the company together with the Directors' and Auditors' reports thereon for the year ended June 30, 2019 along with the Audited Consolidated Financial Statements of the company and Auditor's report thereon for the year ended June 30, 2019.

2. To approve the payment of final cash dividend @ Rs. 0.70 per share i.e. 7% for the year ended June 30, 2019 as recommended by the Board of Directors.

3. To appoint Auditors of the company for the year ending June 30, 2020 at a mutually agreed rate of remuneration. The Board of Directors on the recommendation of the Audit Committee has proposed appointment of M/s Grant Thornton Anjum Rehman Chartered Accountants. The retiring Auditors being eligible offer themselves for re-appointment.

4. To transact any other business with the permission of the Chairman.

Karachi
October 03, 2019

By order of the Board
Danish Ahmed
Company Secretary

NOTES

1) CLOSURE OF SHARE TRANSFER BOOK

The share transfer books of the Company will remain closed and no transfer of shares will be accepted for registration from October 17, 2019 to October 24, 2019 (both days inclusive). Transfers received in order at the Company's Registrar Office at THK Associates (Pvt.) Ltd. 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, by the close of business on October 16, 2019 will be treated in time for the purpose of payment of the final cash dividend, if approved by the shareholders.

2) PARTICIPATION IN THE ANNUAL GENERAL MEETING

A member entitled to attend a vote at the meeting may appoint another member as his/her proxy to attend, speak and vote at the meeting on his/her behalf. Instrument appointing proxy must be deposited duly completed in all respects with the Company's registrar office at THK Associates (Pvt.) Ltd. not less than 48 hours before the time of meeting. The form of proxy is attached in the Annual Report.

The CDC account holders will further have to follow the undermentioned guidelines as mentioned in circular number 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

(A) For Attending the Meeting

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport (in case of foreigner) at the time of attending the meeting.

ii) In case of corporate entity, the certified copy of the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

(B) For Appointing Proxies:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport (in case of foreigner) at the time of the meeting.

v) In case of corporate entity certified copy the Board of Directors' resolution/power of attorney with specimen signature of the nominee to represent and vote on behalf of the corporate entity shall be produced (unless it has been provided earlier) along with proxy form to the company.

3) CNIC/NTN NUMBER ON DIVIDEND WARRANT (MANDATORY)

As it has already been notified from time to time, SECP has directed vide its Notification S.R.O. 831(1)/2012 dated July 5, 2012 that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s).

In order to comply with the SECP's directives and in terms of Section 243(2)(a) of the Companies Act, 2017, the Company shall be constrained to withhold the Dividend Warrant(s), in case of non-availability of a copy of valid CNIC (for individuals) and National Tax Number (for corporate entities).

Accordingly, shareholders who have not yet submitted a copy of their valid CNIC or NTN are once again requested to immediately submit the same to the Company or Share Registrar, M/s. THK Associates (Pvt.) Limited.

4) TRANSMISSION OF ANNUAL AUDITED ACCOUNTS THROUGH EMAIL

The Securities and Exchange Commission of Pakistan through its notification SRO787(1)/2014 dated 8th September 2014 has permitted / allowed companies to circulate Annual Financial Statements along with the Notice of Annual General Meeting to its members through email. Accordingly, members are requested to send written request to the company's registered office as mentioned above along with your valid email address to provide you the financial statements at your valid email address. In case you don't wish to avail this facility, the financial statements will be sent to you at your registered address as per normal practice.

5) DEDUCTION OF WITHHOLDING INCOME TAX FROM DIVIDEND UNDER SECTION 150 THE INCOME TAX ORDINANCE, 2001 (MANDATORY)

i) The rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 from dividend payment, if any, effective July 1, 2019 are as follows:

1.	Rate of tax deduction for persons appearing in Active Taxpayer List (ATL)	15%
2.	Rate of tax deduction for persons not appearing in Active Taxpayer List (ATL)	30%

Shareholders who are filers are advised to make sure that their names are entered into latest Active Tax Payer List (ATL) provided on the website of FBR at the time of dividend payment otherwise they shall be treated as non-filers and tax on their dividend will be deducted at the rate of 30% instead of 15%.

The Federal Board of Revenue has clarified that withholding tax will be determined separately on filer and non-filer status of principal shareholder as well as joint holder (s) based on their shareholding of each joint holder as may be notified by the shareholder , in writing as follows, to our Share Registrar, or if not so notified, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDC Account No.	Total Shares	Principal Shareholder		Joint Holder	
			Name & CNIC No.	Shareholding Proportion No. of Shares	Name & CNIC No.	Shareholding Proportion No. of Shares

The above required information must be reached to the Company's Registrar Office at above mentioned address within ten (10) days of this notice otherwise it will be construed that the shares are equally held by principal shareholder and joint holder(s).

The shareholders who holds shares jointly are requested to provide shareholding proportions of the principal shareholder and joint holder (s) in respect of shares held by them (only if not provided) to our registrar in writing.

ii) As per FBR circulars no. 1(29)WHT/2006 dated June 30, 2010 and No.1(43)DG(WHT)/2008-Volume-ii 66417R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax u/s 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statuary exemption under clause 47B of part iv of second schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption u/s 150 of the ordinance must provide valid tax exemption certificate to the company at its registered address mentioned above before book closer positively otherwise tax will be deducted on dividend as per applicable rules.

iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or THK Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

6) **PAYMENT OF CASH DIVIDEND ELECTRONICALLY**

The Securities and Exchange Commission of Pakistan had earlier initiated e-dividend process through its letter No. 8(4)SM/CDC/2008 dated April 5, 2013. The Companies Act, 2017 also now provides in section 242 that any dividend payable in cash shall only be paid through electronic mode directly into shareholders IBAN provided by the shareholders. As such the company will only be able to make payment of cash dividend to its shareholders through electronic mode therefore shareholders are requested to provide the details of IBAN specifying (i) Folio Number (ii) Number of Shares (iii) Title of Account (iv) Account Number (v) Bank Name (vi) Branch Name and its code and address be provided as soon as possible to the company through the following email address:
Email: danish.ahmed@matcofoods.com
Phone: 0301-8250969, 021-36315099, 0330-2899707

Please note that as per Section 243(3) of the Companies Act, 2017, listed companies are entitled to withhold payment of dividend, if necessary information is not provided by shareholders.

