

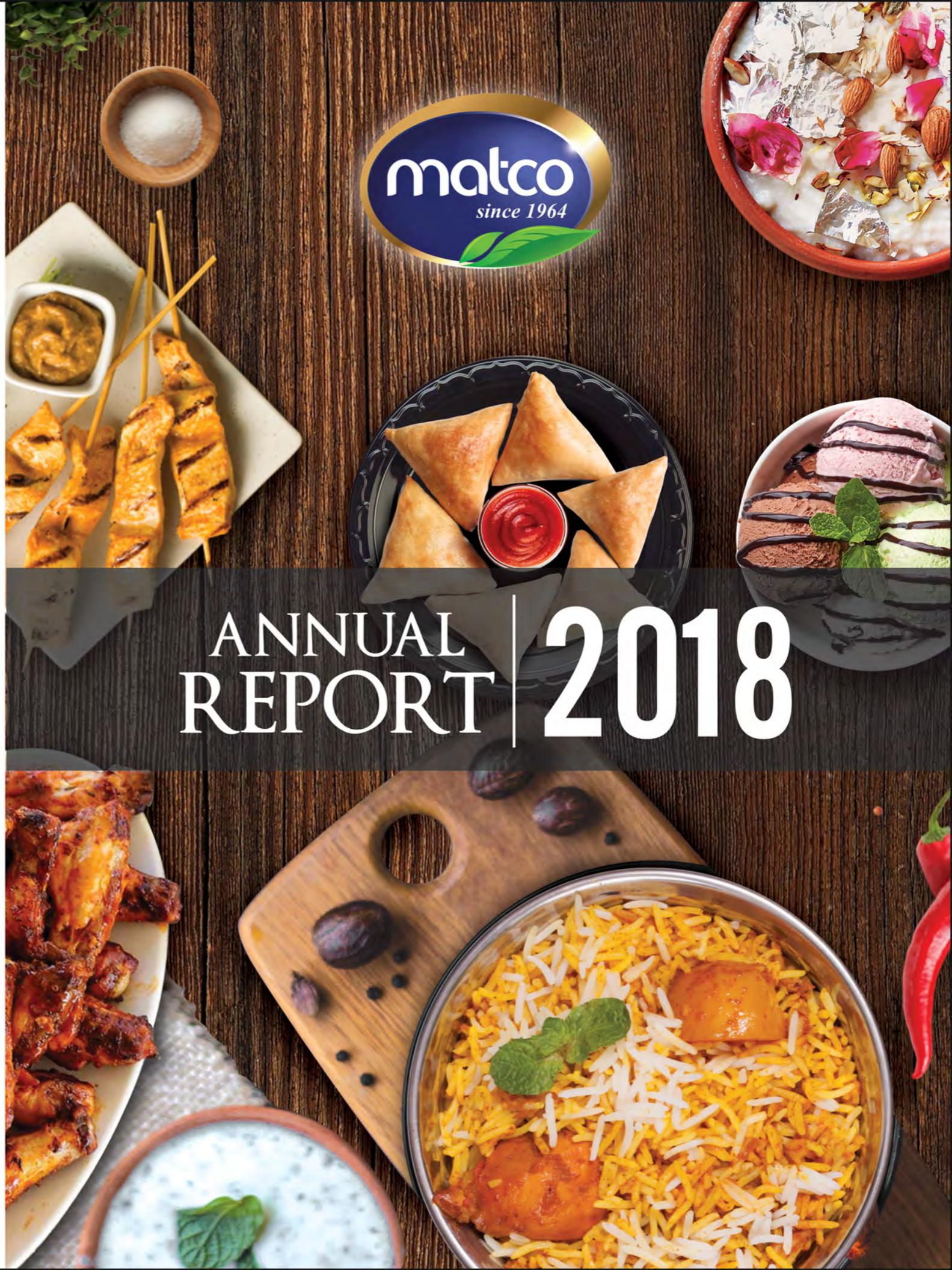


# ANNUAL REPORT | 2018



**MATCO FOODS LIMITED**

Email: [contact@matcofoods.com](mailto:contact@matcofoods.com)  
Website: [www.matcofoods.com](http://www.matcofoods.com)



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# About the *Company*



## 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 40 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 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. Matco's mission is to offer convenient, hygienic and quality food product solutions to its customers. 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 40 countries worldwide. Matco also exports private label brands to over 60 countries in the world. 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 10,000 MT per annum of rice glucose and 1,000 MT of Rice Protein per annum. The project is complete and the commercial production of Rice Glucose and Rice Protein has started.

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.



# Global Presence

## US & CANADA

NEW YORK  
NEWARK  
BALTIMORE  
MINNESOTA  
TOBAGO  
SEATTLE  
HOUSTON  
TORONTO  
OAKLAND  
MINNEAPOLI  
BALTIMORE  
CHICAGO  
LOS ANGELE  
DETROIT  
ATLANTA  
ORLANDO

## EUROPE

NETHERLAND  
ARMENIA  
SPAIN  
SWEDEN  
MALTA  
GREECE  
ITALY  
SWITZERLAND  
ENGLAND  
CZECH REPUBLIC  
EVERGLADES  
BARCELONA  
MALMO  
PIRAEUS  
ZURICH  
HELSINKI

## ASIA

PAKISTAN  
QATAR  
YEMEN  
KUWAIT  
HONG KONG  
U.A.E  
IRAQ  
SRI LANKA  
SAUDI ARABIA  
OMAN  
BANGLADESH  
SOUTH KOREA  
BAHRAIN  
MALDIVES  
MAURITIUS

## AUSTRALIA

BRISBANE  
MELBOURNE  
SYDNEY

## AFRICA

MOZAMBIQUE  
DJIBOUTI  
ETHIOPIA  
SOUTH AFRICA



## 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.



## Our Journey



**1964** Matco Rice Processing Pvt. Ltd is founded by Syed Sarfaraz Ali Ghori



**1970** Matco sets up its first rice processing plant in Larkana, Sindh. At that time, direct export of rice by private companies was not allowed and Matco sold processed rice to Rice Export Corporation of Pakistan (RECP) which was the Government export monopoly.

Matco supplies Satake- Japan's rice processing plants and machinery to the Government of Pakistan and serves as an official agent of Satake-Japan in Pakistan.

**1990** Matco commissions Pakistan's first fully-automated, modern rice processing plant supplied by Satake Corporation of Japan. The company implements quality control parameters adopted from Satake and Master Foods at this plant in Karachi.

**1999** The company launches its Flagship brand Falak Basmati Rice in the international market.

First container of Matco's own brand Falak is shipped in 1999.

**2000** Matco II is constructed in S.I.T.E. Industrial Zone, Karachi – a state-of-the-art rice processing plant.

**2001** The company installs colour sorters in its various production lines including two of the latest Series Z4 by Sortex (Buhler) Germany and two by Satake Japan.

**2004** Matco launches the Falak brand in the local Pakistani market.



**2006** Matco operates 25 warehouses for storing raw rice to meet its milling capacity.

**2008** Matco successfully adds 4th processing line at its existing facilities in S.I.T.E-II Industrial Area Karachi thereby enhancing its production capacity.



**2009** Matco commissions Sadhoke Plant (Phase-1) in Punjab, Pakistan.

**2011** Subsequently, 3 more silos and 2 more dryers are added (Phase-II), increasing the rice storage capacity to 32,000MT and paddy drying capacity to 25MT/hour.

A dedicated small packing facility is added in Karachi to produce convenient consumer rice packs.



**2012** IFC, a member of the World Bank Group invests \$5 million in equity in Matco for further expansion of the Sadhoke Plant.

**2014** The New Product Development Division is launched within the company.



Matco acquires EU Organic and USDA Organic Certifications from Control Union.

**2015** The company changes its name from Matco Rice Processing (Pvt.) Limited, to Matco Foods (Pvt.) Limited.



**2016** Matco introduces the Falak Masalas Shaker Bottle range in the local and international market.



**2017** Premium grinder bottles and Falak Kheer Mix, the first of the company's new dessert range, are launched in the local and international markets.

Matco sets up a dedicated state of the art organic Rice Glucose and Rice Protein manufacturing facility in Karachi.

**2018** Matco Foods exports its first Rice Glucose container.

The company changes its name to Matco Foods Limited and is listed at the Pakistan Stock Exchange.

Ground breaking for Rice Glucose division, phase 2.

## Awards & Excellence

### EXCELLENCE IN EXPORT

In July 2018 the FPCCI (Federation Of Pakistan Chambers Of Commerce & Industry) Achievement Award "Gold Medal" was presented to Matco for outstanding services in Export Marketing in 2017 by the President of Pakistan, Mamnoon Hussain. Matco remains at the forefront of the basmati rice exporters of Pakistan, and was the only Basmati Rice Exporter in the Top 100 Exporters of 2017-18 from Pakistan.

### NON-GMO PROJECT VERIFICATION

This year, we acquired Non-GMO Project verification for our Rice and Rice Glucose products, thereby ensuring full product compliance in accordance with Non-GMO Project Verification Program and Non-GMO Project Standard. We are committed in providing our customers with premium quality products through sustainable means.



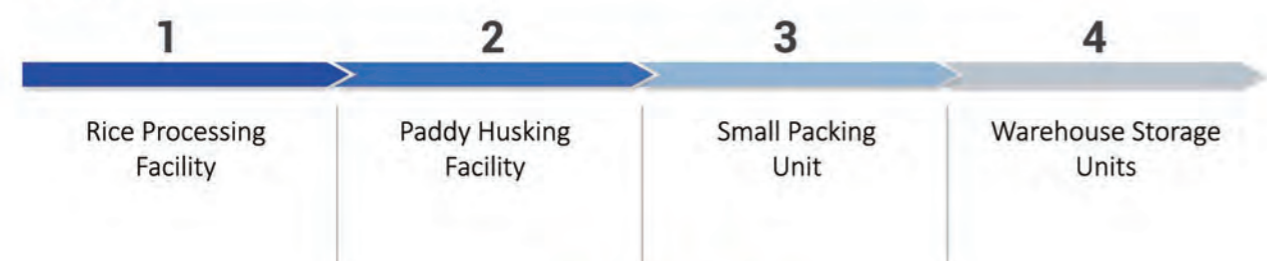


# Our Facilities

## SITE II INDUSTRIAL AREA, KARACHI, SINDH



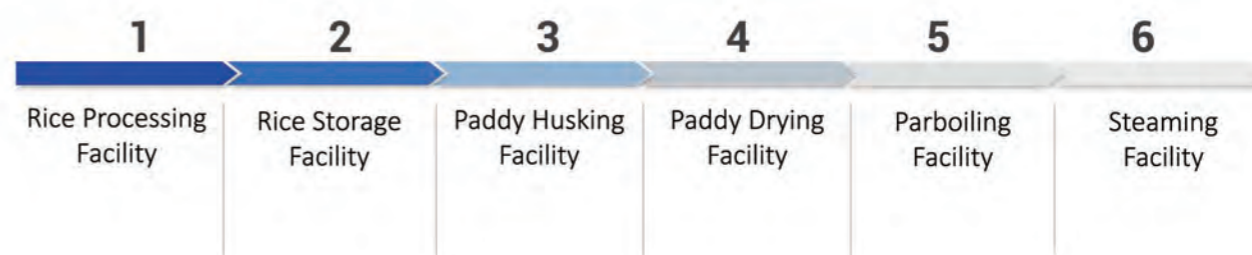
### FACILITIES



## SADHOKE, GUJRANWALA, PUNJAB



### FACILITIES



## RICE GLUCOSE PLANT, KARACHI, SINDH

Matco has set up a dedicated state of the art organic rice glucose and rice protein manufacturing facility in Karachi. This natural business extension leverages the company's technical and industry acumen while catering to evolving global food trends.

The plant has an annual production capacity of 10,000 MT of glucose and 1,000 MT of protein and can produce the full spectrum of glucose from 29DE to 60DE, including custom formulations for customers. Phase 2 of the Rice Glucose project has already commenced, which will add a further 20,000 MT rice glucose and 2,000 MT rice protein production capacity in the plant.

The plant is equipped with modern evaporators, ion exchangers, bundle dryer and filter press equipment. Our dedicated Quality Assurance department ensures compliance with international quality and hygiene standards, using the latest instruments and equipment.



The plant is equipped with modern evaporators, ion exchangers, bundle dryer and filter press equipment. Our dedicated Quality Assurance department ensures compliance with international quality and hygiene standards, using the latest instruments and equipment such as BOD Incubators, Laminar Air Flow, HPLC and Karl Fischer Titrator.



## Our People

The success of our Company is because of our people, their devotion, energy and commitment towards the company's goals. Our success can also be attributed to the ability of our people to continually identify and responds to the changing demands across markets. We at Matco Foods are defined by our people.

We believe in the maxim that "we are only as strong as our weakest link" and hence constantly seek out highly motivated, dynamic individuals who are specialized in their respective fields, to join the Matco family.

### TRAINING, LEARNING AND DEVELOPMENT

Apart from hiring able and qualified people, we believe that our people must also be equipped with appropriate skills to succeed and grow as individuals. Matco University of Management Sciences (MUMS) is our latest training and personal growth initiative for our employees. It offers our people in-house training through online courses and webinars and guest speaker courses. Individuals are free to choose courses of their liking and interest along with mandatory courses that improve their skill set. We are dedicated to continuously invest in our most valuable asset, our people, through training and development programs and workshops.

These rigorous training programs and workshops help our company to develop a climate and culture that supports innovation. Constant improvement in the work performance, developing positive rapport with fellow employees and working inventively in a corporate setting, are only some of the benefits that we as a company enjoy.



### ANNUAL SALES CONFERENCE

Matco's Annual Sales Conference was held from 27th-29th April at the Arabian Sea Country Club Karachi. The entire sales team force from both local and international departments travelled to the club for this occasion. This conference allowed our people to re-connect with the entire team, and re-align with the goals of the company. It provided a platform to recognize and appreciate top performers and allow them to shine. The goal of the conference was to ultimately motivate and educate the sales team, highlighting their full potential and providing them with tools and incentives to achieve milestones.



The first day of the conference was dedicated to training and sales review sessions, along with discussion and brainstorming on the next years' strategic sales agenda. The theme of the conference was 'How to become a Sales Maestro' led by Learning Minds Training Group. The second day was dedicated towards recreational activities and entertainment, a friendly team cricket match, followed by a dinner and musical night.



## Innovations & Manufacturing Excellence

This year we started the Matco Operational Excellence Drive in our facilities nationwide, with the objective of continuous improvement to achieve “Operational Excellence” in the Supply Chain and Production Processes. The goal was also to ensure that the full potential of each individual was achieved and Overall Equipment Efficiencies of all Production Plants maximized, with the end result of lowering costs for the company, allowing it to sustain its competitive edge in the market.

Total Process Management training sessions were conducted in-house on a monthly basis for the entire staff, for capacity building and to establish the long-term common goal of Operational Excellence. This allowed us to develop a culture of continuous improvement within all aspects of the company, provide feedback from all our employees to and eliminate waste and rejections. In line with these objectives, we made the following improvements.

### RICE PLANT, KARACHI, SINDH

In line with our promise of excellence and drive for innovation, this year we have made several changes to increase our efficiency and enhance capacities. We have added additional capacity in our silos, 2 new De-Stoners in the input section, 4 new rice polishers, 1 additional small packing line and a new packing line, designed for direct packing from the plant. With the increasing demand in the market, especially local, these new line additions allow us to remain ahead in the market. We have also installed the latest RSC technology colour camera sorter and a new Paddy Separator for secondary pass, which has increased our capacity due to a higher average running speed compared to the previous versions, and reduced reprocessing costs. With the camera technology, our rejection percentage has also been improved. Keeping pace with the rapid technological changes, we have also replaced 2 locally manufactured rice huskers with imported Bühler huskers, which have a husking capacity 5 times more than local brands, and are more energy efficient. For better organization and time management, M.S steel iron storage racks have been installed in our packing material storage facilities.



### NEW PRODUCTS DEVELOPMENT

A new Kheer blending and packing setup has been installed in our Karachi facility at SITE. In house manufacturing, and packaging enabled the successful timely launch of this new product, whilst maintaining our quality and standards. This line has the ability of packing 50gm to 500gm packs. This line has been fabricated and installed by our in-house engineers and production team.

Our premium Himalayan pink salt and black peppercorn grinder bottles and doypacks are also packed in a dedicated small packing unit. With the increasing demand in export and local orders, this line allows us to meet market demands timely and efficiently.

A new Food Technology and Quality Control Department has also been set up in line with our promise of innovation, research, quality and excellence. The lab is equipped with modern testing equipment, dedicated Micro lab and uses the latest standard and methodologies for establishing testing parameters.