For the convenience of shareholders, e-Dividend Mandate Form is available on the Company's website: http://www.matcofoods.com.]

7) **PLACEMENT OF FINANCIAL ACCOUNTS ON WEBSITE**

Pursuant to the notification of the SECP (SRO 634(I)/2014) dated July 10, 2014, the financial statements of the Company have been placed on the Company's website at www.matcofoods.com.

8) **CHANGE OF ADDRESS (IF ANY)**

The shareholders are requested to notify the Company at its registered office at aforesaid address if there is any change in their addresses and update zakat status with their participants immediately.

9) **CONSENT FOR VIDEO CONFERENCE FACILITY:**

In accordance with Section 132 (2) of the Companies Act, 2017, the Members can also avail video conference facility at Lahore and Islamabad, in this regard, please file the following form and submit to registered address of the company 10 days before holding of the Annual General Meeting.
If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that City.
The Company will intimate Members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.
I / We,________of ___, being a member of Matco Foods Limited, holder of _______ ordinary share(s) as per Registered Folio / CDC Account No._______ hereby opt for video conference facility at ________________

____
Signature of member

جناب سید کامران رشید	500	خرید
جناب عبدالصمد خان	500	خرید
جناب فریال مرتضٰی	500	خرید
محترمہ اُمہ حبیبہ	500	خرید
میسرز غوری ٹرسٹ	200,000	خرید
جناب افتخار فاروقی	500	فروخت

اظہارتشکر:

ہم رپورٹنگ کی مدت کے دوران، ہمیں قیمتی مدد فراہم کرنے پر شیئر ہولڈرز، صارفین سپلائرز، بینکرز اور تقسیم کاروں کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے عملے کا بھی شکریہ ادا کرنا چاہتے ہیں جن کی جد و جہد اور محنت سے کمپنی ترقی کی طرف گامزن ہوئی۔

ڈائریکٹرز کی طرف سے:

خالد سرفراز غوری	فیضان علی غوری
چیف ایگزیکٹوآفیسر	ڈائریکٹر

منصوبے میں ہونے والی پیش رفت سے آگاہ کردیا تھا۔ موجودہ رائس گلوکوز پلانٹ فیز-I منافع بخش حیثیت میں کام کر رہا ہے۔ انتظامیہ برآمدی آرڈر کے لئے آمریکا اور یورپی منڈی کو اور مختلف شعبوں طلب موجود ہے رائس گلوکوز کی مقامی فروخت کے لئے نئے صارفین کامیابی کے ساتھ شامل ہوئے ہیں۔ برآمدی مارکیٹ اور مقامی صارفین سے دوبارہ آرڈر موصول ہورہے ہیں جو کہ ہمارے معیار کا منہ بولتا ثبوت ہے۔ انتظامیہ برآمدی مارکیٹ میں زیادہ مارجن اور منافع میں اضافہ حاصل کرنے کیلئے برآمد کے ذریعے فروخت کے بڑے حصے کو ہدف بنانا چاہتی ہے۔

نئے مصنوعات کی ڈویلپمنٹ:

2018-19 میں ہم نے اپنے مصالحے کی اقسام میں اضافہ کرتے ہوئے دہی بڑے اور پیری پیری کو شامل کیا ہے۔ ہم نے مزید نئی مصنوعات شامل کیں، جیسے:

- کم سوڈیم نمک
- بحیرہ عرب نمک
- گڑ شکر
- فلک براون نامیاتی چاول 5 کلو گرام میں
- پہاڑی گلابی نمک کا فلر
- فلک زعفران کھیر
- فلک پستہ کھیر

تمام نئی مصنوعات کی فروخت مقامی اور برآمدی مارکیٹ میں نمایاں ترقی کا مظاہرہ کر رہی ہے۔ روز بروز ان کی فروخت دونوں مارکیٹوں میں بڑھ رہی ہے جس نے بہترین معیار اور خدمات کی توثیق کی ہے جو میٹکو اپنی تمام مصنوعات میں فراہم کر رہا ہے۔

ریٹائرمنٹ فنڈ:

کمپنی نان فنڈڈ گریجوئٹی فنڈ چلا رہی ہے، اس سال کے دوران کمپنی نے (Actuarial Valuation) کی بنیاد پر 18.316 ملین روپے گریجوئٹی فنڈ کیلئے مختص کیے ہیں۔

متعلقہ پارٹی کے ساتھ ٹرانزیکشن:

متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز (معاملات) کی تفصیل مالی گوشواروں کے نوٹس کے ساتھ مہیا کی گئی ہیں۔

کمپنی کے حصص میں تجارت

ڈائریکٹرز، ایگزیکٹوز اور متعلقہ پارٹیوں کے ذریعے کمپنی کے حصص میں مندرجہ زیل تجارت کی گئی:

ڈائریکٹر/ متعلقہ پارٹی:	شیئر	ٹرانزیکشن کی قسم
جناب فیضان علی غوری	120,500	خرید
جناب فیضان علی غوری	500	فروخت

بعد از رونما ہوئے واقعات:

مالی سال کے اختتام اور رپورٹ کی تاریخ کے مابین، کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی تبدیلی یا معاہدہ جات نہیں ہوئے۔

مستقبل کے ارادے:

پاکستانی معیشت ذخائر کی کمی اور کرنٹ اکاونٹ خسارے کو پورا کرنے اور معاشی استحکام کی تائید کے لئے بیرونی ذرائع پر انحصار کی وجہ سے شدید دباو میں ہے موجودہ اکاونٹ کے خسارے اور مالیاتی خسارے کو استحکام دینے کے لئے نئی حکومت نے رواں سال کے دوران روپے کی قدر میں کمی اور سود کی شرح میں اضافے جیسے اقتصادی اقدامات اٹھائے جس سے پیداوری لاگت اور مالیاتی اخراجات میں اضافہ ہوا ہے۔ ایسے مزید معاشی اقدامات کاروباری ماحول اور مجموعی مالیاتی صورتحال پر ممکنہ طور پر منفی اثرات مرتب کرسکتے ہیں۔

کمپنی درپیش چیلنجیز سے بخوبی آگاہ ہے۔ بورڈ اور مینیجمنٹ کی توجہ آپریشنل افادیت، قیمتوں پر قابو پانے، پورٹ فولیو میں تنوع اور مضبوط کسٹمرز تعلقات کو بہتر بنانے کے ذریعے اپنے اسٹیک ہولڈرز کے لئے پائیدار قیمت پیدا کرنے پر مرکوز ہے جس میں کاروباری عمل کی ری انجنئیرنگ کے زریعے سپلائی چین اور لاجسٹک سرگرمیوں میں کاروباری عمل کی کارکردگی کو بہتر بنائے اور کوالٹی کنڑول ڈپارٹمنٹ کو بہتر بنائے تاکہ پیداوار کے نقصانات کو کم کیا جاسکے۔ حکومت برآمدت اور متبادلات کے شعبوں کی حمایت کرنے کے لئے پر عزم ہے، جو کاروبار کی کارکردگی پر مثبت اثر ڈالے گی۔ آئندہ سال کے دوران، کمپنی انتظامیہ کی توجہ باسمتی اور رائس گلوکوز کی برآمد اور مقامی فروخت کے حجم میں اضافے پر ہوگی۔

چاول کا شعبہ:

کمپنی نے اپنے برانڈ فلک کی ملکی اور غیر ملکی سطح پر پہچان کو مزید بڑھانے کا تہیہ کیا ہوا ہے۔ زیر نظر سال کے جائزے کے دوران کمپنی نے بین الاقوامی طور پر Gulf Foods دبئی، SIAL انٹرنیشل فوڈ نمائش، IFE لندن (UK) اور مقامی طور پر جناح یونیورسٹی، ایکسپو EAT کراچی اور لاہور، Rawal Expo (راولپنڈی)، My Karachi (ایکسپو سینٹر) میں منعقدہ نمائشوں میں حصہ لیا۔ کمپنی کو صارفین اور تقسیم کاروں سے اچھا تاثر موصول ہوا اور آنے والے مہینوں میں مستحکم فروخت اور ترقی کا رجحان درج کرنے کیلئے کوشاں ہے۔ کمپنی نے ماہ رمضان اور دوسرے مذہب کے مقدس ایونٹس اور میگا اسپورٹس کے ایونٹ میں جارحانہ تشہیر کی مہم کا آغاز کیا جسکا مقصد بڑے پیمانے پر لوگوں کو فلک کی مصنوعات کی طرف راغب کرنا تھا۔

کمپنی اپنے برانڈ کی تشہیر مہم میں جارحانہ انداز میں اخدامات کررہی ہے اور مقامی سطح پر نئے صارفین تک رسائی حاصل کررہی ہے۔ خاص طور پر وسطی پنجاب میں سیالکوٹ، گجرانوالہ اور ساہیوال شامل ہے۔ اس کے ساتھ ساتھ وین برائڈنگ اور مارکیٹنگ، سیمپلنگ پاکستان کے تمام بڑے شہروں میں جاری ہے۔

رائس گلوکوز کا شعبہ:

کمپنی کا نیا پراجیکٹ رائس گلوکوز فیز-II مکمل طور پر رائس گلوکوز اور رائس پروٹین کی صلاحیت کے ساتھ بالترتیب 20,000 MT اور 2000 MT مکمل ہوگیا ہے۔ کمپنی نے 28 جون 2019 کو پاکستان اسٹاک ایکسچینج اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو اس

سیلزاورمارکیٹنگ کی حکمت عملی:

2018-19 میں کمپنی نے مقامی اور برآمدی منڈیوں میں فلک برانڈ کی تعمیر پر توجہ مرکوز رکھی۔ رمضان سے پہلے اوراس کے دوران ہم نے بین الاقوامی مارکیٹ میں 360 ڈگری مارکیٹنگ مہم چلائی جس میں USA اور کینیڈا، برطانیہ اور یورپ، مشرق وسطی اور آفریقہ کو ٹارگیٹ کیا۔ ہم نے بڑے پاکستانی چینلز اور دوسرے بین الاقوامی چینلز کا بھی استعمال کیا۔ ہم نے HUM TV کے ذریعے برطانیہ اور یورپ میں PSL کی اسپانسرشپ بھی لی۔