### SADHOKE PLANT, GUJRANWALA, PUNJAB

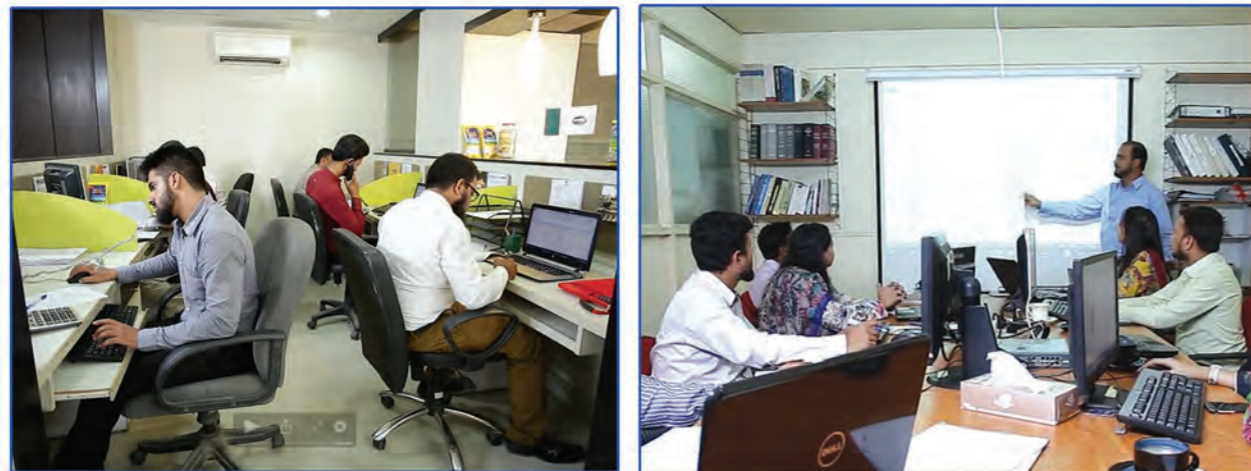
An additional Satake colour sorter and VFD whitener machines were set up in our Sadhoke plant, giving us the benefit of better quality bi-products and enhanced production capacity due to higher running speed of the sorters. VFD smart solution also minimized plant break down times and improved energy efficiency. A new temperature control system of the dryer steam has also been installed, which has significantly reduced heat damage to the raw material. The system is automated, easy to operate and highly temperature accurate.



## TECHNOLOGICAL DEVELOPMENTS

### Upgrading Servers Nationwide

Our dedicated IT team successfully upgraded our Server from HP ML350 Gen 6 Server to DL 380 Gen 9 Server. All system applications are now run on hyper technology, using the latest performances and expandability. This migration allows for unprecedented levels of performance for all our systems, data bases and analytic workloads, ultimately improving employee performance and reducing costs.



## SUPPLY CHAIN DEVELOPMENTS

We strive towards continuous technologically advancement and therefore continuously seek improvements throughout our products, supply chain and processing methods. One of our main objectives this year was to implement customized modules in our systems to further improve our Supply Chain work flow. Our IT and Supply Chain teams were avid contributors for this objective, leveraging their expertise and dedication to achieve this goal. The following modules have successfully implemented in our systems.

- Workflow Integration – through our customized and configured work flow, we are able to better the existing order management.
- Work Order Management – replaced the manual work order previously used in our warehousing facilities with system generated work orders.
- Budget Control for Customer Facilities – the variance of extra benefits offered to customers against their sales is monitored more meticulously.




# Health Safety & Environment

## QUALITY ASSURANCE

We take pride in providing our customers with premium quality products, produced in a healthy, safe and hygienic environment. This year we successfully re-certified our products with the following certifications without any non-conformance issues.

## RICE GLUCOSE & PROTEIN CERTIFICATIONS

- |  |   |
|--|---|
|  ISO 9001 |  BRC     |
|  NON GMO  |  Halal   |
|  HACCO    |  Organic |
|  GMP+     |  Kosher  |

## RICE CERTIFICATIONS

- |   |   |
|---|---|
|  ISO 9001  |  Halal       |
|  HACCP     |  Kosher      |
|  BRP       |  ISO 14001   |
|  ISO 22000 |  OHSAS 18001 |
|  Organic   |  Sedex       |





*Brands &  
Marketing*

## Flagship Brand

### Falak Extreme Basmati Rice

Falak Extreme Basmati Rice is an extra-long grain aromatic basmati rice. Upon cooking the rice grains can elongate to at least twice their original size and have a soft, fluffy texture. It is perfect for cooking Biryani, Zarda & Pulao.

Available in 1kg, 2kg, 5kg, 20kg and 25kg



### Falak Premium Basmati Rice

Falak Premium is the finest basmati rice. The grains are only sourced from the fertile fields of Punjab. Upon cooking the rice grains are long, naturally sweet, have a fluffy texture and the unique Basmati aroma.

Available in 1kg, 2kg, 5kg, 10kg and 25kg



### Falak Easy Cook Sella Basmati Rice

Falak Easy Cook Sella Basmati Rice is an extra-long grain basmati rice. Upon cooking the rice grains can elongate to at least twice their original size, and do not stick together or break. It is perfect for cooking Biryani, Zarda & Pulao.

Available in 1kg, 5kg, 10kg and 25kg



### Falak Daily Basmati Rice

Falak Daily is export quality Basmati Rice. It is affordable, aromatic and ideal for every day cooking.

Available in 1kg, 5kg and 25kg



### Falak Select Basmati Rice

Falak Select is pure Super Kernel Basmati Rice. It is an affordable basmati rice, ideal for all types of cuisines and every day cooking.

Available in 1kg, 2kg, 5kg, 10kg and 25kg



### Falak Organic Brown Basmati Rice Jar

Falak Organic Brown Rice is 100% organic certified EU Organic from Control Union & US NOP. It is recommended for Diabetic patients, ideal for losing weight and for those who live a fit and active lifestyle. Using our patent technology and rice processing methods, our organic brown basmati rice cooks in just 20 minutes.

Available in 1kg, 1.5kg and 2kg



### Falak Brown Basmati Rice Jar

Falak Brown Rice is ideal for losing weight and recommended for Diabetic patients. It is aromatic, nutty in flavour and a great source of well-rounded wholesome nutrition.

Available in 1.5kg



### Falak White Rice Flour

Falak White Rice Flour is 100% Gluten Free, made from finely ground rice. It is also free flowing. It is also an ideal thickening agent when making sauces and gravies.

Available in 1kg and 25kg





### Falak Gram Flour

Falak Gram Flour is 100% finely ground chick pea flour. It is free flowing.

Available in 1kg



### Falak Himalayan Pink Salt

Falak Himalayan Pink Salt is highly fortified with iron content, strengthens bones and helps control blood pressure. It is 100% organic hand-mined, crushed pink salt sourced from the Himalayan foothills.

Available in 800g (Pouch) and 150g (Shaker bottle)



### Falak Namak Iodized Salt

Falak Namak Iodized Salt is 100% pure and refined food grade iodized salt. It helps in controlling and preventing iron deficiency in adults, and aids in the healthy mental development of children.

Available in 800g



## New Products

### FALAK MASALAS

**Falak Chaat Masala** may be sprinkled on Dahi Baras, Fruit Chaat, Salads, Aloo Cholay, Haleem, Fish and all types of lentils to make your meal extra savoury(chatpata).

**Falak Zeera Raita Masala** is a delicious spicy cumin yogurt mix. It can also be sprinkled on plain yogurt and all sorts of salads.

**Falak Podina Raita Masala** is a delicious mint yogurt mix. It can also be sprinkled on plain yogurt and all sorts of salads.

**Falak Kala Namak or Black Salt** is a traditional mineral salt of the South East Asia. It is perfect for sprinkling over fruits, fruit salads and drinks.

**Falak Fries Masala** is the perfect seasoning for french fries to give them that extra delicious spicy kick. It can also be used to sprinkle over pakoras and samosas.

**Falak Dahi Bara Masala** is the perfect blend of spices, roasted to perfection, that give your Dahi Baras the best chatpata flavour! It can also be sprinkled over Fruits, Aloo Cholay, Salads, Haleem and all types of lentils.

**Falak Peri Peri Seasoning** is the delicious combination of unique exotic spices. It is great for sprinkling over Fries, Salads, Soups, Chicken, Steaks, Sauces and more. It can also be used as a dry rub for steaks and chicken.



## FALAK PREMIUM GRINDER BOTTLES

### Falak Himalayan Pink Salt Grinder Bottle

Falak Himalayan Pink Salt Grinder Bottle contains 100% organic, hand-mined pink salt rocks sourced from the Himalayan foothills. It is highly fortified with iron content, strengthens bones and helps control blood pressure. It is ideal for using over soups, salads and all types of cuisines.



Available in 200g

### Falak Whole Black Peppercorn Grinder Bottle

Falak Whole Black Peppercorn Grinder Bottle is a premium product containing 100% pure large whole black peppercorns. It is ideal for using over soups, salads and all types of cuisines.



Available in 100g

### Falak Kheer Mix

Falak Kheer Mix is the perfect traditional dessert, prepared within minutes, for an unmatched delicious experience. It contains the finest quality ingredients and guarantees the same mouth-watering result every time. Upon cooking the kheer is thick, rich and creamy and echoes the traditional aroma of cardamom and pistachios.



Available in 155g

### Falak Vermicelli

Falak Vermicelli is great for making traditional desserts like Meethi Seviyan and Sheer Khurma and is free from artificial colouring and flavours. Upon cooking, the vermicelli does not break and maintains its shape.

Available in 150g



### Falak Ginger Garlic Paste Range

Our essential every day cooking solution paste range includes, Ginger Paste, Garlic Paste and Ginger & Garlic Paste. It is a great time saving cooking staple, perfect for curries, stews and marinating meats and vegetables.

Available in 750g



## Marketing Campaigns

### FALAK KHEER MIX – WOHI MEETHI RIWAYAT!

This year we introduced Falak Kheer Mix, our first product in the dessert mix range, in both local and international markets. The launch of this product was just before Ramadan Season, so we decided to combine this event with our local Ramadan consumer offer – Free Kheer Mix with every purchase of a 5kg Falak rice brand. This allowed us to capitalize on the incremental consumption of our rice brands during Ramadan purchasing and facilitated trail generation of our Kheer Mix.



To create awareness and enhance consumption of this new product, we ran a nationwide radio campaign on all leading channels for the months leading up to and including Ramadan, along with social media advertisement and outdoor hoardings. In-store taste trial activities in International and Local Modern Trade Stores (IMTs and LMTs) in all the major cities of Pakistan were also conducted using our brand promoters.

To promote off-season consumption of Kheer, we also reduced the retail price of this product nationwide. Prominent out of category displays in major IMTs like Hyperstar and Metro were also taken to promote this offer.



### BRAND AMBASSADOR CHEF MEHBOOB

This year we also sponsored Masala TV's program Chef Mehboob's Kitchen for the month of March, with a repeat telecast in April and May, for the product integration of all Falak brands in the cooking show episodes, which generated immense popularity for our products and boosted sales.



As part of our ongoing marketing tour, the team visited stores in all major cities like Lahore, Islamabad, Karachi, Faisalabad etc. with Chef Mehboob for creating brand awareness and customer interaction. Stores like Hyperstar, Metro and Chase advertised the upcoming visit of Chef Mehboob in store and on their social media which increased the consumer footfall immensely. Free product samples were given from our in-store kiosks, along with cooking demonstrations, and Q&A sessions between Chef Mehboob and the customers.

Recipe books featuring the Chef were also created and given to customers nationwide by our in-store promoters, and inserted in every 5kg Falak rice brand.

### FALAK MASALAS – HAR ZARRAH CHATPATA!

Our masala range was launched with the aim of offering consumers conveniently packed masalas that are used in everyday cooking and by all consumer profiles. Falak Zeera and Podina Raita Masalas were promoted to highlight their perfect combination with Biryani and Pulao dishes. Our nationwide Consumer Promotion of Free Zeera Raita or Podina Raita, with every purchase of 5kg Falak Extreme or Falak Premium ran from May to June.



### FALAK ORGANIC BROWN BASMATI RICE

Keeping up with global trends of increasing focus on health and wellness, we introduced Falak Organic Brown Basmati Rice, the only 'Quick Cooking' brown rice in Pakistan, certified USDA and EU Organic by Control Union. We used our patent technology to dramatically reduce the cooking time of brown rice to just 20 minutes and allow the rice to maintain its natural long slender shape and avoid curling. As an introductory Consumer Offer we gave special discount to consumers on the purchase of our Organic Brown Rice. This allowed us to generate significant growth for this new product and encouraged product trials.



### NEW LOOK, SAME GREAT TASTE!

This year we updated the packaging design of our entire local range of rice products, featuring a clean, new design and colour scheme. This new packaging has been met with a great response from our customers nationwide.



## Exhibitions & Consumer Engagement

This year we participated in major local exhibitions like My Karachi organized by the Karachi Chamber of Commerce, and the Masala Exhibitions in Karachi and Lahore. These events were great platforms for us to conduct sampling activities and trial generation of our new products like Kheer Mix and Masalas.

In addition to sampling and sales of our products, these exhibitions provided an opportunity to engage with the Falak Brand Ambassador, Chef Mehboob which attracted huge crowds.



## SOCIAL MEDIA

We regularly engage our social media followers through online competitions, recipe sharing, videos and exclusive online offers. This allows us to not only promote our products and increase brand awareness but provides us with a platform for regular feedback and interaction with our customers.



# International Coverage

## EXHIBITIONS

This year we successfully participated in 4 major international exhibitions. The exhibitions served as an opportunity to meet with our existing global partners and customers, and paved way to explore potential new business opportunities and form new relationships.

GULFOOD and ANUGA have been regular features in our international business expansion for over 5 years. This year the response was more phenomenal than usual with the largest number of attendees ever.

We participated in Food Ingredients Europe and Supply Side West for the first time this year, which proved to be a great success for the growth of our existing products and more so for our new Rice Glucose business.

## FOOD INGREDIENTS EUROPE – NOVEMBER 2017



## ANUGA GERMANY – OCTOBER 2017



## GULFOOD – FEBRUARY 2018



## TRIAL GENERATION

Pakistan Embassy in Lebanon – Free samples were given at the event of Pakistan Day on 23rd March at the Embassy in Lebanon.

Sampling – Biryani taste trials were conducted using Falak Extreme in North America, Canada and Europe. Free samples were also distributed at the event, and the feedback was phenomenal. Since then sales have shown a promising growth trend.





Stakeholder  
*Information*



## Company Information

### BOARD OF DIRECTORS

Mr. Jawed Ali Ghorl	Chairman
Mr. Khalid Sarfaraz Ghorl	Chief Executive Officer
Dr. Tariq Ghorl	Director
Mr. Faizan Ali Ghorl- CFA	Director
Mr. Syed Kamran Rashid	Independent Director
Mr. Naeem ur Rehman Akhoond	Independent Director
Mr. Abdul Samad Khan	Independent Director

### AUDIT COMMITTEE

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

### CHIEF FINANCIAL OFFICER

Muhammad Jawed Ismail

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Syed Kamran Rashid	Chairman
Mr. Jawed Ali Ghorl	Member
Dr. Tariq Ghorl	Member

### COMPANY SECRETARY

Muhammad Latif Qureshi

### HEAD OF INTERNAL AUDIT

Mr. Tariq Iqbal

### LEGAL ADVISOR

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

### AUDITORS

Grant Thornton Anjum Rahman  
Grant Thornton Anjum Rahman (GTAR)  
1st and 3rd Floor, Modern 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 (Private Limited)

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

### BANKERS

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

JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Standard Chartered Bank  
United Bank Limited

### COMPANY LOCATIONS

REGISTERED OFFICE

Matco Foods Limited  
L-24/1 Block 21, F.B. Industrial Area, Karachi, Pakistan  
P.O. Box No. 75950  
Phone: +92(21) 3631 5099, +92(21) 3631 1649,  
Fax: +92(21) 3632 0509

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,  
Karachi, Pakistan

SADHOKE PLANT

50 KM, Main G.T. Road  
Sadhoke District, Gujranwala, Punjab  
P.O. Box No. 52386  
Phone: +92(55) 666 5774, +92(55) 666 5676

Web Address  
Email Address

www.matcofoods.com  
contact@matcofoods.com

## CEO's Message

I feel proud to share with you that 2017-18 has turned out to be a great year for Matco Foods. Our philosophy of innovation, research, quality and excellence has continued to guide us in creating value for all our stakeholders, enabling us to reach new heights.