ملک بھر میں فلک برانڈ کے بارے میں مذید آگاہی برھانے کے لئے ہم نے Chef Mehboob کے پروگرام HUM MASALA TV کو اسپانسر کیا جسے Mehboob's Kitchen کہا جاتا ہے تمام اقساط میں Chef Mehboob نے فلک برانڈز کا استعمال کیااوران کی تائید کی۔

کمپنی نے سوشل میڈیا مقابلہ بھی کروایااور فاتحین کو Chef Mehboob کے ساتھ ناشتے پر مدعو کیا سال بھر کمپنی نے مختلف مارکیٹنگ سرگرمیاں سرانجام دیں جیسے صارفین کے لیے نمائشیں کیں۔

- HUM MASALA فیملی فیسٹول لاہور کراچی۔
- مائی کراچی نمائش KCCI کے زیراہتمام۔
- راول نمائش۔ RCCI کے زیراہتمام۔

صنعت کا جائزہ:

جیساکہ مذکورہ بالا، پاکستانی باسمتی چاول کی برآمد میں گزشتہ سال کے مقابلے میں مقداری لحاظ سے 19.22 فیصد اور قیمت کے لحاظ سے 9.87 فیصد اضافہ ریکارڈ کیا گیا۔ پاکستانی چاول کی برآمدت میں اضافہ بنیادی طور پر براون باسمتی کی مانگ کے سبب ہوا۔ ادویات کے یورپی قانون میں تبدیلی کی وجہ سے انڈیا کے باسمتی چاول کی برآمدات کو یورپین منڈیوں میں مشکلات کا سامنا ہے۔ جبکہ پاکستانی باسمتی چاول کو اس مارکیٹ میں نشونما کے مواقع ملے ہیں۔ مذیدازاں اگلے سال 2019-20 میں بھی پاکستانی باسمتی چاول کی یورپین برآمدات میں مقداری شرح میں اضافہ متوقع ہے۔ تاہم پاکستانی باسمتی چاول کی دوسرے مقامات پر بھی طلب بڑھتی ہوئی دیکھی گئی ہے۔

خلیجی ممالک اور مشرق وسطی مین ویلیو ایڈیڈ ٹیکس سسٹم سے افراط زر کے اثرات کی وجہ سے صارف کی قوت خرید کا کم ہونا، اور ان ممالک میں سیاسی ہلچل کی وجہ سے پاکستانی باسمتی چاول کی طلب میں کمی واقع ہوئی ہے۔

توقع ہے کہ آئندہ مالی سال بھی فوڈ سیکٹر کے موجودہ معاشی منظر نامے اور مارکیٹ کی صورتحال برقرار رہے گی۔ زیادہ سے زیادہ سے نتائج حاصل کرنے کے لئے کمپنی موثر سیل مکس اور پروڈکٹ تفریق حکمت عملی پر توجہ دے رہی ہے اور ساتھ ہی ساتھ ان جگہوں پر نگرانی کی جارہی ہے جہاں لاگت کو کم کرنے کے لئے اقدامات کئے جاسکتے ہے۔ کمپنی اپنے موجودہ برآمدی کاروبار میں توسیع کے لئے وسیع پیمانے پر کام کرے گی اورایک حکمت عملی کی تلاش میں ہے جو اس کاروبار کو طویل عرصے تک پائیدار بنائے گی۔

اندرونی مالیاتی کنٹرول:

کمپنی کے اندر ایک مضبوط و مستحکم اندرونی کنٹرول سسٹم بنایا گیا ہے جس کو کمپنی کی ہر سطح پر موثر انداز میں لاگو کیا گیا ہے۔ اندرونی کنٹرول سسٹم کو اسطرح ڈیزائن کیا گیا ہے کہ کمپنی اپنے مقاصد کے حصول آپریشیز میں کارکردگی، قابل اعتماد مالیاتی رپورٹنگ اور قوانین و قواعد پالیسیوں کی تعمیل کو یقینی بنا سکے۔ آڈٹ کمیٹی اندرونی کنٹرولز کی نگرانی میں سر گرم عمل ہے۔

مالیاتی اور کارپوریٹ رپوٹنگ فریم ورک۔

- ڈائریکٹرز بصد مسرت مطلع کرتے ہیں کہ کمپنی سیکوریٹز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تقاضوں کے مطابق کوڈ آف کارپوریٹ گورننس کے ضوابط کی تعمیل کرتی ہے۔ کارپوریٹ فنانشل رپورٹنگ فریم ورک پر اسٹیمٹنس درج ذیل ہیں۔

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی گوشوارے اور اس کے معاملات اس کی کاروباری سرگرمیوں کے نتائج اور کیش فلوز اور ایکویٹی میں تبدیلی کی شفاف اور منصفانہ عکاسی کرتے ہیں۔

- کمپنی نے اپنے اکاونٹس کے کھاتوں کو محفوظ اور درست انداز میں رکھا ہوا ہے۔

- کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاونٹنگ کی مناسب پالیسیوں کی مسلسل پیروری کی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔

- اس سال کے دوران کمپنی IFRS-15 "Revenue From Contractor with Customers" اور IFRS-9 Financial Instruments کو اپنایا اور اس کے مطابق آڈٹ شدہ مالیاتی گوشوارے میں مطلوبہ ایڈجسمینٹ کی گئی ہیں۔

- اندرونی کنٹرول کا نظام مستحکم ہے اور اسے موثر انداز میں لاگو کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔

- کمپنی کے کاروبار کو رواں دواں رکھنے کی صلاحیت شکوک و شبہات سے بالاتر ہے۔

- لسٹنگ ریگولیشنز میں تفصیلاً درج کارپوریٹ گورننس کی اعلیٰ ترین روایات سے کسی بھی پہلو کو نظر انداز نہیں کیا گیا۔

- گزشتہ چھ سال کا اہم کاروباری اور مالیاتی معلومات اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

- ٹیکسوں اور محصولات کے بارے میں معلومات مالیاتی گوشوارے کے نوٹس میں دی گئی ہیں۔ اور یہ مالیاتی گوشواروں کا حصہ ہیں۔

- کسی بھی ادائیگی کی تاخیر کا کوئی امکان نہیں ہے اور کسی قرض میں نادہندہ ہونے کا بھی کوئی امکان نہیں ہے۔

دیں اور انہیں اپنے پاس برقرار رکھیں۔ تنوع طویل مدتی کامیابی کے لئے کلیدی کردار ثابت ہوئی ہے۔ صرف مختلف لوگوں کے پس منظر، تعلیم، مہارت اور تجربات رکھنے والے افراد کی ٹیم تشکیل دے کر ہی ہم پوری صنعت میں پائیدار قدر پیدا کرسکتے ہیں۔

صحت، سلامتی اور ماحول:

کمپنی اپنے ملازمین کی صحت، حفاظت ار ماحول کو اولین ترجیح دیتی ہے، کمپنی نے اس حوالے سے اپنے ملازمین کی حفاظت کے لئے ٹھوس اقدامات کئے ہیں۔ جن میں ملازمین کی مناسب تربیت اور کام کرنے والی جگہ سے اچانک انخلاء جیسے پروگرام شامل ہیں تاکہ ان کو ہنگامی حالات کے بارے میں اور دوسرے اہم اقدامات لینے کے بارے میں بتایا جاسکے، تاکہ وہ خطرناک حالات سے بحفاظت نکل سکیں۔

گذشتہ موسم گرما میں، کمپنی نے ہیٹ ویو کی صورت میں لئے جانے والے حفاظتی/احتیاطی تدابیر سے متعلق مختلف تربیت سرگرمیوں کا اہتمام کیا ہے۔

ہم صحت، سلامتی اور ماحول (HSE) کے اعلی معیار کو برقرار رکھنے پر پختہ یقین رکھتے ہیں تاکہ ہمارے ساتھ کام کرنے والے لوگوں کے ساتھ ساتھ آس پاس کی کمیونٹیز، جہاں ہم کام کرتے ہیں۔ ان کی فلاح و بہبود کو یقینی بنائیں۔

مزید یہ کہ ملک میں آلودہ ماحول اور توانائی کی قلت کو مدنظر رکھتے ہوئے میٹکو نے شمسی توانائی سے بجلی بنانے کا راستہ اختیار کیا جس کے نتیجے میں سالانہ CO_2 کے اخراج میں کمی اور توانائی کی لاگت میں بچت اور ہر وقت اس کی آسان ترسیل اور فراوانی ہوگی۔

میٹکو فوڈز ہمارے کاروباری عمل کے ماحولیاتی اثرات کو کم کرنے اور ہمارے قدرتی وسائل کے غیر ضروری ضیاع کو روکنے کے لئے اضافی میل طے کرکے اپنے سیارے کی حفاظت کو ضروری سمجھتی ہے، ہماری کاروباری حکمت عملی بھی اس وژن کے ساتھ پوری طرح سابقت رکھتی ہے۔ اپنے قدرتی مسکن کو برقرار رکھنے کی کوششوں میں ہم نے اس سال شمسی توانائی سے بجلی گھر لگانے میں سرمایا کاری کی۔ میٹکو شمسی توانائی منصوبے کے عمل درآمد سے ہر سال CO_2 اخراج میں 308 میٹرک ٹن سے کمی ہوگی جو کہ ہر سال 15375 درخت لگانے کے برابر ہے۔

کاروباری وسماجی ذمہ داری۔

کمپنی کا نقطہ نظر پاکستان میں تعلیم اور صحت کے شعبوں میں کمیونیٹی سروس سرگرمیوں کے اقدامات کی حمایت کرنا ہے اسکے لئے کمپنی نے ماضی میں بھی ہمیشہ قدرتی آفات جیسے سیلاب اور زلزلوں کے مواقع پر بحالی کے کاموں میں حصہ لیا ہے، کمپنی اپنے ملازمین کے شادی بیاہ، سماجی و بہبود اور تعلیم سے متعلقہ اخراجات میں مدد کو اولین ترجیح دیتی ہے۔

آڈیٹرز کا تقرر:

موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمٰن، چارٹرڈ اکاونٹینٹ رواں سال ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسرز گرانٹ تھورنٹن انجم رحمٰن کو جون 2019-20 ختم ہونے تک بطور کمپنی آڈیٹرز تعینات کرنے کی شفارش کی ہے۔ جس کا فیصلہ باہمی طے شدہ فیس کی بنیاد پر عام اجلاس میں حصص داران کی منظوری سے مشروط ہے۔

حصص داران کی تفصیل:

کمپنی کے حصوں داران کی تفصیل اس رپورٹ کے ساتھ منسلک ہے۔

سیکھنا اور تنظیمی ترقی:

معروف برآمد کنندگان میں سے ایک ہونے کے ناطے، کمپنی ایک متحرک اور پیشہ وارانہ صلاحیت رکھنے والی افرادی قوت کی تعمیر پر یقین رکھتی ہے۔ جو ہمارے صارفین کو معیاری خدمات فراہم کرنے کی مکمل طور پر قابل ہو۔