In line with our mission to provide quality food products that offer convenience, we have successfully launched our Kheer Mix, Ginger & Garlic Pasta range, Masalas and Premium Grinders in the market. Keeping pace with evolving markets dynamics of health-conscious consumers, our healthy range of products now includes Organic Brown Basmati Rice and Himalayan Pink Salt. The successful commencement of exports in our Rice Glucose and Rice Protein division have also opened new avenues in the US and European markets for our products. Moreover, new customers have also been added in our local sales.

This year's drive for Operational Excellence has resulted in significant Manufacturing, Supply Chain and Technological developments in our systems and processes. The upgrading of our servers to DL 380 Gen 9 was also a big win for our IT team for our Supply Chain. Focus on training and development through Matco University of Management Sciences (MUMS), has allowed our people to enhance their skills set and competencies and encouraging an environment of learning. We are constantly working to ensure all our products and production methods are certified by global standards and practices. Our focus on the health and safety of our people and environment is also one of our main priorities, for which we conduct employee training and surprise evacuation drills.

As a socially responsible company, we at Matco Foods are committed to giving back to the community and individuals that have enabled us to thrive. This year we have made contribution for health, education and several welfare projects on various platforms.

Moving forward in the face of economic volatility, new challenges and competition, we continue our drive for excellence, investing in our employees, forming new partnerships, strengthening our current relationships and creating greater value for all our stakeholders. Looking forward to another year of excellence!



**Khalid Sarfaraz Ghori**  
CEO





*Corporate  
Governance*

## Director's Profile



**MR. JAWED ALI GHORI**  
CHAIRMAN

Jawed Ali Ghori completed his Diploma in Associate Engineering in 1968 and then graduated in economics and political science from University of Karachi in 1971. He completed several government and semi-government projects that were awarded to Matco Engineering. Some notable projects include 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 Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines Limited (SNGPL).

His 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 parboiled rice plant of 10 MT/hour capacity on turn-key basis for P.N.P Rice Mills at Dhaunkal, Punjab. When the private sector of 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 Chairman of Matco, he has over 50 years of experience in rice processing, establishment of rice industries and worldwide rice exports. He has served as Chairman of REAP and Chairman Federal B Industrial Area Association.



**MR. 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 from 1981 - 1984. However, rapid growth in the business required his immediate presence at Dhaunkal turnkey project in 1984. 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, he contributed to the project from the drawing board stage to the final fabrication, installation and operations. In 1995, he 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", and utilizes his vast experience in assessing the qualities of agri-products. He 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.



**DR. TARIQ GHORI**  
EXECUTIVE DIRECTOR  
EXPORT SALES & MARKETING

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.



**MR. FAIZAN GHORI, CFA**  
EXECUTIVE DIRECTOR  
FINANCE

Faizan Ali Ghori joined Matco in 2006 with the overall responsibility of Accounts and Finance Department 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 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. He has also worked at Citigroup (Karachi) and Jahangir Siddiqui Capital Markets during internships. 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 Programme conducted by the Pakistan Institute of Corporate Governance.

In 2017 he conceptualized and initiated the setup of Matco's Rice Glucose and Protein Plant. The plant has begun commercial production and supplies to both local and international markets. Phase II of the Rice Glucose Expansion Project is also underway.

## Director's Profile



**MR. NAEEM UR REHMAN**  
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).



**MR. SYED KAMRAN RASHID**  
INDEPENDENT DIRECTOR

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.



**MR. ABDUL SAMAD KHAN**  
INDEPENDENT DIRECTOR

Mr. Abdul Samad Khan completed his MBA from IBA, Karachi in 1988 and joined Engro. He worked in various roles in Engro Corporation and left in Dec 2014 when he was the CEO of Engro Eximp Pvt. Ltd.

He served on various Boards in Engro which include Engro Foods Ltd, Polymer and Chemicals Ltd., Engro Eximp Ltd. & Engro Eximp Agriproducts Pvt. Ltd. He was involved in various business development roles in Engro which included the expansion of import based fertilizers, as well as, the rice procurement and export business. He has extensive experience of the rice industry in Pakistan and the export market.

He is serving as the CEO of AGVEN Pvt. Ltd. since July 2015 which is involved in the import and marketing of fertilizer products in Pakistan. The company markets fertilizer products under its own brand in Pakistan and has captured an appreciable market share since its inception only a few years ago.




## Chairman's Review

By the Grace of ALLAH (SWT), It is my immense pleasure to present this report to the shareholders of the Company which pertains to the overall performance of the Board of Directors and their dedication, commitment and efforts towards achievement of Company's goals and driving the Company on the path of success, profitability and growth.

The Company is focusing on implementation of a strong governance environment that facilitates the board in making prudent decisions on all business matters which is regarded as instrumental in achieving the long term success of the Company.

During the financial year ended June 30, 2018, the Board of Directors and its sub-committees worked with an acceptable level of diligence and proficiency to best advice and guide the Company towards achieving its potential. The assessment is based on an evaluation of engagement in strategic planning; monitoring the organization's business activities; monitoring financial resource management; effective oversight and equitable treatment of all employees and efficiency in carrying out the Board's business. The outcome of this assessment is that all members of Board of Directors are equally engaged in strategic decision making, putting effective control environment and aware of all business information in a timely manner. As per requirement of Code of Corporate Governance, requisite number of independent directors are appointed in sub committees and they are encouraged to participate and involve in all business decisions in the Board of Directors meetings.

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 the Financial Statements, taken as a whole, are fair, balanced and comprehensive.



**Mr. Jawed Ali Ghori**  
Chairman



## Director's 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, 2018.

### OPERATING RESULTS

	UN CONSOLIDATED		CONSOLIDATED	
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Sales – net	6,869,392,098	6,134,424,678	6,879,602,731	6,158,480,346
Cost of sales	(5,862,040,117)	(5,169,060,783)	(5,861,897,104)	(5,178,778,848)
<b>GROSS PROFIT</b>	<b>1,007,351,981</b>	<b>965,363,895</b>	<b>1,017,705,627</b>	<b>979,701,498</b>
Distribution expenses	(300,137,146)	(291,888,742)	(304,850,154)	(291,888,742)
Administrative expenses	(198,099,318)	(175,231,633)	(203,619,372)	(181,165,750)
Finance cost	509,115,517	498,243,520	509,236,101	506,647,006
Other income	(239,704,316)	(211,904,903)	(240,005,015)	(212,124,511)
Exchange gain – net	17,849,819	36,616,630	17,849,819	36,616,630
Provision for WWF	72,858,009	34,999,406	72,858,009	34,999,406
Provision for WPPF	(7,066,909)	(3,073,894)	(7,066,909)	(3,073,894)
Provision for WPPF	(15,263,606)	(12,836,230)	(15,283,606)	(12,836,230)
<b>PROFIT BEFORE TAX</b>	<b>337,788,513</b>	<b>342,044,529</b>	<b>337,588,399</b>	<b>350,228,407</b>
Income tax expense	(29,495,558)	(73,075,620)	(29,522,349)	(73,075,620)
<b>PROFIT FOR THE YEAR</b>	<b>308,292,955</b>	<b>268,968,909</b>	<b>308,066,050</b>	<b>277,152,787</b>
<b>EARNINGS PER SHARE</b>	-	-	-	-
<b>(BASIC AND DILUTED)</b>	<b>3.13</b>	<b>2.73</b>	<b>3.13</b>	<b>2.82</b>

The Company reported net sales of Rs. 6,869 million as against sales of Rs. 6,134 million representing a sales growth of 11.98%. The gross profit for the year was Rs. 1,007 million as compared to Rs. 965 million showing an increase of 4.35%. Besides this net profit margin has also witnessed an increase of 14.62% i.e. Rs. 308.3 million in the current year which was 268.9 million in the last year. Margins 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 I) and listing of the Company. During the year, Company's basmati per metric ton average export prices were USD 1,119.68 against USD 849.83 in the comparative last year.

The Group profitability also remained at same level mainly because of VAT implementation on UAE which resulted in depressed business environment in UAE due to which the subsidiary performance were at breakeven level.

Last year, the Company has also availed tender business of 5,000 metric tons of Rs. 370 million but no such business opportunity arose during the current year. However, the Company has fetched good export prices which benefited the Company in higher gross profit despite of low volume.

Pakistan overall rice exports increased by 26.78% in value terms and 16.54% in quantitative terms whereas Matco recorded export sales growth of 21.77% in value terms only because of focusing on high margin basmati rice and decline by 16.11% in quantitative terms due to absence of tender business and decline in IRRI export which was voluntarily curtailed due to very low margin.

The management is constantly striving for growth in export sales and putting more focus on increasing local market share to improve profitability and volumetric growth and profitability in the next financial year.

### APPROPRIATION

Considering the financial performance of the Company for the year ended June 30, 2018, the Board of Directors of the Company at its meeting held on September 6, 2018 has proposed a final cash dividend, of Rs. 0.4 per share (i.e. 4%) along with bonus shares, 5 shares for every 100 shares held (i.e. 5%). 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:

- Highly volatility in the local and export rice prices;
- Stiff competition and entrants of new competitors;
- Government regulations;
- Adverse movement in foreign exchange rates; and
- Overall production and harvesting of rice crop.

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

# Director's Report

## BRIEF ON RICE GLUCOSE PROJECT

We are pleased to announce that our expansion plans are in line with the provided frame work for the rice glucose plant (phase II) for which the Company has raised equity and went to initial public offering. The civil work on the site has already been started. Letter of credits against the main plant and all other ancillary machinery has been established. The Company is timely updating quarterly reports to the PSX and SECP and placing the same on PSX website.

## COMPOSITION OF BOARD

The board consists of 7 male directors with following composition:

Independent directors	3
Non-executive directors	1
Executive directors	3
Total number of directors	7

During the year, Mr. Abdul Samad Khan, independent director, has been appointed on March 21, 2018 in place of Mr. Iftikhar Soomro, independent director who resigned on December 26, 2017.

## REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

## MEETINGS OF THE BOARD AND ATTENDANCE

During the year under review, four (04) 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	4
Dr. Tariq Ghori	2
Mr. Faizan Ali Ghori – CFA	4
Mr. Naeem Ur Rehman Akhoond	2
Syed Kamran Rashid	2
Mr. Iftikhar Soomro	2
Mr. Abdul Samad Khan	1

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

## AUDIT COMMITTEE

During the year under review, four (04) 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	4

Mr. Abdul Samad Khan has been appointed as member of audit committee effective from April 26, 2018.

## 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

Three 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 the year ended June 2019 subject to approval of the shareholders on a fee mutually agreed.

## PATTERN OF SHAREHOLDING

The pattern of shareholding has been annexed to this report.

## 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 to recall the recommended measures to safely exit from hazardous conditions.

The Company also encourages its employees to identify potentially hazardous conditions, incorporates health and safety considerations into their daily activities and provides training on work safety and sound environmental practices.



## Director's Report

### 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.

The Company made donations amounting to PKR 0.545 million for health, education and social welfare projects.

### 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.

### 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.
- 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.
- 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.
- The Board has decided that any employee of MFL having monthly gross salary of Rs. 300,000 or above should be considered as "Executives" for the purpose of Rule 5.19.11 and Rule 5.9.15 of the PSX Rule Book.

### LEVEL OF MATERIALITY

The management has adopted a materiality approach which is based on a combination of stakeholder engagement, understanding of environmental limits and strategic alignment. It has made the process, assumptions and evidences the base for identifying material issues for more transparent, credible and amenable disclosures to have more transparency on risk and opportunities.

### SALES & MARKETING STRATEGY

The Company is very much focused on "Falak" Brand development and registered 20.60% value growth in Brand export sales. Company has 68 international distributors including 10 new distributors appointed during the reporting period in Hong Kong, Melbourne, Czech Republic, Valencia Spain, Malmo Sweden, Mauritius, U.S.A. and Bangladesh.

Currently in domestic market Falak is available in 55 major towns including 18 new towns added during last 12 months. Major new towns are Larkana, Rahim Yar Khan, Sialkot, Sargodha and Jhung. The Company has registered 11.13% volume growth and 46.64% value growth in local Brand sales in the last six months of the current year.

### INDUSTRY OUTLOOK

As mentioned in the performance review, Pakistani basmati rice export growth recorded by 10.97% in quantitative terms and by 19.14% 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 constraints for Indian Basmati exports to the EU market and allowed Pakistani Basmati exports to flourish. Further volume growth is also expected in 2018-19 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. Demand from Iran for Pakistani Basmati rice is also non-existent due to sharp currency devaluation in Iran and strict currency controls.

## Director's Report

### LISTING ON PAKISTAN STOCK EXCHANGE

Your company conducted an Initial Public Offering (IPO) of 29,143,000 ordinary shares of the company in February-2018 which received great response from the bidders through book building and general public. The strike price was determined at Rs. 26/- per share. The management of company would like to pay their sincere gratitude to valued investors who have shown their confidence and trust in the company.

### 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

#### Rice Division

The Company continued its focus on building the Falak brand in the local and the export markets. The Company is also participating in international exhibition in USA, Canada, UAE and Europe from time to time, where new products were also marketed and new distributors were added for certain cities. 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. In the local market, the Company is reaching new towns in Sindh and Baluchistan and also enhancing shop branding in Karachi and KPK province.

#### Rice Glucose Division

The Company has successfully started the export of Rice Glucose and Rice Protein from the existing rice glucose plant (Phase I). 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. The Company is also developing other related products such as Invert Syrup (High Fructose 42), the experiment of which was successful in the local market.

#### New Product Development

The Company has aim to launch at least 2 new products in a year for achieving diversified growth in FMCG market under the umbrella of Falak Brand. The Company has put more focus on good demanded products such as regular and pink salt, pepper sold in grinder bottle and Falak masalas which are showing smooth growth in the local as well as the export market. New product launched this year was Falak Kheer mix which has been successfully exported and also sold domestically with repeated orders.

### Cost Control Measures

The Company is proactively working on production cost optimization and re-engineering supply chain and logistic function for internal and external movement of raw material and finished goods.

### Matco Group

The Subsidiary Company (JKT General Trading FZE) is facing challenges in the UAE market because of Implementation of VAT and inflationary effect of taxation which diminish purchasing power of the consumers. Besides this, the political instability and GCC countries chaos and conflicts further pressurized the business environment. Just like others, the Group is also looking forward for an amicable solution of the GCC region which will streamline the business activities.

Matco Group has aggressively focused on venturing of new markets and customers and recently attended major international food exhibitions held USA, Canada and Europe and received very good feedback and expecting good future orders of rice and rice glucose products.

### RETIREMENT FUND

The company is maintaining unfunded gratuity, during the year company has made a provision of Rupees 15.859 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 SHARE OF THE COMPANY

After listing, following trade in the shares of the company were carried out by the Directors, CEO, CFO, company secretary, their spouses and minor children and other related parties.

Director/Related Party	Shares	Nature of Transaction
Mr. Faizan Ali Ghori	20,000	Buy
M/s. Ghori Trust	200,000	Buy

### 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 *Review*



## FINANCIAL SUMMARY

	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees
Sales- net	6,869,392,098	6,134,424,678	5,577,876,046	6,088,889,764	8,159,997,401	6,289,407,135
Cost of sales	(5,862,040,117)	(5,169,060,783)	(4,939,056,502)	(5,193,911,699)	(7,279,257,396)	(5,440,518,374)
<b>GROSS PROFIT</b>	<b>1,007,351,981</b>	<b>965,363,895</b>	<b>638,819,544</b>	<b>894,978,065</b>	<b>880,740,005</b>	<b>848,888,761</b>
Distribution expenses	(300,137,146)	(291,888,742)	(284,254,590)	(273,849,205)	(338,457,325)	(296,928,606)
Administrative expenses	(198,099,318)	(175,231,633)	(158,891,253)	(165,777,878)	(131,535,904)	(106,108,624)
	(498,236,464)	(467,120,375)	(443,145,843)	(439,627,083)	(469,993,229)	(403,037,230)
<b>OPERATING PROFIT</b>	<b>509,115,517</b>	<b>498,243,520</b>	<b>195,673,701</b>	<b>455,350,982</b>	<b>410,746,776</b>	<b>445,851,531</b>
Finance cost	(239,704,316)	(211,904,903)	(203,748,693)	(294,054,686)	(332,690,119)	(245,099,736)
Other income	17,849,819	36,616,630	17,958,134	2,405,886	9,354,705	1,968,983
Exchange gain-net	72,858,009	34,999,406	32,647,079	1,082,414	173,675,465	(2,188,302)
Provision for workers' welfare fund	7,066,909	(3,073,894)	(4,582,309)	(4,904,873)	(6,646,345)	(4,999,764)
Provision for workers' profit participation fund	(15,263,606)	(12,836,230)	-	-	-	-
<b>PROFIT BEFORE TAX</b>	<b>337,788,513</b>	<b>342,044,529</b>	<b>37,947,912</b>	<b>159,879,723</b>	<b>254,440,481</b>	<b>195,532,712</b>
Income tax Expense	(29,495,558)	(73,075,620)	(34,032,170)	(62,104,205)	(77,383,296)	(64,690,460)
<b>PROFIT FOR THE YEAR</b>	<b>308,292,955</b>	<b>268,968,909</b>	<b>3,915,742</b>	<b>97,775,518</b>	<b>177,057,185</b>	<b>130,842,252</b>
Basic Earning per share	<b>3.13</b>	<b>3.08</b>	<b>0.04</b>	<b>1.12</b>	<b>2.03</b>	<b>1.50</b>

	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees
<b>EQUITY AND LIABILITIES</b>						
Share capital and reserves						
Authorized capital	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	900,000,000	700,000,000
Issued, subscribed and paid up capital	1,165,720,940	874,290,940	874,290,940	874,290,940	874,290,940	582,860,630
Capital reserve	739,367,162	318,382,823	318,382,823	318,382,823	318,382,823	318,382,823
Unappropriated profit	1,676,797,324	1,378,821,835	1,092,909,323	1,043,309,602	905,962,623	1,067,443,388
	3,581,885,426	2,571,495,598	2,285,583,086	2,235,983,365	2,098,636,386	1,968,686,841
Surplus on revaluation of property, plant and equipment	546,781,614	571,665,218	598,918,688	782,294,111	831,056,806	268,724,013
<b>Total shareholders' equity</b>	<b>4,128,667,040</b>	<b>3,143,160,816</b>	<b>3,003,264,871</b>	<b>3,018,277,476</b>	<b>2,929,693,192</b>	<b>2,237,410,854</b>
<b>Non-current liabilities</b>						
Long term finances-secured	246,556,904	322,791,864	144,790,827	198,624,235	205,253,021	180,388,197
Liabilities against assets subject to finance lease	29,284,420	17,162,341	9,408,482	6,540,244	-	-
Deferred liability-staff gratuity	143,634,827	158,304,034	160,538,925	33,292,746	22,688,772	16,182,437
Deferred income	632,508	995,175	664,350	743,572	-	-
<b>Total non-current liabilities</b>	<b>420,108,659</b>	<b>499,253,414</b>	<b>315,402,584</b>	<b>239,200,797</b>	<b>227,941,793</b>	<b>196,570,634</b>
<b>Current liabilities</b>						
Trade and other payables	225,928,452	332,612,662	195,186,075	326,933,333	363,689,093	83,359,648
Advance from customers secured	24,883,671	193,592,016	202,101,374	277,272,392	465,278,758	366,807,347
Accrued mark-up	48,767,428	46,056,163	49,935,930	35,801,437	45,866,374	46,294,134
Short term borrowings secured	4,081,779,753	3,886,835,593	3,197,027,943	3,487,154,044	3,294,096,642	2,839,639,335
Current portion of long term finances-secured	84,029,706	96,733,247	58,372,319	53,413,597	70,430,961	57,017,731
Current portion of liabilities against assets subject to finance lease	-	-	-	-	-	-
Unpaid Dividend	12,226,289	7,999,276	4,475,892	2,568,696	-	-
Provision for taxation-net	761,095	-	-	-	-	-
	21,260,847	28,936,787	-	7,832,111	10,886,344	16,889,740
<b>Total current liabilities</b>	<b>4,499,637,241</b>	<b>4,592,765,744</b>	<b>3,707,099,533</b>	<b>4,190,975,610</b>	<b>4,250,248,172</b>	<b>3,410,007,935</b>
<b>Total liabilities</b>	<b>4,919,745,900</b>	<b>5,092,019,158</b>	<b>4,022,502,117</b>	<b>4,430,176,407</b>	<b>4,478,189,965</b>	<b>3,606,578,569</b>
Contingencies and commitments	-	-	-	-	-	-
<b>Total equity and liabilities</b>	<b>9,048,412,940</b>	<b>8,235,179,974</b>	<b>6,907,003,891</b>	<b>7,448,453,883</b>	<b>7,407,883,157</b>	<b>5,843,989,423</b>

## FINANCIAL SUMMARY

	2018 Rupees	2017 Rupees	2016 Rupees	2015 Rupees	2014 Rupees	2013 Rupees
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	2,168,585,255	2,141,308,121	1,790,412,727	1,886,558,277	1,968,646,533	1,350,926,317
Intangible assets	-	-	4,903,588	9,807,177	-	-
Long term deposits	13,048,793	10,990,923	11,421,331	8,498,631	8,014,556	8,002,538
Long term investment	31,082,707	23,582,747	23,582,747	23,582,747	23,582,747	-
<b>Total non-current assets</b>	<b>2,212,716,755</b>	<b>2,175,881,791</b>	<b>1,830,320,393</b>	<b>1,928,446,832</b>	<b>2,000,243,836</b>	<b>1,358,928,855</b>
<b>Current assets</b>						
Stores, spares and loose tools	18,727,268	13,829,554	15,183,208	18,339,382	16,075,173	12,188,421
Stock in trade	5,138,980,796	5,240,490,964	4,505,685,485	4,829,588,256	4,689,714,562	3,369,564,485
Trade debts-considered good	674,463,623	541,532,773	384,215,522	481,802,657	520,716,600	575,335,549
Short-term loans and advances	83,732,051	58,171,589	12,655,050	15,760,817	12,064,811	305,097,195
Trade deposits and short term prepayments	10,843,438	8,973,160	14,179,556	13,096,968	15,901,996	11,009,208
Short-term investment	500,000	500,000	-	-	-	-
Interest Accrued	-	-	-	-	160,555	-
Other receivables	85,369,946	84,745,163	51,264,224	43,815,544	52,718,317	46,151,314
Advance tax- net	-	-	4,287,321	-	-	-
Accrued markup on term deposit certificates	-	-	-	-	-	790
Cash and bank balances	823,079,063	111,054,980	89,213,132	117,603,427	100,287,307	165,713,606
<b>Total current assets</b>	<b>6,835,696,185</b>	<b>6,059,298,183</b>	<b>5,076,683,498</b>	<b>5,520,007,051</b>	<b>5,407,639,321</b>	<b>4,485,060,568</b>
<b>Total assets</b>	<b>9,048,412,940</b>	<b>8,235,179,974</b>	<b>6,907,003,891</b>	<b>7,448,453,883</b>	<b>7,407,883,157</b>	<b>5,843,989,423</b>

## FINANCIAL RATIOS

Financial Ratios	UoM	2018	2017	2016	2015	2014	2013
<b>Profitability Ratios</b>							
Gross profit to sales	Percent	15%	16%	11%	15%	11%	13%
Net profit after tax to sales	Percent	4%	4%	0%	2%	2%	2%
EBITDA to sales	Percent	11%	11%	7%	10%	9%	8%
Return on equity after tax	Percent	7%	9%	0%	3%	6%	6%
Return on capital employed	Percent	11%	14%	6%	14%	13%	18%

Financial Ratios	UoM	2018	2017	2016	2015	2014	2013
<b>Liquidity Ratios</b>							
Current ratio *	times	1.38	1.32	1.37	1.32	1.27	1.32
Quick / Acid test ratio *	times	19%	14%	13%	14%	15%	22%
Cash to current liabilities *	times	4%	2%	2%	3%	2%	5%

\* For the purpose of consistency IPO proceed balance has been eliminated in the year 2018.

Financial Ratios	UoM	2018	2017	2016	2015	2014	2013
<b>Investment Valuation Ratios</b>							
Earning per share	rupees	3.13	3.08	0.04	1.12	2.03	1.50
Market value per share	rupees	37.58	-	-	-	-	-
Price earning ratio	times	12.01	-	-	-	-	-
Break-up value per share with surplus	rupees	35.42	36.00	33.00	34.50	33.50	25.60

Financial Ratios	UoM	2018	2017	2016	2015	2014	2013
<b>Capital Structure Ratios</b>							
Debt to equity ratio	times	1.19	1.62	1.30	1.47	1.53	1.61

## VERTICAL ANALYSIS

	2017-18		2016-17		2015-16		2014-15		2013-14		2012-13	
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
<b>Balance Sheet Items</b>												
Property Plant and Equipment	2,168,585,255	24.0	2,168,585,255	26.0	2,141,308,121	25.9	1,886,558,277	25.3	1,968,646,533	26.6	1,350,926,317	23.1
Other Non-current assets	44,131,500	0.5	44,131,500	0.4	34,573,670	0.6	41,888,555	0.6	31,597,303	0.4	8,002,538	0.1
Current assets	6,835,696,185	75.5	6,835,696,185	73.6	6,059,298,183	73.5	5,520,007,051	74.1	5,407,639,321	73.0	4,485,060,568	76.7
<b>Total Assets</b>	<b>9,048,412,940</b>	<b>100</b>	<b>9,048,412,940</b>	<b>100</b>	<b>8,235,179,974</b>	<b>100</b>	<b>7,448,453,883</b>	<b>100</b>	<b>7,407,883,157</b>	<b>100</b>	<b>5,843,989,423</b>	<b>100</b>
<b>Shareholders' Equity</b>												
Shareholders' Equity	4,128,667,040	45.6	3,143,160,816	38.2	2,884,501,774	43.5	3,018,277,476	40.5	2,929,693,192	39.5	2,237,410,854	38.3
Non-Current Liabilities	420,108,659	4.6	499,253,414	6.1	315,402,584	2.8	239,200,797	3.2	227,941,793	3.1	196,570,634	3.4
Current Liabilities	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	3,410,007,935	58.4
<b>Total Shareholders' Equity &amp; Liabilities</b>	<b>9,048,412,940</b>	<b>100</b>	<b>8,235,179,974</b>	<b>100</b>	<b>6,907,003,891</b>	<b>100</b>	<b>7,448,453,883</b>	<b>100</b>	<b>7,407,883,157</b>	<b>100</b>	<b>5,843,989,423</b>	<b>100</b>
<b>Profit &amp; Loss Items</b>												
Net sales	6,869,392,098	100	6,134,424,678	100	5,577,876,046	100	6,088,889,764	100	8,159,997,401	100	6,289,407,135	100
Cost of Products Sold	(5,862,040,117)	(85.3)	(5,169,060,783)	(84.3)	(4,939,056,502)	(88.5)	(5,193,911,699)	(85.3)	(7,279,257,396)	(89.2)	(5,440,518,374)	(86.5)
Gross Profit	1,007,351,981	14.7	965,363,895	15.7	638,819,544	11.5	894,978,065	14.7	880,740,005	10.8	848,888,761	13.5
Operating Profit	509,115,517	7.4	498,243,520	8.1	195,673,701	3.5	455,350,982	7.5	410,746,776	5.0	445,851,531	7.1
Profit before taxation	337,788,513	4.9	342,044,529	5.6	37,947,912	0.7	159,879,723	2.6	254,440,481	3.1	195,532,712	3.1
Profit for the year	308,292,955	4.5	268,968,909	4.4	3,915,742	0.1	97,775,518	1.6	177,057,185	2.2	130,842,252	2.1



## PATTERN OF SHAREHOLDING

As on June 30,2018

Form 34

Sr. No.	No of Shares Holders	Shareholding		Total Sharesheld	Percentage
		From	To		
1	105	1	100	2,531	0.00%
2	959	101	500	471,609	0.40%
3	583	501	1,000	577,627	0.50%
4	692	1,001	5,000	1,988,130	1.71%
5	195	5,001	10,000	1,652,507	1.42%
6	65	10,001	15,000	870,000	0.75%
7	40	15,001	20,000	751,000	0.64%
8	25	20,001	25,000	603,059	0.52%
9	15	25,001	30,000	429,000	0.37%
10	16	30,001	35,000	542,764	0.47%
11	12	35,001	40,000	461,970	0.40%
12	3	40,001	45,000	133,500	0.11%
13	21	45,001	50,000	1,032,660	0.89%
14	4	50,001	55,000	211,838	0.18%
15	6	55,001	60,000	356,500	0.31%
16	3	60,001	65,000	190,000	0.16%
17	3	65,001	70,000	202,000	0.17%
18	4	70,001	75,000	295,500	0.25%
19	4	75,001	80,000	313,000	0.27%
20	1	85,001	90,000	89,000	0.08%
21	1	90,001	95,000	95,000	0.08%
22	6	95,001	100,000	596,000	0.51%
23	1	100,001	105,000	100,500	0.09%
24	3	105,001	110,000	326,500	0.28%
25	1	110,001	115,000	112,335	0.10%
26	1	115,001	120,000	117,683	0.10%
27	2	120,001	125,000	250,000	0.21%
28	3	125,001	130,000	384,000	0.33%
29	1	130,001	135,000	134,000	0.11%
30	1	140,001	145,000	144,500	0.12%
31	2	145,001	150,000	300,000	0.26%
32	1	155,001	160,000	160,000	0.14%
33	1	165,001	170,000	167,500	0.14%
34	1	180,001	185,000	184,000	0.16%
35	1	185,001	190,000	190,000	0.16%

As on June 30,2018

Form 34

Sr. No.	No of Shares Holders	Shareholding		Total Sharesheld	Percentage
		From	To		
36	2	195,001	200,000	400,000	0.34%
37	1	205,001	210,000	206,000	0.18%
38	1	220,001	225,000	222,500	0.19%
39	1	235,001	240,000	240,000	0.21%
40	1	240,001	245,000	245,000	0.21%
41	4	245,001	250,000	992,598	0.85%
42	1	265,001	270,000	267,500	0.23%
43	1	275,001	280,000	279,189	0.24%
44	1	295,001	300,000	300,000	0.26%
45	1	300,001	305,000	300,500	0.26%
46	1	330,001	335,000	332,500	0.29%
47	1	340,001	345,000	345,000	0.30%
48	2	380,001	385,000	763,500	0.65%
49	1	395,001	400,000	400,000	0.34%
50	1	400,001	405,000	405,000	0.35%
51	2	425,001	430,000	855,000	0.73%
52	1	455,001	460,000	460,000	0.39%
53	1	495,001	500,000	500,000	0.43%
54	1	500,001	505,000	500,500	0.43%
55	1	545,001	550,000	550,000	0.47%
56	1	560,001	565,000	564,000	0.48%
57	1	725,001	730,000	730,000	0.63%
58	1	860,001	865,000	863,000	0.74%
59	1	1,430,001	1,435,000	1,433,500	1.23%
60	1	1,745,001	1,750,000	1,750,000	1.50%
61	1	2,285,001	2,290,000	2,286,500	1.96%
62	1	17,485,001	17,490,000	17,485,819	15.00%
63	1	22,660,001	22,665,000	22,661,925	19.44%
64	1	22,885,001	22,890,000	22,886,925	19.63%
65	1	22,905,001	22,910,000	22,909,425	19.65%
	<b>2,818</b>			<b>116,572,094</b>	<b>100.00%</b>

## CATEGORIES OF SHAREHOLDERS

As on June 30, 2018

Sr. No.	Categories	No. of Shareholders	Shares Held	Percentage
1	Directors, Chief Executive Officer, their Spouses and Children	7	69,963,275	60.02%
2	Bank, Development Finance Institutions, Non Banking Finance Companies	2	302,849	0.26%
3	Insurance Companies	2	25,012	0.02%
4	Mutual Funds	13	3,173,945	2.72%
5	Foreign Shareholders	3	17,660,819	15.15%
6	General Public (Local)	2,606	16,494,533	14.15%
7	General Public (Foreign)	142	1,873,132	1.61%
8	Miscellaneous	43	7,078,529	6.07%
	<b>Total</b>	<b>2,818</b>	<b>116,572,094</b>	<b>100%</b>

## INFORMATION REQUIRED

Under Companies Act, 2017

DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN	No. of Stakeholders	Shares Held
MR. JAWED ALI GHORI	1	22,661,925
MR. KHALID SARFARAZ GHORI	1	22,886,925
MR. TARIQ GHORI	1	22,909,425
MR. FAIZAN ALI GHORI	1	245,000
MRS. NAHEED JAWED	1	427,500
MRS. NUZHAT KHALID GHORI	1	427,500
MRS. SADAF TARIQ	1	405,000
	<b>7</b>	<b>69,963,275</b>

BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES	No. of Stakeholders	Shares Held
BANK ALFALAH LIMITED	1	300,000
FIRST DAWOOD INVESTMENT BANK LIMITED	1	2,849
	<b>2</b>	<b>302,849</b>