مالی سال 2018-19 ایک کامیاب سال ثابت ہوا، باقائدہ تربیت اور ترقی کے علاوہ، کمپنی کے ذریعے دی گئی سر گرمیوں کی اہم خصوصیات مندرجہ ذیل ہیں۔

- کمپنی کے اقدار پر توجہ مرکوز کی تربیت کروائی اور اس کو کارپوریٹ وژن، مشن، اہداف اور مقاصد کے ساتھ جوڑ دیا یہ تربیت کارپوریٹ اقدار کو سمجھنے اور ان کو اپنے کام میں عملی طور پر شامل کرنے کے لئے موجودہ اور خاص طور پر نئے آنے والے ملازمین کے لئے کارآمد ثابت ہوئی۔

- سال کے دوران ایمپلائی ایکسی لینس ایوارڈ کی تقریب بھی منعقد ہوئی۔ جس میں ایسے ملازمین کی خدمات کو تسلیم کیا گیا جنہوں نے اپنی پوری مدت کے دوران غیر معمولی کارکردگی کا مظاہرہ کیا اور کئی سالوں تک کمپنی کے ساتھ بھرپور لگن کے ساتھ کام کیا۔

- MTO's کی تعداد میں اضافہ کرنے کے لئے منظم MTO کے پروگراموں کا تعارف کروایا تاکہ نئے گریجویٹس کو اپنے کیریئر کی ترقی میں سہولت فراہم کی جاسکے۔

- تنظیم کے اقدار کو تمام ملازمین تک پہنچانے اور اقدار کو تنظیم کی ثقافت میں شامل کرنے کے لئے "ویلیو رول آوٹ" سر گرمی کا اہتمام کیا گیا۔

- کمپنی اپنے عملے کے کیریئر کی ترقی اور تنوع کے مواقع پر یقین رکھتا ہے تاکہ انہیں تنظیم کے اندر ترقی مل سکے۔

- ہم سمجھتے ہیں کہ لوگ ہی کسی تنظیم کی ترقی میں اہم کردار ادا کرتے ہیں۔ لہٰذا ہم اس بات کو یقینی بناتے ہیں کہ ہم مارکیٹ میں بہترین ہنر کو اپنی طرف متوجہ کریں، کام

نان ایگزیکٹیو ڈائریکٹرز کے معاوضے کی پالیسی:

بورڈ ممبروں کے معاوضے بورڈ نے خود منظور کیے۔ تاہم LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) 2017، کے مطابق، اس بات کو یقینی بنایا گیا ہے کہ کوئی بھی ڈائریکٹر اپنی معاوضے کے فیصلے میں حصہ نہیں لیں۔ ہم نان ایگزیکٹو ڈائریکٹرز کو بورڈ کے اجلاسوں میں شرکت کے لئے فیس کے سوا کوئی معاوضہ ادا نہیں کرتے۔ بہترین ہنر کو برقرار رکھنے کے لئے، ہماری معاوضے کی پالیسیاں مروجہ صنعت کے رجحانات اور بہترین کاروباری طریقوں کے مطابق ہے۔

بورڈ کے اجلاس اور حاضری:

مذکورہ سال میں بورڈ کے پانچ اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ممبر کا نام	حاضری
• جناب جاوید علی غوری، چیئر مین۔	4
• جناب خالد سرفراز غوری	5
• جناب ڈاکٹر طارق غوری	3
• جناب فیضان علی غوری	5
• جناب نعیم الرحمٰن اخوند	4
• جناب سید کامران رشید	5
• جناب عبدالصمد خان	5
• مسز فریال مرتضٰی	3
• محترمہ اُمہ حبیبہ	3

بورڈ آڈٹ کمیٹی:

مذکورہ سال کے دوران آڈٹ کمیٹی کے پانچ (5) اجلاس منعقد ہوئے ہر ممبر کی حاضری درج ذیل ہے۔

ممبر کا نام	حاضری
• جناب نعیم الرحمٰن اخوند، چیئر مین	4
• جناب سید کامران رشید	5
• جناب عبدالصمد خان	5

انسانی وسائل اور معاوضہ کمیٹی:

مذکورہ سال کے دوران، انسانی وسائل اور معاوضہ کمیٹی کا ایک (1) اجلاس منعقد ہوا۔ جس میں ہر ممبر کی حاضری درج ذیل ہے۔

ممبر کا نام	حاضری
• جناب سید کامران رشید، چیئر مین	1
• جناب جاوید علی غوری	1
• جناب ڈاکٹر طارق غوری	1

ڈائریکٹرز ٹریننگ پروگرام:

ڈائریکٹرز کے ٹریننگ پروگرام کی ضرورت کے مطابق کمپنی کے پانچ (5) دائریکٹرز تصدیق شدہ ہے۔

- حکومت کے ضوابط۔
- زرمبادلہ کی شرح میں منفی ردوبدل۔
- چاول کی فصل کی مجموعی پیداوار اور کٹائی۔
- شرح سود میں اضافہ۔

کمپنی داخلی اور بیرونی اسٹیک ہولڈرز کے ساتھ خطرہ کو قابل قبول سطح پر کم کرنے اور مذکورہ بالا خطرات کے ممکنہ اثرات کو کم کرنے کے لئے سرگرم عمل ہے۔

رائس گلوکوز پراجیکٹ کا مختصراً جائزہ:

ہمیں یہ اعلان کرتے ہوئے خوشی ہورہی ہے کہ میٹکو فوڈز لمیٹیڈ نے بالتر 20,000 MT اور 2,000 MT صلاحیت رکھنے والے رائس گلوکوز پلانٹ اور رائس پروٹین پلانٹ کی خریداری اور تنصیب مکمل کرلی ہے اس منصوبہ کی تکمیل کے بعد رائس گلوکوز پلانٹ اور رائس پروٹین پلانٹ کی گنجائش بالترتیب 30,000 MT اور 3,000 MT ہوگئی ہے۔

کمپنی نے پاکستان اسٹاک ایکسچینج اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو پہلے ہی اس کی اطلاع 28 جون 2019ء کو دے دی ہے۔

BARENTZ پاکستان (پرائیویٹ) لمیٹڈ کا مختصراً جائزہ:

اس سال کے دوران کمپنی نے پاکستان میں ایک مشترکہ منصوبہ بندی کمپنی کا معاہدہ کے قیام کے لئے BARENTZ انٹرنیشنل BV کے ساتھ مشترکہ منصوبہ بندی کا معاہدہ کیا تجویز کردہ مشترکہ منصوبہ بندی کے تحت قائم کمپنی کی بنیادی سرگرمیاں درآمد، فروختگی اور اجزاء کی تقسیم ہوگی جو کہ فارماسیوٹیکل، ذاتی دیکھ بھال، خوراک اور غذائیت، لائف سائنس کے مطابق جانوروں کی خوراک اور غذا کی غذائیت کی شعبوں میں استعمال ہوگی۔ یہ سرگرمیاں کمپنی کے موجودہ رائس گلوکوز اور رائس پروٹین کے کاروبار سے منسلک ہیں۔

یہ کمپنی Competition Commission Pakistan اور SECP کی منظوری کے بعد 28 جون 2019ء کو قائم ہوگئی ہے۔ سال کے اختتام کے بعد BARENTZ انٹرنیشنل BV اور میٹکو فوڈز لمیٹیڈ نے اپنی سبسکرپشن کی رقم 25.5 ملین اور 24.5 ملین بالترتیب روپے ادا کردی ہے اور کمپنی نے اپنی سرگرمیاں شروع کردی ہیں۔

بورڈ کا مجموعہ:

بورڈ کا امتزاج درج ذیل سات (7) مرد اور دو (2) خواتین ڈائریکٹرز پر مشتمل ہے۔ جن کی تفصیل یہ ہے:

• خود مختار ڈائریکٹرز	4
• نان ایگزیکٹیو ڈائریکٹرز	2
• ایگزیکٹیو ڈائریکٹرز	3
• ڈائریکٹرز کی مجموعی تعداد	9

مذکورہ ڈائریکٹرز کا انتخاب سالانہ عام اجلاس میں 31 اکتوبر 2018ء کو ہوا تھا۔

بِسۡمِ اللّٰہِ الرَّحۡمٰنِ الرَّحِیۡمِ

ڈائریکٹرز رپورٹ

اللہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی کے ڈائریکٹر حضرات جون 30، 2019ء کو ختم ہونے والے سال کی سالانہ رپورٹ بشمول آڈیٹیڈ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی نتائج:

Refer table given in Directors' Review Report English Version

کمپنی کی خالص آمدنی 7,863 ملین روپے رہی جو کہ پچھلے سال 6723 ملین روپے رہی تھی جو آمدن میں 16.96 فیصد اضافہ ظاہر کرتی ہے۔ اس سال مجموعی منافع 914 ملین روپے رہا جو پچھلے سال 860 ملین روپے تھا جو پچھلے سال کی نسبت 6.25 فیصد کی شرح سے بڑھا۔ اس کے علاوہ پچھلے سال کی نسبت خالص منافع میں بھی 39.23 فیصد اضافہ ہوا جو کہ اس سال 413.8 ملین روپے رہا جبکہ پچھلے سال یہ رقم 308.3 ملین روپے تھی۔ پاکستانی چاول کی بین الاقوامی مارکیٹ میں اچھی برآمدی قیمت فروخت، روپے کی قیمت میں ہونے والی ردو بدل کا فائدہ، رائس گلوکوز پلانٹ (فیز II) کی تنصیب سے اور کمپنی کا سٹاک مارکیٹ میں اندراج سے ہونے والے ٹیکس کا فائدہ اور اراضی کی فروخت سے مارجن بہتر ہوئے۔ اس سال کے دوران کمپنی کے باسمتی چاول کی فی ٹن اوسط برآمدی قیمت 1045 امریکی ڈالر رہی جو کہ پچھلے سال 1120 امریکی ڈالر تھی۔

پاکستانی چاول کی مجموعی برآمدات کی قدر میں 9.87% فیصد اور مقداری لحاظ سے 19.22 فیصد کا اضافہ ہوا جبکہ میٹکو نے صرف زیادہ مارجن والے باسمتی چاول پر توجہ مرکوز کرنے کی وجہ سے برآمدی فروخت کی مقدار میں 2.45 فیصد اضافہ ریکارڈ کیا۔

انتظامیہ باسمتی چاول کی برآمدی فروخت کے لئے نئے مقامات /علاقوں کی تلاش کر رہی ہے تاکہ پاکستانی چاول کی صنعت کی مجموعی ترقی کے مطابق ہماری ترقی بھی زیادہ سے زیادہ ہو سکے۔

تخصیص:

30 جون 2019ء کے اختتام پر کمپنی کی مالی کارکردگی کو دیکھتے ہوئے کمپنی کے ڈائریکٹرز نے مورخہ 5 ستمبر 2019ء کو ہونے والی اپنی میٹنگ میں حتمی کیش منافع بحساب 7 فیصد یعنی 0.7 روپیہ فی حصص تجویز کیا ہے۔ اس کے لئے حصص داران کی منظوری سالانہ جنرل اجلاس میں حاصل کی جائے گی۔ تجویز کردہ منافع کو اس مالیاتی گوشواروں میں بطور ذمہ داری تسلیم نہیں کیا گیا۔

بنیادی خطرات اور غیر یقینی صورت حال:

کمپنی کو کچھ موروثی خطرات اور غیر یقینی صورتحال کا سامنا ہے البتہ ہم درج ذیل کو اہم خطرات تصور کرتے ہیں۔

- افراط زر کی وجہ سے پیداواری لاگت میں اضافہ۔
- مقامی اور برآمدی چاول کی قیمتوں میں بڑا عدم استحکام۔
- سخت مقابلہ اور نئے حریفوں کا مارکیٹ میں داخلہ۔

چیئرمین جائزہ رپورٹ

میں میٹکو فوڈز لمیٹیڈ کے بورڈ آف ڈائریکٹرز کے چیئرمین کی حیثیت سے سالانہ جائزہ رپورٹ برائے سال جون 2019 پیش کرنے میں خوشی محسوس کررہا ہوں۔

آپکی کمپنی نے ایک مشکل معاشی ماحول میں اچھی کارگردگی کا مظاہرہ کیا اور پاکستانی روپے کی قدر میں کمی کی وجہ سے کمپنی کو برآمدات میں فائدہ پہنچا۔ دوسری طرف معاشی ترقی کی سست روی، بڑھتی ہوئی پیداواری لاگت اور بڑھتے ہوئے شرح سود نے کمپنی کے منافع پر منفی اثرات مرتب کیئے۔ کمپنی کی مجموی کارکردگی تسلی بخش رہی اور ہم آنے والے سالوں میں ترقی اور منافع کے مواقع تلاش کرتے رہیں گے۔

کمپنی کے بورڈ نے اپنے کمپنی کے مقاصد اور سرمایہ کاروں کے مفاد کو محفوظ رکھنے میں اہم کردار ادا کیا۔ بورڈ کے نو اراکین ہیں جس میں دو نان ایگزیکیٹو اور چار آزاد ڈائریکٹرز شامل ہیں۔ یہ ڈائریکٹرز کاروبار، زراعت، انجینئرنگ، فانس اور ضابطے کے حوالے سے وسیع اور مختلف تجربہ رکھتے ہیں۔ اس سال پانچ بورڈ میٹنگ ہوئی۔ بورڈ نے انتظامیہ کو اسٹریٹجک سمت فراہم کرنے اور کمپنی کی انتظامیہ کے زریعے تمام قانونی اور ضابطہ تقاضوں کی تعمیل کو یقینی بنانے سمیت اپنی تمام تر ذمہ داریوں کو پورا کیا بورڈ نے آڈٹ کمپنی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی تشکیل دی۔ ان کمیٹیوں نے بورڈ کو قیمتی رائے اور معاونت فراہم کی۔ آڈٹ کمیٹی نے خاص طور پر مالیاتی گوشوارے اور اندرونی کنڑولوں کو ترجیح دی بورڈ نے اس بات کو یقینی بنایا کہ کمپنی کی انتظامیہ کے زریعے تمام قانونی اور ضابطہ تقاضوں کی تعمیل کی گئی ہے۔

بورڈ آف ڈائریکٹر نے مجموعی طور پر سالانہ رپورٹ اور مالیاتی بیانات کا جائزہ لیا ہے اور اس بات کی تصدیق کرتے ہوئے خوشی محسوس کرتے ہیں کہ ان کی نظر میں سالانہ رپورٹ اور مالیاتی گوشوارے منصفانہ متوازن اور جامع ہے۔

میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے مقاصد کے حصول میں انتظامیہ، اسٹاف ممبروں اور ورکرز کی طرف سے کی جانے والی شراکت کا شکریہ ادا کرنا چاہتا ہوں اور اپنے سارے اسٹیک ہولڈرز بشمول ہمارے گراں قدر حصص داران اور ٹھیکداروں کے مسلسل تعاون اور خدمات کے لئے دل کی گہرائیوں سے شکریہ ادا کرتا ہوں۔

Jawed Ghori

جاوید علی غوری
چئیرمین

The Company Secretary
Matco Foods Limited
B-1/A, S.I.T.E., Phase 1
Super Highway Industrial Area
Karachi

PROXY FORM

I/We ______________________________ being member(s) of Matco Foods Limited holding ____________ ordinary shares as per Folio No. ____________ and/or CDC Account No. ____________ hereby appoint ____________________ of ____________ Folio No. ____________ and/or CDC Account No. ____________ or Failing him/her ______________________________ of ______________________________ Folio No. ____________ and/or CDC Account No. ____________________ as my/our proxy to attend, act and vote for me / us and on my /our behalf at the Annual General Meeting of the Company to be held at 10:45 am. on Thursday, October 24, 2019 at the Institute of Cost and Management Accountants of Pakistan (ICMAP), ICMA Pakistan Building ST-18/C, ICMAP Avenue, Block 6, Gulshan-e-Iqbal, Karachi 75300 and at every adjournment thereof.

Signed this ____________________ day of ____________, 2019.

Witness:

Signature ____________________

Name ____________________

CNIC or Passport No. ____________________

AFFIX REVENUE STAMP

Note

- The proxy must be a member of the company.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend, act and vote on his / her behalf. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the time of the meeting.
- CDC shareholders and their proxies are requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.