INSURANCE COMPANIES	No. of Stakeholders	Shares Held
IGI LIFE INSURANCE LIMITED	1	12
ADAMJEE LIFE ASSURANCE CO. LTD- DGF	1	25,000
	<b>2</b>	<b>25,012</b>

MUTUAL FUNDS	No. of Stakeholders	Shares Held
MCBFSL- TRUSTEE JS VALUE FUND	1	730,000
CDC- TRUSTEE JS LARGE CAP. FUND	1	564,000
CDC- TRUSTEE ATLAS STOCK MARKET FUND	1	329
CDC- TRUSTEE FAYSAL STOCK FUND	1	100,000
CDC- TRUSTEE UNIT TRUST OF PAKISTAN	1	381,500
CDC- TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	20,000
CDC- TRUSTEE JS PENSION SAVINGS FUND- EQUITY ACCOUNT	1	128,000
MC FSL- TRUSTEE JS GROWTH FUND	1	500,000
CDC- TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	247,299
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	25,000
CDC- TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	247,299
CDC- TRUSTEE PIML VALUE EQUITY FUND	1	112,335
CDC- TRUSTEE PIML ASSET ALLOCATION FUND	1	117,683
	<b>13</b>	<b>3,173,945</b>

FOREIGN SHAREHOLDERS	No. of Stakeholders	Shares Held
HABIB BANK AG ZURICH, ZURICH, SWITZERLAND	1	15,000
HABIB BANK AG ZURICH, DEIRA DUBAI	1	160,000
INTERNATIONAL FINANCE CORPORATION	1	17,485,819
	<b>3</b>	<b>17,660,819</b>



MISCELLANEOUS	No. of Shareholders	Shares Held
RETIREMENT FUNDS	3	315,512
PUBLIC, PRIVATE AND OTHER ENTITIES	40	6,763,017
	<b>43</b>	<b>7,078,529</b>

SHARE HOLDERS HOLDING 5% OR MORE	PERCENTAGE	SHARES
MR. JAWED ALI GHORI	19.44%	22,661,925
MR. KHALID SARFARAZ GHORI	19.63%	22,886,925
MR. TARIQ GHORI	19.65%	22,909,425
INTERNATIONAL FINANCE CORPORATION	15.00%	17,485,819
	<b>73.72%</b>	<b>85,944,094</b>

#### TRADES IN SHARES BY DIRECTORS, EXECUTIVES, THEIR SPOUSES AND MINOR CHILDREN DURING 2017-18 :

Following transactions were made by directors and related party:

Director	Mr. Faizan Ali Ghori bought	20,000 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, 2017 to June 30, 2018 in the shares of Company.

\* " Executive means Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary and other employees of the Company who are drawing monthly gross salary of Rs. 300,000.



# Financial *Reports*



## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

### For The Year Ended June 30, 2018

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

1. The total number of directors is seven, all directors are male.

2. The composition of Board is as follows:

Independent Director	Mr. Naeem Ur Rehman Akhoond Syed Kamran Rashid Mr. Abdul Samad Khan
Other Non-executive Directors	Mr. Jawed Ali Ghori- Chairman
Executive Directors	Mr. Khalid Sarfaraz Ghori Dr. Tariq Ghori Mr. Faizan Ali Ghori- CFA

During the year, Mr. Abdul Samad Khan, independent director, has been appointed on March 21, 2018 in place of Mr. Iftikhar Soomro, independent director who resigned on December 26, 2017.

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.

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 board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

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

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

10. The board has approved appointment of CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Latif Qureshi was appointed as Company Secretary in place of Syed Abid Moiz during the year.

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

12. The board has formed committees comprising of members given below:

Audit Committee	Mr. Naeem Ur Rehman Akhoond Syed Kamran Rashid Mr. Abdul Samad Khan
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HR and Remuneration Committee	Syed Kamran Rashid- Chairman Mr. Jawed Ali Ghori- Member Dr. Tariq Ghori- Member
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Mr. Abdul Samad Khan has been appointed as member of audit committee effective from April 26, 2018.

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

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

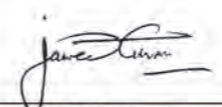
a. Audit Committee	4 quarterly meetings
b. HR and Remuneration Committee	1 annual meeting held before June 30, 2018

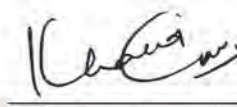
15. The board has set up an effective internal audit function who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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 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.

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

  
Jawed Ali Ghori  
Chairman

  
Khalid Sarfaraz Ghori  
Chief Executive Officer

**INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT** GRANT THORNTON ANJUM RAHMAN  
1st & 3rd Floor,  
Modern Motors House  
Reaumont Road,  
Karachi 75530  
T +92 021 3567 2951/56  
F +92 021 3568 8834  
www.gt.com

**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, 2018 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.

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

Regulations reference	Description
8	During the year, the number of Executive Directors on the Board exceeded the limit prescribed by the Regulations.

Based on our review, except for the above instance of non-compliance, 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 Regulations as applicable to the Company for the year ended June 30, 2018.



**Chartered Accountants**  
Karachi

Date: September 06, 2018

## 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, 2018, 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, 2018 and of the profit and other comprehensive loss, 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.

#### GRANT THORNTON ANJUM RAHMAN

1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530

T +92 021 3567 2951-56  
F +92 021 3568 8834  
www.gtak.com

#### 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 matters were addressed in our audit
1.	<p><b>Valuation of Stock in Trade</b></p> <p>As at year end, the Company held stock in trade amounting to Rs. 5.14 billion as disclosed in note 22, forming significant part i.e. 75.2% 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.</p> <p>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 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.</p> <p>This was the key audit matter because of its materiality and significance in terms of judgements involved in estimating the NRV of underlying inventories.</p>	<p>As part of our audit, we have performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Attending the stock counts at locations to observe the stock count process and evaluate the condition of stock in trade</li> <li>• Testing the valuation method used by the management in valuation of stock in trade.</li> <li>• Comparing on sample basis specific purchases with underlying supporting documents.</li> <li>• Evaluating the appropriateness of the basis and processes used by management in determining the net realizable value of stock in trade.</li> <li>• Performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete stock.</li> <li>• Reviewing the adequacy of the disclosures on stock in trade in the unconsolidated financial statements.</li> </ul>

S. No. Key audit matters

How the matters were addressed in our audit

2. First time application of Companies Act, 2017

As referred to in note 3.4.1 to the annexed unconsolidated financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2018. Further, the Company was listed at Pakistan Stock Exchange during the year, which has made the Company to comply with the requirements of fourth schedules to the Companies Act, 2017.

The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the unconsolidated financial statements.

As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 3.4.1) relating to disclosures required in the Company's unconsolidated financial statements.

We consider it as a key audit matter in view of the extensive impacts in the unconsolidated financial statements due to the Companies Act, 2017.

Our audit procedures included the following:

- Considering the management's process to identify the necessary amendments required in the Company's unconsolidated financial statements.
- Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.
- Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed unconsolidated financial statements based on the new requirements.

**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 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 the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 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.

Boards of directors are 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.

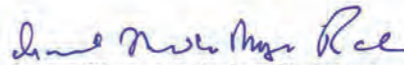
From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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 **Khalique-ur-Rahman**.

  
Grant Thornton Anjum Rahman  
Chartered Accountants

Karachi  
Date: September 06, 2018

Unconsolidated  
*Financial Statements*





## MATCO FOODS LIMITED

### Unconsolidated Statements Of Financial Position

As At June 30, 2018

Note	2018 Rupees	2017 Rupees Restated	2016 Rupees Restated
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital	7.1	2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	7.2	1,165,720,940	874,290,940
Capital reserve	8	739,367,162	318,382,823
Unappropriated profit		1,676,797,324	1,378,821,835
Surplus on revaluation of property, plant and equipment - net of tax	9	546,781,614	571,665,218
<b>Total shareholders' equity</b>		<b>4,128,667,040</b>	<b>3,143,160,816</b>
<b>Non-current liabilities</b>			
Long term finances-secured	10	246,556,904	322,791,864
Liabilities against assets subject to finance leases	11	29,284,420	17,162,341
Deferred liabilities	12	143,634,827	158,304,034
Deferred income		632,508	995,175
<b>Total non-current liabilities</b>		<b>420,108,659</b>	<b>499,253,414</b>
<b>Current liabilities</b>			
Trade and other payables	13	225,928,452	332,612,662
Advance from customers - secured		24,883,671	193,592,016
Accrued mark-up	14	48,767,428	46,056,163
Short term borrowings-secured	15	4,081,779,753	3,886,835,593
Current portion of long term finances-secured	10	84,029,706	96,733,247
Current portion of liabilities against assets subject to finance leases	11	12,226,289	7,999,276
Unpaid dividend	16	761,095	-
Provision for taxation-net		21,260,847	28,936,787
<b>Total current liabilities</b>		<b>4,499,637,241</b>	<b>4,592,765,744</b>
<b>Total liabilities</b>		<b>4,919,745,900</b>	<b>5,092,019,158</b>
<b>Contingencies and commitments</b>	17		
<b>Total equity and liabilities</b>		<b>9,048,412,940</b>	<b>8,235,179,974</b>

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

## MATCO FOODS LIMITED

### Unconsolidated Statements Of Financial Position

As At June 30, 2018

Note	2018 Rupees	2017 Rupees Restated	2016 Rupees Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	2,168,585,255	2,141,308,121
Intangible assets	19	-	-
Long term deposits - net		13,048,793	10,990,923
Long term investment	20	31,082,707	23,582,747
<b>Total non-current assets</b>		<b>2,212,716,755</b>	<b>2,175,881,791</b>
<b>Current assets</b>			
Stores, spares and loose tools	21	18,727,268	13,829,554
Stock in trade	22	5,138,980,796	5,240,490,964
Trade debts	23	674,463,623	541,532,773
Short term loans and advances	24	83,732,051	58,171,589
Trade deposits and short term prepayments	25	10,843,438	8,973,160
Short term investment		500,000	500,000
Other receivables	26	85,369,946	84,745,163
Advance tax - net		-	-
Cash and bank balances	27	823,079,063	111,054,980
<b>Total current assets</b>		<b>6,835,696,185</b>	<b>6,059,298,183</b>
<b>Total assets</b>		<b>9,048,412,940</b>	<b>8,235,179,974</b>

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

Chief Executive Officer

Chief Financial Officer

Director

Chief Executive Officer

Chief Financial Officer

Director

## MATCO FOODS LIMITED

Unconsolidated Statements Of Profit Or Loss  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	28	6,869,392,098	6,134,424,678
Cost of sales	29	(5,862,040,117)	(5,169,060,783)
<b>GROSS PROFIT</b>		<b>1,007,351,981</b>	965,363,895
Distribution expenses	30	(300,137,146)	(291,888,742)
Administrative expenses	31	(198,099,318)	(175,231,633)
		(498,236,464)	(467,120,375)
		509,115,517	498,243,520
Finance cost	32	(239,704,316)	(211,904,903)
Other income	33	17,849,819	36,616,630
Exchange gain - net	34	72,858,009	34,999,406
Provision for workers' welfare fund	13.3	(7,066,909)	(3,073,894)
Provision for workers' profit participation fund	13.4	(15,263,606)	(12,836,230)
<b>PROFIT BEFORE TAX</b>		<b>337,788,513</b>	342,044,529
Income tax expense	35	(29,495,558)	(73,075,620)
<b>PROFIT FOR THE YEAR</b>		<b>308,292,955</b>	268,968,909
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	40	<b>3.13</b>	2.73

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

## MATCO FOODS LIMITED

Unconsolidated Statements Of Comprehensive Income  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>PROFIT FOR THE YEAR</b>		<b>308,292,955</b>	268,968,909
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Items that may be reclassified subsequently to the unconsolidated statement of profit or loss</i>		-	-
<i>Items that will not be reclassified subsequently to the unconsolidated statement of profit or loss</i>			
Remeasurement of defined benefits obligation	12.1.5	(229,441)	(3,109,867)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>308,063,514</b>	265,859,042

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



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director

## MATCO FOODS LIMITED

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

Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	337,788,513	342,044,529
Adjustments for:		
Depreciation	18 162,253,952	137,584,703
Amortization of intangible assets	19 -	4,903,588
Exchange gain - net	34 (72,858,009)	(34,999,406)
Unrealized profit on forward foreign exchange contracts	33 -	(1,781,640)
Provision of doubtful debts	7,464,595	-
Provision for slow moving stock	10,618,995	-
Finance cost	32 239,704,316	211,904,903
Provision for staff gratuity	12.1 15,859,134	15,098,528
Amortization of deferred income	33 (362,667)	(321,377)
Gain on disposal of property, plant and equipment	33 (5,220,075)	(3,552,612)
	357,460,241	328,836,688
	695,248,754	670,881,217
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(4,897,714)	1,353,654
Stock in trade	101,510,168	(734,805,479)
Trade debts - considered good	(60,072,841)	(122,374,195)
Loans and advances	(25,560,462)	(45,516,539)
Trade deposits and prepayments	(1,870,278)	5,206,396
Other receivables	(624,783)	(31,699,299)
	8,484,091	(927,835,462)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	(106,684,210)	137,426,587
Advances from customers	(168,708,345)	(8,509,358)
	(275,392,555)	128,917,229
<b>Cash generated from / (used in) operations</b>	428,340,290	(128,037,016)
Finance cost paid	(236,993,051)	(215,784,670)
Income taxes paid	(59,478,799)	(56,967,706)
Gratuity paid	12.1 (8,450,481)	(8,198,973)
<b>Net cash generated from / (used in) operating activities</b>	123,417,960	(408,988,365)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure including capital work in progress	(182,760,348)	(473,548,833)
Proceeds from disposal of property, plant and equipment	8,150,500	13,841,612
Investment in subsidiary	(7,499,960)	-
Short term investment	-	(500,000)
Long term deposits	(2,057,870)	430,408
<b>Net cash used in investing activities</b>	(184,167,679)	(459,776,813)
Balance carried forward	(60,749,719)	(868,765,178)

## MATCO FOODS LIMITED

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

Note	2018 Rupees	2017 Rupees
Balance brought forward	(60,749,719)	(868,765,178)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term finances		
- received during the year	252,898,301	276,490,604
- repayments during the year	(341,270,050)	(60,128,639)
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	(12,579,609)	(8,418,938)
Dividend paid	(34,210,534)	(7,200,000)
Short term borrowings obtained - net of repayment	194,944,160	689,807,650
<b>Net change in cash and cash equivalents during the year</b>	711,446,888	21,785,499
<b>Cash and cash equivalents as at the beginning of year</b>	111,054,980	89,213,132
Effects of exchange rate changes on cash and cash equivalents	577,195	56,349
<b>Cash and cash equivalents as at the end of year</b>	27 823,079,063	111,054,980

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, 2018

	Issued, subscribed and paid up share capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Total
	-----Rupees-----				
<b>Balance as on July 01, 2016 as previously stated</b>	874,290,940	318,382,823	1,092,909,323	-	2,285,583,086
<b>Effect of re-statement (Note 6)</b>	-	-	-	598,918,688	598,918,688
<b>Balance as on July 01, 2016 - restated</b>	874,290,940	318,382,823	1,092,909,323	598,918,688	2,884,501,774
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	268,968,909	-	268,968,909
Other comprehensive loss	-	-	(3,109,867)	-	(3,109,867)
Total comprehensive Income	-	-	265,859,042	-	265,859,042
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 9)	-	-	27,253,470	(27,253,470)	-
<b>Transactions with owners</b>					
Dividend paid @ Re. 0.4118 per share (2016: Rs. 0.2859 per share)	-	-	(7,200,000)	-	(7,200,000)
<b>Balance as on June 30, 2017 - restated</b>	874,290,940	318,382,823	1,378,821,835	571,665,218	3,143,160,816
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	308,292,955	-	268,968,909
Other comprehensive loss	-	-	(229,441)	-	(3,109,867)
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)	-
<b>Transactions with owners</b>					
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)
<b>Balance as on June 30, 2018</b>	<b>1,165,720,940</b>	<b>739,367,162</b>	<b>1,676,797,324</b>	<b>546,781,614</b>	<b>4,128,667,040</b>

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

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

#### 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 converted into public company from private company on July 25, 2017. The Company is listed on Pakistan Stock Exchange on February 13, 2018. Principal activity of the 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 Company is situated at L-24/1, Block-21, Federal 'B' 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 Plant, G-205, SITE-II, Super highway Karachi and (iv) M-III, Sadhoke, Tehsil Kamoke, District Gujranwala.

The Company has 100% ownership in JKT General Trading FZE (subsidiary) a Dubai based company 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 incorporated another subsidiary Matco Marketing (Private) Limited through 100% ownership. The subsidiary is situated at L-24/1, Block-21, Federal 'B' 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 Company since its incorporation.

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

a) The Company has been listed at Pakistan Stock Exchange (PSX) during the year by offering shares to the general public which resulted in IPO proceeds of Rs. 757.72 million;

b) The Company has started 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;

c) The exchange rate of USD to PKR has increased from PKR 104.85 as at June 30, 2017 to PKR 121.5 as at June 30, 2018 which resulted in exchange gain of Rs. 75.7 million;

d) Due to applicability of the Companies Act, 2017 to the financial statements of the Company, amounts reported for the previous period have been restated. For detailed information, please refer to note 3.4.1 and note 6;

e) During the year, the Company has subscribed 749,996 shares of Matco Marketing (Private) Limited. However, Matco Marketing (Private) Limited has not commenced its operations;

f) On July 25, 2017, the Company has converted into public company from private company; and

g) For a detailed discussion about the Company's performance, please refer to the Directors' report.

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

#### 3 BASIS OF PREPARATION

##### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017 (the Act), 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.

##### 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 cash flow information.

##### 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 Promulgation of Companies Act, 2017

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 18.1.6), management assessment of sufficiency of tax provision in the financial statements (refer note 35.2), change in threshold for identification of executives (refer note 38), additional disclosure requirements for related parties (refer note 37), utilization of IPO proceeds (refer note 45).

###### 3.4.2 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)
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2017 and 2018.

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

##### 3.4.3 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, 2017 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.

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 and IAS 28 - Saleor Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRIC 23 - Uncertainty over Income Tax	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
Annual Improvements to IFRSs 2015 - 2017	January 1, 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019

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

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### 3.4.5 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.

4 CRITICAL ASSUMPTIONS AND ESTIMATES	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 17 - Insurance Contracts	January 1, 2021

#### Standard or Interpretation

The preparation of unconsolidated financial statements in conformity with approved accounting standards 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	5.8
(c) provision for gratuity	5.13
(d) income taxes	5.16
(e) trade and other payables	5.18
(f) contingencies	5.19
(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 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.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

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 profit and 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 profit and loss account, 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 balance sheet 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.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### 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 profit and loss account on a straight line basis over the lease term.

### 5.6 Investments

#### 5.7 Investment in subsidiary companies

Investment in subsidiary 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 income.

### 5.8 Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- (a) loans and receivables;
- (b) financial assets at fair value through profit or loss;
- (c) held to maturity; and
- (d) available-for-sale financial assets.

#### **(a) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following financial assets fall into this category of financial instruments:

- Trade debts
- Deposits
- Loans and advances
- Other receivables

These are stated at amortized cost using effective interest method.

#### **(b) Financial assets at fair value through profit or loss**

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in prices are also classified as 'at fair value through profit or loss' or held for trading.

Financial assets in this category are measured at fair value with gains or losses recognized in profit and loss account. These investments are marked to market and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to the profit and loss account for the year.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### **(c) Available for sale**

Investments intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity investments (c) financial assets at fair value through profit or loss. Subsequent to initial recognition these investments are marked to market using the closing market rate and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to statement of comprehensive income.

### **(d) Impairment of financial assets**

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 5.9 Financial liabilities

The Company's financial liabilities include long term finances, trade and other payables, accrued mark up and short term borrowings.

#### **Derecognition**

These are derecognized when they are extinguished, discharged, cancelled or expired.

### 5.10 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 profit and loss account.

### 5.11 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 balance sheet date.

### 5.12 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.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### 5.13 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. 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.

### 5.14 Trade debts

These are measured at original invoice amount less an estimate made for doubtful receivable balances based on the review of all outstanding amounts at year end. Bad debts are written off when identified.

### 5.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, 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.

### 5.16 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 Ordinance, whichever is higher.

#### Deferred

Deferred tax is recognized using the balance sheet 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 balance sheet 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 balance sheet 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 balance sheet date.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### 5.17 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 income in the period in which these are incurred.

### 5.18 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.

### 5.19 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).

### 5.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Local sales are recognized as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides with delivery.

Export sales are recognized as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides with date of shipping bill. Export rebate is recognized on accrual basis at the time of export sale.

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 rupee at the rate of exchange prevailing on the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the balance sheet 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 profit and loss account.

### 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 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.

### 5.23 Provisions

A provision is recognized in the balance sheet 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.



## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### 5.24 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.

### 5.25 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet 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 profit and 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 Company on commercial terms.

### 5.27 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.

## 6 CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of land and building stands amended as follows:

- Increases in the carrying amounts arising on revaluation of land and buildings are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on land and building to retained earnings.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarized below:

	As at June 30, 2017			As at June 30, 2016		
	Previously reported	As-restated	Re-statement	Previously reported	As-restated	Re-statement
-----Rupees-----						
<b>Effect on statement of financial position</b>						
Surplus on revaluation of property, plant and equipment	571,665,218	-	(571,665,218)	598,918,688	-	(598,918,688)
Share capital and reserves	-	571,665,218	571,665,218	-	598,918,688	598,918,688
<b>Effect on statement of changes in equity</b>						
Revaluation surplus of property, plant and equipment	-	571,665,218	571,665,218	-	598,918,688	598,918,688

	As June 30, 2017		
	Previously reported	As-restated	Re-statement
-----Rupees-----			
<b>Effect on statement of comprehensive income</b>			
Gain on revaluation of land and buildings - net of deferred tax	-	-	-

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### 7 SHARE CAPITAL

#### 7.1 Authorized Share Capital

2018	2017		2018	2017
Number of shares			Rupees	Rupees
200,000,000	200,000,000	Ordinary shares of Rs. 10 (2017: Rs. 10)	2,000,000,000	2,000,000,000

#### 7.2 Issued, Subscribed And Paid Up Share Capital

50,340,213	21,197,213	Ordinary shares of Rs. 10 (2017: Rs. 10) each fully paid in cash	503,402,130	211,972,130
6,002,950	6,002,950	Ordinary shares of Rs. 10 (2017: Rs. 10) each issued as fully paid for consideration other than cash	60,029,500	60,029,500
60,228,931	60,228,931	Ordinary shares of Rs. 10 (2017: Rs. 10) each issued as fully paid bonus shares	602,289,310	602,289,310
<b>116,572,094</b>	<b>87,429,094</b>		<b>1,165,720,940</b>	<b>874,290,940</b>

#### 7.3 Shares held by the related parties of the Company

Name of the shareholders				
Mr. Jawed Ali Ghori		22,661,925		22,661,925
Mr. Khalid Sarfaraz Ghori		22,886,925		22,886,925
Mr. Tariq Ghori		22,909,425		22,909,425
Mr. Faizan Ali Ghori		245,000		224,997
Ms. Naheed Jawed		427,500		427,500
Ms. Nuzhat Khalid Ghori		427,500		427,500
Ms. Sadaf Tariq		405,000		405,000
International Finance Corporation		17,485,819		17,485,819
Mr. Naeem-ur-Rehman Akhoond		1		1
Mr. Syed Kamran Rasheed		1		1
Mr. Iftikhar Soomro		-		1
Mr. Abdul Samad Khan		1		-

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

#### 7.4 Reconciliation of number of shares outstanding is as under:

	Note	2018 --Number of Shares--	2017
Shares at the beginning of the year		87,429,094	87,429,094
Shares issued during the year in cash	7.6	29,143,000	-
Bonus shares issued during the year		-	-
<b>Shares at the end of the year</b>		<b>116,572,094</b>	<b>87,429,094</b>

**7.5** The Company has issued 15% shares to International Finance Corporation (IFC) (registered with world bank) under an agreement with the Company. 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 on issue of shares amounting to Rs. 341.311 million.

**7.6** During the year, the Company has offered these shares to general public through Initial Public Offering (IPO). These shares have been issued at a price of Rs. 26 per share resulting in overall premium on issue of shares amounting to Rs. 466.288 million.

### 8 CAPITAL RESERVE

Share premium	8.1 & 8.2	<b>739,367,162</b>	<b>318,382,823</b>
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**8.1** This represents premium received over and above face value of the shares issued to International Finance Corporation 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.

**8.2** This represents 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.

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

This represents surplus arising on revaluation of land, building and 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).

Balance at beginning of the year		<b>571,665,218</b>	598,918,688
Surplus arising on revaluation during the year		-	-
Transferred to un-appropriated profits on account of			
- incremental depreciation		<b>(35,548,005)</b>	(39,497,783)
- tax impact on incremental depreciation		<b>10,664,401</b>	12,244,313
<b>Balance at end of the year</b>		<b>546,781,614</b>	<b>571,665,218</b>

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

10 LONG TERM FINANCES - SECURED	Note	2018	2017
		Rupees	Rupees
From banking companies and financial institution:			
- MCB Bank Limited	10.1 & 10.2	243,357,942	279,930,722
- Pak Oman Investment Company Limited	10.3 & 10.4	62,783,084	88,482,518
- United Bank Limited	10.5	24,445,584	51,111,871
		<b>330,586,610</b>	419,525,111
Current portion of long term finances		<b>(84,029,706)</b>	(96,733,247)
		<b>246,556,904</b>	322,791,864

**10.1** This also includes LTFF financing facility of Rs. 250 million (2017: Rs 250 million) for rice protein/rice glucose plant. It is secured by 1st pari passu hypothecation charge of Rs. 382.667 million (2017: Rs 382.667 million) over all present and future fixed assets (excluding land and building). Further secured by 1st pari passu mortgage charge of Rs. 382.667 million over land and building (2017: Rs. 382.667 million). It carries mark-up at SBP rate plus 1.0% per annum (2017: 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 include LTFF/DF financing facility of Rs. 51.4 million (2017: Rs. 51.4 million) for plant & machinery expansion. It is secured by 1st hypothecation charge of Rs. 382.667 million (2017: 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 (2017: Rs. 382.667 million) over land and building. It carries mark-up at 3 months KIBOR plus 1.0% per annum (2017: 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 (2017: 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 (2017: 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 (2017: 3 months KIBOR plus 2.0% per annum). The Loan is repayable in quarterly installments and shall be repaid by June 2019.

**10.4** This also include LTFF financing facility of Rs. 60 million (2017: 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 (2017: 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.(2017: SBP Rate plus 1% per annum). The loan is repayable in quarterly installments and shall be repaid by June 2023.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

**10.5** This include financing facility of LTFF Rs. 2.7 million and NIDF of Rs. 21.7 million (2017: LTFF Rs. 4.5 million and NIDF Rs. 46.5 million) for BMR expenses of the Company. The facility is secured by exclusive charge of Rs. 85.33 million (2017: Rs. 85.33 million) over land and building located at G-205 super highway Karachi., out of which Rs. 50 million (2017: Rs. 50 million) is tagged to this facility. Margin of Rs. 17 million (2017: Rs. 17 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 (2017: LTFF SBP rate plus 2.5% per annum and NIDF 6 months KIBOR plus 2.0% per annum). These loans are repayable in semi-annual installments and shall be repaid by January 2019.

**11** Under the Musharika 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% (2017: 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:

	2018			2017		
	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	16,397,852	4,171,563	12,226,289	9,788,105	1,788,829	7,999,276
Later than one year but not later than five years	38,144,067	8,859,647	29,284,420	18,179,284	2,046,438	16,132,846
Later than five years	-	-	-	1,671,852	642,357	1,029,495
	<b>54,541,919</b>	<b>13,031,210</b>	<b>41,510,709</b>	29,639,241	4,477,624	25,161,617

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>12 DEFERRED LIABILITIES</b>			
Staff gratuity scheme - unfunded	12.1	59,423,344	51,785,250
Deferred tax liability	12.2	84,211,483	106,518,784
		<b>143,634,827</b>	<b>158,304,034</b>
<b>12.1 Staff gratuity scheme - unfunded</b>			
Balance at beginning of the year		51,785,250	41,775,828
Charge for the year	29 & 31	15,859,134	15,098,528
Actuarial losses		229,441	3,109,867
Payments made during the year		(8,450,481)	(8,198,973)
Balance at end of the year	12.1.1	<b>59,423,344</b>	<b>51,785,250</b>
<b>12.1.1</b> In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2018, 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:			
Discount rate - per annum		9.00%	7.50%
Expected rate of increase in salaries - per annum		8.00%	6.50%
<b>12.1.2 The amounts recognized in the balance sheet are as follows:</b>			
Present value of defined benefit obligation		59,193,903	48,675,383
Actuarial losses		229,441	3,109,867
	12.1.3	<b>59,423,344</b>	<b>51,785,250</b>

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>12.1.3 Movements in the net liability recognized in the balance sheet are as follows:</b>			
Opening liability		51,785,250	41,775,828
Charge for the year	12.1.4	15,859,134	15,098,528
Actuarial losses		229,441	3,109,867
Benefits paid		(8,450,481)	(8,198,973)
Balance at end of the year		<b>59,423,344</b>	<b>51,785,250</b>
<b>12.1.4 The amounts recognized in the profit and loss account against defined benefit scheme are as follows:</b>			
Current service cost		12,292,133	11,707,657
Interest cost		3,567,001	3,390,871
Charge for the year		<b>15,859,134</b>	<b>15,098,528</b>
<b>12.1.5 The amounts recognized in the other comprehensive against defined benefit scheme are as follows:</b>			
Remeasurement of defined benefits obligation		(229,441)	(3,109,867)
<b>12.1.6 Expense chargeable to profit and loss account for the next year</b>			
Current service cost		15,577,487	12,069,285
Interest cost		5,348,101	3,883,894
Charge for the year		<b>20,925,588</b>	<b>15,953,179</b>
<b>12.1.7 The expense for the staff retirement benefit scheme has been allocated as follows:</b>			
Cost of sales	29.4	8,246,750	7,862,500
Administrative expenses	31.1	7,612,384	7,236,028
		<b>15,859,134</b>	<b>15,098,528</b>
<b>12.2</b> This represent deferred tax on surplus on revaluation of property, plant and equipment. Further, the Company has deferred tax asset amounting to Rs. 11.7 million (Rs. 2017: 10.5 million). However, the Company has not recorded deferred tax asset in the books of the Company.			

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>13 TRADE AND OTHER PAYABLES</b>			
Creditors		158,895,732	293,672,947
Accrued liabilities		32,810,654	21,571,823
Security deposit from customer	13.1	25,000	-
Payable to a related party - unsecured	13.2	7,121,816	-
Tax deducted at source and payable to statutory authorities		1,079,529	1,454,300
Sales tax payable		591,311	3,469
Workers' welfare fund	13.3	10,140,803	3,073,894
Workers' profit participation fund	13.4	15,263,606	12,836,230
		<b>225,928,452</b>	<b>332,612,662</b>
<b>13.1</b>	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.		
<b>13.2</b>	This represents amount received from the Matco Marketing (Private) Limited for the purpose of expenses to be incurred by the Company on behalf of Matco Marketing (Private) Limited.		
<b>13.3 Workers' welfare fund</b>			
Opening balance		3,073,894	27,619,736
Allocation of the year		7,066,909	3,073,894
Reversal of WWF		-	(27,619,736)
Closing balance		<b>10,140,803</b>	<b>3,073,894</b>
<b>13.4 Workers' profit participation fund</b>			
Opening balance		12,836,230	-
Allocation of the year		15,263,606	12,836,230
Amount paid to the fund		(12,836,230)	-
Closing balance		<b>15,263,606</b>	<b>12,836,230</b>
<b>14 ACCRUED MARK-UP</b>			
Mark-up on long term finances		4,436,488	12,469,173
Mark-up on short term borrowings		44,042,236	33,586,990
Mark-up on finance lease		288,704	-
		<b>48,767,428</b>	<b>46,056,163</b>

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>15 SHORT TERM BORROWINGS - SECURED</b>			
<b>MCB Bank Limited (MCB)</b>			
Export refinance (secured)	15.1 & 15.2	576,352,000	518,852,000
Foreign bills purchased/negotiated	15.3	-	50,136,007
<b>United Bank Limited (UBL)</b>			
FAPC I (secured)	15.4	497,397,000	460,397,000
Foreign bills purchased/negotiated	15.5	-	32,888,652
<b>Askari Bank Limited (AKBL)</b>			
Export refinance (secured)	15.6	477,200,000	451,061,934
<b>National Bank of Pakistan (NBP)</b>			
Export refinance (secured)	15.7	400,000,000	400,000,000
<b>Habib Metropolitan Bank Limited</b>			
Export refinance (secured)	15.8	298,900,000	224,000,000
Foreign bills purchased/negotiated	15.9	18,230,753	-
<b>Allied Bank Limited (ABL)</b>			
Export refinance	15.10	234,000,000	234,000,000
<b>Habib Bank Limited (HBL)</b>			
Export refinance	15.11	342,200,000	249,000,000
<b>Standard Chartered Bank</b>			
Export refinance	15.12	201,500,000	248,500,000
<b>Faysal Bank Limited</b>			
Export refinance	15.13	549,500,000	549,000,000
<b>Bank Al Falah Limited</b>			
Export refinance	15.14	236,500,000	299,000,000
<b>Pak Oman Investment</b>			
Export refinance	15.15	250,000,000	170,000,000
		<b>4,081,779,753</b>	<b>3,886,835,593</b>

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

- 15.1** This facility has been obtained under State Bank of Pakistan (SBP) Export Refinance Scheme. The sanctioned limit is Rs. 330 million (2017: Rs. 330 million). It carries mark-up at SBP rate plus 1.0% per annum (2017: 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 and building and properties. (2017: 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) and personal guarantees of nominee directors. The facility expiry date is 31 March 2019.
- 15.2** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 250 million (2017: Rs. 250 million). Formerly, it belonged to NIB Bank. It carries mark-up at SBP rate plus 0.75% (2017: 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. (2017: 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.) and personal guarantees of sponsoring directors. The facility expiry date is 30 November 2018.
- 15.3** The sanctioned limit is Rs. 100 million (2017: Rs. 100 million). It carries mark-up at LIBOR plus spread per annum to be negotiated at the time of execution of transaction. This facility is secured by lien over clean export bills drawn under LCs of "A" rated banks and further secured through securities as mentioned in note 15.1. The facility expiry date is 31 March 2019.
- 15.4** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 500 million (2017: Rs. 500 million). It carries mark-up at SBP rate plus 1.0% per annum (2017: 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. (2017: 1st joint pari passu hypothecation charge of Rs. 800 million over all present and future current assets, 1st joint pari passu hypothecation charge of Rs. 75 million over all present and future fixed assets (excluding land & building), 1st joint mortgage charge of Rs. 75 million over land and building of selected properties) and personal guarantees of sponsoring directors. The facility expiry date is 30 November, 2018.
- 15.5** This sanctioned limit is Rs. 100 million (2017 : Rs. 100 million). It carries mark-up rate negotiated at the time of execution of transaction (2017: mark-up rate negotiated at the time of execution of transaction). This facility is secured through securities as mentioned in note 15.3. The facility expiry date is 30 November, 2018.
- 15.6** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 488 million (2017: Rs. 488 million). It carries mark-up at SBP rate plus 0.75% per annum/ 3 Month KIBOR plus 1% per annum (2017: SBP rate plus 0.75% per annum/ 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

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

- million, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets (2017: 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25.0% margin, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets). The facility expiry date is 31 March, 2019.
- 15.7** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 400 million (2017: Rs. 400 million). It carries mark-up at KIBOR plus 2% per annum (2017: KIBOR plus 2% 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). (2017: 1st pari passu hypothecation charge of Rs 534 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) and personal guarantees of sponsoring directors. The facility expiry date is 31 March 2019.
- 15.8** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 300 million (2017: Rs. 300 million). It carries mark-up at SBP rate plus 1.0% per annum/ 3 Months KIBOR plus 1% (2017: SBP rate plus 1.0% per annum/ 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), joint pari passu equitable mortgage charge of Rs. 90 million over land and building of selected properties. (2017: 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 2019.
- 15.9** The sanctioned limit is Rs. 250 million (2017: Rs. 100 million). It carries mark-up that is to be negotiated on case to case basis. (2017: 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 bank's favor covering all risks with premium payment receipt. (2017: ranking hypothecation charge of Rs. 133 million over stocks and receivables duly insured in bank's favor covering all risks with premium payment receipt.) and lien over clean/ accepted documents under export LCs. The facility expiry date is 31 March 2019.
- 15.10** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 250 million (2017 : 250 million). It carries mark-up at SBP rate plus 0.75% per annum (2017 : 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 (2017: 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. The facility expiry date is 29 March 2019.
- 15.11** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 370 million (2017: Rs. 320 million). It carries mark-up at SBP rate plus 1.00% per annum/ 3 Months KIBOR plus 0.75% (2017: SBP rate plus 1.00% per annum/ / 3 Months KIBOR plus 0.75%). This facility is secured by joint pari passu

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

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. (2017: 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.) and personal guarantees of sponsoring directors. The facility expiry date is 28 February 2019.

**15.12** The sanctioned limit of said facility is Rs. 250 million (2017: Rs. 250 million). It carries mark-up that to be negotiated at the time of utilization. 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 (2017: 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) and personal guarantees of sponsoring directors for Rs. 250 million jointly and severally. The facility expiry date is June 30, 2019.

**15.13** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 550 million (2017: Rs. 550 million). It carries mark-up at SBP rate plus 0.75% per annum/ 3 Months KIBOR plus 0.75% per annum (2017: SBP rate plus 0.75% per annum/ 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 (2017: 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 and personal guarantees of executive directors. The facility expiry date is 31 December 2018.

**15.14** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 300 million (2017: Rs. 300 million). It carries mark-up at SBP rate plus 0.75% per annum/ 3 Months KIBOR plus 0.75% per annum (2017: SBP rate plus 0.75% per annum/ 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. (2017: 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) and personal guarantees of sponsoring directors. The facility expiry date is 31 December 2018.

**15.15** The sanctioned limit is Rs. 250 million (2017: Rs. 250 million). It carries mark-up rate at KIBOR plus 2% per annum (2017: 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 principle amount and two markup payments and personal guarantees of sponsor directors. The facility expiry date is 13 October 2018.

**16** This represents part of interim dividend for the half yearly ended December 31, 2017 which remained unpaid to the shareholders who have not provided their valid CDS Account no. and IBAN no. The Company has already sent letters to those shareholders for the purpose of above stated information.

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

#### **17 CONTINGENCIES AND COMMITMENTS**

##### **17.1 Contingencies**

**17.1.1** This civil suit No. 1635 of 2009 for possession and injunction has been filed by the Company in the Honorable High Court of Sindh against province of Sindh and other parties. The suit was filed for the possession of land, it was dispossessed by the defendants, to restore it and a permanent injunction to restrain the defendants from alienating or transferring the land. This suit was instituted on November 18, 2009. The next hearing is expected on September 11, 2018.

In 2015 the plaintiff Mr. Syed Alay Sadqain Naqvi filed the suit no. 2141 in the court of senior civil judge against the Company and four others claiming to be the lawful owner of a piece of property, which is also the subject matter in suite No. 1635 of 2009 above. This suit has been dismissed by the senior civil judge on August 29, 2017 with a view that suit is hopelessly barred by law. However, Mr. Syed Alay Sadqain Naqvi has again filed appeal no. 311 of 2017 against the Company in the court of district session judge on the same subject matter. The subject matter of this suit has already been dismissed by the lower courts twice thus barred under the principle of res judicata.

**17.1.2** The Petition No. 3358/2011 and 1823/2013 was instituted on December 13, 2011 and April 29, 2013 by the Company against Federal Board of Revenue (FBR) and Others in Honorable High Court of Islamabad. 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 these petitions. Company has filed intra court appeal ICA no. 84/2015 and 85/2015 on February 26, 2015. Both the appeals are pending in Honorable High Court of Islamabad, notices are issued. The hearing is expected on October 10, 2018. In the meanwhile the Company has also filed suit no. 392 of 2015 against the Federal Board of Revenue and Model Customs Collectorate due to suspension of Company's Customs ID and the threatened suspension of NTN of Company. An interim restraining order against such suspension was granted in favour of Company by the Honorable High Court of Sindh, which is operative till date. The case is still pending adjudication. The Counsel hopes these cases will be decided in favor of the Company.

The management of the Company on the basis of the Counsel's opinion is confident that the Company is not likely to suffer any losses on account of the said petition.

**17.1.3** In prior years Sindh Government imposed infrastructure cess @ 0.85% of import value on all imports into Pakistan. A large number of importers including the Company filed the Constitution Petition No. 2173 of 2013 in the Honorable High Court of Sindh against Province of Sindh. This petition was instituted on May 20, 2013. The 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.

The management of the Company on the basis of the Counsel's opinion is confident that the Company is not likely to suffer any losses on account of the said petition.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

Note	2018 Rupees	2017 Rupees
<b>17.2</b> Commitments		
Capital expenditures	<b>345,991,757</b>	-
Forward exchange contracts to sell	-	755,280,000
Letter of credit	<b>300,482,000</b>	3,568,347
Letter of guarantees	-	18,246,460
Ijara contracts	<b>74,784</b>	<b>3,276,600</b>
	<b>646,548,541</b>	<b>780,371,407</b>

**17.2.1** Commitments for rentals under cancellable Ijara contracts in respect of vehicles are as follows:

Not later than one year	<b>74,784</b>	3,201,816
Later than one year but not later than five years	-	74,784
	<b>74,784</b>	<b>3,276,600</b>

## 18 PROPERTY PLANT AND EQUIPMENT

Operating fixed assets	18.1	<b>2,163,162,877</b>	1,781,931,114
Capital work in progress	18.2	<b>5,422,378</b>	<b>359,377,007</b>
		<b>2,168,585,255</b>	<b>2,141,308,121</b>

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### 18.1 Operating fixed assets

Particulars	2018										Rate per annum %	
	Cost / Revaluation					Depreciation						
	Cost at July 01, 2018	Additions	Transfers in / (out)	Revaluation surplus	(Disposals)	Cost at June 30, 2018	Accumulated depreciation at July 01, 2018	Depreciation for the year	(Depreciation on disposals)	Accumulated depreciation at June 30, 2018		Book value at June 30, 2018
<b>Owned Assets</b>												
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	182,746,500	-	-	-	898,105,927	298,418,521	52,306,978	-	350,725,499	547,380,428	10
Plant and machinery	1,056,260,445	248,036,124	-	-	-	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	456,030	-	-	-	9,945,997	5,089,421	465,748	-	5,555,169	4,390,828	10
Motor vehicles	69,018,242	15,378,291	-	-	7,332,887	81,728,646	54,447,066	8,806,462	5,029,667	58,223,861	18,839,785	20
Office equipment	19,294,764	1,111,256	-	-	-	20,406,020	10,402,668	948,071	-	11,350,739	9,055,281	10
Factory equipment	13,164,270	3,459,755	-	-	-	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	28,189,714	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
<b>Sub-total</b>	<b>2,584,661,669</b>	<b>531,146,964</b>	-	-	<b>9,486,758</b>	<b>3,106,321,876</b>	<b>853,968,134</b>	<b>154,838,434</b>	<b>6,556,333</b>	<b>1,002,250,235</b>	<b>2,104,071,641</b>	
<b>Leased Assets under diminishing musharika</b>												
Motor Vehicle	59,449,260	15,269,175	-	-	-	74,718,435	8,211,681	7,415,518	-	15,627,199	59,091,236	20
<b>Total</b>	<b>2,644,110,929</b>	<b>546,416,139</b>	-	-	<b>9,486,758</b>	<b>3,181,040,311</b>	<b>862,179,815</b>	<b>162,253,952</b>	<b>6,556,333</b>	<b>1,017,877,434</b>	<b>2,163,162,877</b>	

Particulars	2017										Rate per annum %	
	Cost / Revaluation					Depreciation						
	Cost at July 01, 2017	Additions	Transfers in / (out)	Revaluation surplus	(Disposals)	Cost at June 30, 2017	Accumulated depreciation at July 01, 2017	Depreciation for the year	(Depreciation on disposals)	Accumulated depreciation at June 30, 2017		Book value at June 30, 2017
<b>Owned Assets</b>												
Leasehold land	90,000,000	-	-	-	-	90,000,000	-	-	-	-	90,000,000	-
Factory land	442,863,012	10,058,009	-	-	-	452,921,021	-	-	-	-	452,921,021	-
Factory building	715,149,927	209,500	-	-	-	715,359,427	252,107,186	46,311,335	-	298,418,521	416,940,906	10
Plant and machinery	959,703,390	96,557,055	-	-	-	1,056,260,445	341,086,518	65,477,471	-	406,563,989	649,696,456	10
Electric cables and fitting	39,553,820	-	-	-	-	39,553,820	15,279,168	2,427,465	-	17,706,633	21,847,187	10
Furniture and fixture	9,436,987	52,980	-	-	-	9,489,967	4,603,891	485,530	-	5,089,421	4,400,546	10
Motor vehicles	98,699,792	2,085,700	(21,478,250)	-	10,289,000	69,018,242	50,370,627	11,290,253	7,213,814	54,447,066	14,571,176	20
Office equipment	18,777,264	517,500	-	-	-	19,294,764	9,463,884	938,784	-	10,402,668	8,892,096	10
Factory equipment	12,534,270	630,000	-	-	-	13,164,270	5,475,015	745,266	-	6,220,281	6,943,989	10
Computers	13,336,429	2,856,239	-	-	-	16,192,668	9,103,771	1,598,530	-	10,702,301	5,490,367	33
Camera	3,468,608	-	-	-	-	3,468,608	2,935,373	175,968	-	3,111,341	357,267	33
Godown & Shops	10,190,807	15,806,621	-	-	-	25,997,428	7,653,022	652,192	-	8,305,214	17,692,214	10
Sewing machine	1,244,205	-	-	-	-	1,244,205	657,907	58,630	-	716,537	527,668	10
Mobile phone	1,853,977	804,460	-	-	-	2,658,437	1,223,083	320,328	-	1,543,411	1,115,026	33
Generator	70,038,367	-	-	-	-	70,038,367	26,374,349	4,366,402	-	30,740,751	39,297,616	10
<b>Sub-total</b>	<b>2,486,850,855</b>	<b>129,578,064</b>	<b>(21,478,250)</b>	-	<b>10,289,000</b>	<b>2,584,661,669</b>	<b>726,333,794</b>	<b>134,848,154</b>	<b>7,213,814</b>	<b>853,968,134</b>	<b>1,730,693,535</b>	
<b>Leased Assets under diminishing musharika</b>												
Motor Vehicle	19,964,560	18,006,450	21,478,250	-	-	59,449,260	5,475,132	2,736,549	-	8,211,681	51,237,579	20
<b>Total</b>	<b>2,506,815,415</b>	<b>147,584,514</b>	-	-	<b>10,289,000</b>	<b>2,644,110,929</b>	<b>731,808,926</b>	<b>137,584,703</b>	<b>7,213,814</b>	<b>862,179,815</b>	<b>1,781,931,114</b>	



## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
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**18.1.1** The depreciation charge for the year has been allocated as follows:

	Note	2018 Rupees	2017 Rupees
Cost of sales	29	<b>129,803,161</b>	110,067,763
Distribution expenses	30	<b>8,112,698</b>	6,879,235
Administrative expenses	31	<b>24,338,093</b>	20,637,705
		<b>162,253,952</b>	137,584,703

**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 7 Apr 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 Vigo	2,848,291	1,613,324	1,234,967	2,450,000	1,215,033	Negotiation	Ghulam Muhammad Chaang
Building							
Safora Shop	2,153,871	1,526,666	627,205	2,335,000	1,707,795	Through agent	Zeeshan
Total	<u>5,002,162</u>	<u>3,139,990</u>	<u>1,862,172</u>	<u>4,785,000</u>	<u>2,922,828</u>		

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

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
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**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
L-24/1, Block-21, Federal 'B' Industrial Area, Karachi	1.25	78334
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	-

### 18.1.6 CAPITAL WORK IN PROGRESS

#### Tangibles

Plant and machinery  
Civil and electric work

Note

	2018 Rupees	2017 Rupees
	-	359,064,281
	<b>5,422,378</b>	312,726
	<b>5,422,378</b>	359,377,007

18.2.1

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
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**18.2.1** The amount belongs to the construction of rice glucose plant installing at G-205, SITE II, super highway, Karachi from the IPO proceeds.

**18.3** Movement in capital work in progress is as under:

2018	Cost			
	As at July 01, 2017	Additions / (adjustment) during the year	(Transferred) to fixed assets	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
	<b>359,377,007</b>	<b>55,050,991</b>	<b>(409,005,620)</b>	<b>5,422,378</b>

2017	Cost			
	As at July 01, 2016	Additions / (adjustment) during the year	(Transferred) to fixed assets	As at June 30, 2017
	-----Rupees-----			
Plant and machinery	15,196,290	417,341,808	(73,473,817)	359,064,281
Civil works	209,948	30,600,584	(30,497,806)	312,726
	<b>15,406,238</b>	<b>447,942,392</b>	<b>(103,971,623)</b>	<b>359,377,007</b>

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

	2018 Rupees	2017 Rupees
Net book value		
Leasehold land	21,317,504	21,317,504
Factory land	161,484,005	161,484,005
Factory building	320,534,125	356,149,028
Plant and machinery	394,565,066	438,405,629
	<b>897,900,700</b>	<b>977,356,166</b>

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
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### 19 INTANGIBLE ASSETS

#### Cost

Opening

Addition during the year

Closing

#### Amortization

Opening

Charge for the year

Closing

Balance as at June 30

### 20 LONG TERM INVESTMENTS - IN RELATED PARTY

#### Subsidiary

JKT General Trading FZE

Matco Marketing (Private) Limited

**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 share 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. No return on investment has been made since incorporation. No litigation has been made against the subsidiaries.

### 21 STORES, SPARES AND LOOSE TOOLS

Stores and spares

Provision for slow moving / obsolete items

#### 21.1 Movement in provision for slow moving / obsolete items

Balance at beginning of the year

Charge for the year

Balance at end of the year

Note

	2018 Rupees	2017 Rupees
Opening	-	14,710,766
Addition during the year	-	-
Closing	-	14,710,766
Opening	-	(9,807,178)
Charge for the year	-	(4,903,588)
Closing	-	(14,710,766)
Balance as at June 30	-	-
JKT General Trading FZE	20.1	23,582,747
Matco Marketing (Private) Limited	20.2	7,499,960
		<b>31,082,707</b>
		23,582,747
Stores and spares	29.3	20,271,197
Provision for slow moving / obsolete items	21.1	(1,543,929)
		<b>18,727,268</b>
		15,373,483
Balance at beginning of the year		1,543,929
Charge for the year		-
Balance at end of the year		<b>1,543,929</b>
		1,345,492
		198,437
		1,543,929

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
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		2018 Rupees	2017 Rupees
<b>22 STOCK IN TRADE</b>	<b>Note</b>		
Raw materials	22.2	4,180,456,923	4,581,456,782
Packing materials	29.2	95,650,372	57,209,207
Finished goods	22.3	883,118,576	611,451,055
		<b>5,159,225,871</b>	5,250,117,044
Provision for slow moving / obsolete items	22.1	(20,245,075)	(9,626,080)
		<b>5,138,980,796</b>	5,240,490,964
<b>22.1 Movement in provision for slow moving / obsolete items</b>			
Opening balance		9,626,080	1,662,515
Charge for the year	29.2	10,618,995	7,963,565
Closing balance		<b>20,245,075</b>	9,626,080
<b>22.2</b>	This includes pledged stock of raw material with various banks under long term and short term borrowing arrangements (refer note 10 and 15).		
<b>22.3</b>	This includes by product amounting to Rs. 87.71 million (2017: Rs. 33.64 million).		
<b>23 TRADE DEBTS</b>			
Considered good			
Export - secured	23.2	500,158,816	354,644,632
Local - unsecured		174,304,807	186,888,141
Considered doubtful			
Local - unsecured		7,464,595	-
Less: Provision for doubtful debts	23.5	(7,464,595)	-
		<b>674,463,623</b>	541,532,773

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

**23.2** It includes the amount of Rs. 19.98 million (2017: Rs. Nil ) 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 (2017: Rs. 9.74 million).

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
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**23.3** Export trade debts are outstanding against total export sales made to the following countries under documents against acceptance basis:

Name of Country	2018 Rupees	2017 Rupees
Australia	1,126,726,619	1,159,075,256
Bangladesh	50,288,239	166,179,799
Canada	47,440,416	52,320,993
Djibouti	71,603,603	45,332,395
France	240,067,163	172,867,840
Iraq	49,913,386	10,407,112
Maldives	15,309,277	43,083
Netherland	510,493,815	23,551,040
Poland	13,330,836	-
Portugal	236,838,750	52,808,499
Qatar	34,734,109	30,809,007
Russia	222,562,432	93,515,611
South Africa	38,503,715	20,631,637
Spain	45,832,021	379,292,687
Sweden	35,053,105	30,688,190
Thailand	56,888,338	13,976,693
UAE	333,876,676	480,674,496
UK	411,646,369	144,359,450
USA	230,569,407	174,398,521
<b>Total</b>	<b>3,771,678,279</b>	3,050,932,307

**23.4** As of June 30, 2018, the age analysis of trade debts is as follows:

Not yet due	-	-
Past due:		
- Up to 3 months	626,615,386	528,760,074
- 3 to 6 months	14,754,861	12,772,699
- 6 to 12 months	3,234,995	-
- More than 12 months	37,322,976	-
	<b>681,928,218</b>	541,532,773
	<b>681,928,218</b>	541,532,773

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>23.5</b>	Provision against doubtful trade debts		
	Opening balance	-	-
	Provision made during the year	7,464,595	-
	Reversals made during the year	-	-
	Closing balance	7,464,595	-
<b>24</b>	<b>SHORT-TERM LOANS AND ADVANCES</b>		
	Loans		
	Staff - unsecured, considered good	24.1 6,494,263	4,295,915
	Advances		
	against services and others	1,032,798	1,417,957
	against purchases	19,242,652	52,457,717
	to contractors	24.3 56,962,338	-
		83,732,051	58,171,589

**24.1** These 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. 117,500 (2017: Nil).

**24.3** 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
A. A. Associates	2,723,138
M. Shahid Engineering Works	7,042,310
Iqbal Engineering House	2,533,550
Huzefa Engineering	11,092,943
Amreli Steels Ltd.	9,581,346
Izhar Steel Pvt Ltd	9,262,503
Suria Engineering	6,096,133
Rafiq Cement Supplier	7,500,000
Anhui Yongcheng Electronic & Mechanical Technology Co.,Ltd	1,130,415
	56,962,338

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>25</b>	<b>TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
	<b>Deposits</b>		
	- Capital management account	681,549	681,549
	- Guarantee margin	1,514,650	1,514,650
		2,196,199	2,196,199
	<b>Prepayments</b>		
	- Prepaid expense	25.1 4,609,414	3,040,617
	- Prepaid insurance	4,037,825	3,736,344
		10,843,438	8,973,160

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

### 26 OTHER RECEIVABLES

Sales tax refundable	26.1	84,564,331	81,549,201
Receivable from related parties	26.2	805,615	1,414,322
Unrealized gain on forward foreign exchange contracts		-	1,781,640
		85,369,946	84,745,163

### 26.1 Movement in sales tax refundable is as under:

Balance at beginning of the year	81,549,201	36,987,289
Refunds claim for the year	43,009,774	62,078,618
Received during the year	(38,303,049)	(16,008,411)
Adjusted during the year	(1,691,595)	(1,508,295)
Balance at end of the year	84,564,331	81,549,201

**26.2** It includes the amount due from JKT General Trading FZE, Matco Engineering (Private) Limited and Ghori Trust amounting to Rs. 295,831, Rs. 489,584 and Rs. 20,200 respectively against expenses incurred on behalf of them.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>27 CASH AND BANK BALANCES</b>			
Cash in hand		4,507,418	2,225,894
Cash at bank			
- current accounts		147,138,260	94,423,510
- deposit accounts		373,233,385	13,205,576
- term deposit certificates	27.1	298,200,000	1,200,000
		818,571,645	108,829,086
		823,079,063	111,054,980

**27.1** These represent term deposit certificates of Habib Bank Limited and Askari Bank Limited amounting to Rs. 297 million and Rs. 1.2 million respectively. The rate of profit on these certificates is between 4.75% to 5.6% per annum (2017: 4.74%). These term deposit certificates will mature within a year.

		2018	2017
<b>28 SALES - NET</b>			
Export sales		4,952,359,418	4,034,161,714
<b>Local sales</b>			
Rice		675,703,794	731,131,571
By-products		1,302,458,886	1,397,999,621
		1,978,162,680	2,129,131,192
		6,930,522,098	6,163,292,906
Sales discount / return		(56,434,263)	(27,251,297)
Sales tax		(4,695,737)	(1,616,931)
		6,869,392,098	6,134,424,678

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>29 COST OF SALES</b>			
Rice consumed	29.1	5,272,963,980	4,519,662,817
Packing materials consumed	29.2	229,363,029	223,895,564
Stores and spares consumed	29.3	57,778,514	25,566,817
<b>Processing expenses</b>			
Salaries, wages and benefits	29.4	230,343,959	189,651,720
Electricity and power		61,509,485	45,621,805
Telephone and mobile		756,420	773,087
Gas charges		18,777,760	20,900,719
Insurance		10,265,138	10,620,942
Repairs and maintenance		15,821,505	10,272,638
Other purchases		13,847,903	13,328,151
Provision for slow moving stock		10,618,995	7,963,565
Fumigation charges		12,112,924	9,152,139
Water charges		10,796,107	2,035,510
Canteen		5,579,026	6,632,848
Diesel and oil		3,756,116	1,858,919
Staff welfare		2,606,470	4,491,161
Security expenses		12,796,353	12,934,718
Godown expenses		11,119,094	10,498,098
Rent, rates and taxes		427,438	330,031
Vehicle running expenses		4,698,601	4,525,431
Medical		881,049	504,448
Depreciation	18.1.1	129,803,161	110,067,763
Inspection charges		17,084,611	9,620,180
<b>Cost of goods manufactured</b>		6,133,707,638	5,240,909,071
<b>Work in process</b>			
Opening stock		-	8,531,578
Closing stock	22	-	-
		-	8,531,578
<b>Cost of goods available for sale</b>		6,133,707,638	5,249,440,649
<b>Finished goods</b>			
Opening stock		611,451,055	531,071,189
Closing stock	22	(883,118,576)	(611,451,055)
		(271,667,521)	(80,379,866)
		5,862,040,117	5,169,060,783

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>29.1 Rice consumed</b>			
Opening stock of raw material		4,581,456,782	3,905,595,668
Purchases		4,755,958,817	5,074,285,336
Cartage inwards		116,005,304	121,238,595
Closing stock of raw material	22	(4,180,456,923)	(4,581,456,782)
		<b>5,272,963,980</b>	<b>4,519,662,817</b>
<b>29.2 Packing material consumed</b>			
Opening stock		47,583,127	60,487,050
Purchases		257,185,199	210,991,641
		<b>304,768,326</b>	<b>271,478,691</b>
Closing stock-gross	22	(95,650,372)	(57,209,207)
Provision for slow moving stock		20,245,075	9,626,080
		<b>(75,405,297)</b>	<b>(47,583,127)</b>
		<b>229,363,029</b>	<b>223,895,564</b>
<b>29.3 Stores and spares consumed</b>			
Opening stock		13,829,554	15,183,208
Purchases		62,676,228	24,213,163
		<b>76,505,782</b>	<b>39,396,371</b>
Closing stock-gross	21	(20,271,197)	(15,373,483)
Provision for slow moving stock	21.1	1,543,929	1,543,929
Closing stock-net		<b>(18,727,268)</b>	<b>(13,829,554)</b>
		<b>57,778,514</b>	<b>25,566,817</b>
<b>29.4</b>			
It includes provision for gratuity amounting to Rs. 8.247 million (2017: Rs. 7.863 million).			
<b>30 DISTRIBUTION EXPENSES</b>			
Salaries and benefits		45,451,283	50,098,408
Freight		104,744,582	82,599,998
Clearing and forwarding		41,916,228	65,149,018
Travelling		21,758,699	16,706,915
Sales promotion		33,197,399	43,913,968
Provision of doubtful debts		7,464,595	-
Insurance		973,547	993,727
Export charges		29,631,942	20,309,203
Export commission		2,215,191	648,842
Depreciation	18.1.1	8,112,698	6,879,235
Shop rent		1,704,000	1,844,150
General		2,966,982	2,745,278
		<b>300,137,146</b>	<b>291,888,742</b>

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>31 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	31.1	134,232,770	111,262,883
Vehicle running		2,282,846	2,713,064
Entertainment		873,016	526,275
Printing and stationery		1,078,422	1,548,000
Fee and subscription		8,346,091	7,527,392
Legal and professional		1,349,687	877,070
Auditor remuneration	31.2	2,954,210	2,058,792
Postage and telegrams		1,456,067	1,178,266
General expenses		1,011,055	2,105,198
Newspaper and periodicals		34,985	43,903
Balance c/f		<b>153,619,149</b>	<b>129,840,843</b>
Balance b/f		<b>153,619,149</b>	<b>129,840,843</b>
Electricity and gas charges		433,870	2,115,208
Taxes, duty and fee		692,157	438,313
Medical		1,423,357	1,160,716
Insurance		3,631,057	3,529,374
Software maintenance		2,136,036	2,074,335
Computer expenses		2,733,585	4,382,239
Depreciation	18.1.1	24,338,093	20,637,705
Amortization		-	4,903,588
Lease ijarah rentals		3,386,577	5,000,972
Donations	31.3	545,000	175,530
Advertisement		122,270	452,838
Others		5,038,168	519,972
		<b>198,099,318</b>	<b>175,231,633</b>
<b>31.1</b>			
It includes directors' remuneration amounting to Rs. 25.10 million (2017: Rs. 26.74 million) and provision for gratuity amounting to Rs. 7.612 million (2017: Rs. 7.236 million).			

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>31.2 Auditor's remuneration</b>			
Audit fee of unconsolidated accounts		1,900,000	1,500,000
Audit fee of consolidated accounts		100,000	100,000
Certifications		175,000	88,000
Out of pocket expenses		125,000	123,500
Other services	31.2.1	654,210	247,292
		<b>2,954,210</b>	<b>2,058,792</b>
<b>31.2.1</b>	This represents services relating to taxation.		
<b>31.3</b>	Donation to a single party does not exceed Rs. 500,000. No director is interested in such donation.		
<b>32 FINANCE COST</b>			
Mark up			
Long term finances		14,419,881	12,755,821
Short term borrowings		218,994,121	194,910,079
Finance lease		2,612,597	2,058,076
Bank charges and commission		3,677,717	2,180,927
		<b>239,704,316</b>	<b>211,904,903</b>
<b>33 OTHER INCOME</b>			
From financial assets and liabilities			
Profit on bank/short term deposits		9,387,656	607,341
Unrealized profit / (loss) on forward foreign exchange contracts		-	1,781,640
From non-financial assets			
Amortization of deferred income		362,667	321,377
Gain or (loss) on sale of fixed assets		5,220,075	3,552,612
Scrap sales		2,879,421	-
Gain on sale of shares		-	2,480,924
Reversal of WWF		-	27,619,736
Dividend income		-	253,000
		<b>17,849,819</b>	<b>36,616,630</b>

### 34 EXCHANGE GAIN - NET

This represents exchange gain/(loss) incurred on foreign currency denominated trade debts, advances from customers, creditors and bank accounts.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>35 INCOME TAX EXPENSE</b>			
Current	35.2	51,802,859	85,319,933
Deferred		(22,307,301)	(12,244,313)
		<b>29,495,558</b>	<b>73,075,620</b>

**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

Profit before income tax	<b>337,788,513</b>	342,044,529
Enacted tax rate	<b>30%</b>	31%
Tax on accounting profit at applicable tax rate	<b>101,336,554</b>	106,033,804
Tax effect of:		
permanent differences	-	21,123,439
temporary differences	<b>16,887,972</b>	(2,372,833)
applicability of fixed tax rate on certain income	<b>(49,523,594)</b>	(40,341,617)
applicability of lower tax rate on certain income	<b>(1,877,531)</b>	(701,666)
change of statutory tax rate	<b>1,013,366</b>	-
tax credit	<b>(37,754,327)</b>	(9,655,706)
demand provided and raised during the year	-	(716,079)
others	<b>(586,881)</b>	(293,722)
Tax expense charged on income	<b>29,495,558</b>	73,075,620

**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:

	2017 Rupees	2016 Rupees	2015 Rupees
- Provisions	85,319,933	47,636,962	62,104,205
- Assessment	55,386,043	46,920,883	60,901,253

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

**35.5** Return of 2013-14 is filed on December 31 2014, is an assessment order u/s 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The case was selected for audit under section 214C of the Income Tax Ordinance, 2001. After completion of the audit proceedings, Assistant Commissioner issued the notice u/s 122(5)/(9) of the Ordinance for the amendment of assessment. Response submitted by the representative of the Company.

After completion of audit proceeding, the learned DCIR amended the assessment proceeding and passed the order without adjustment of sales tax refund of Rs. 10,843,699 and charged the WWF of Rs. 6,646,345 and created the demand of Rs. 17,490,045. Against the treatment of learned ADCIR, appeal was filed on 20-09-2017, hearing order is pending. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Company and therefore no provision has been made against the assessment.

**35.6** Return of 2015-16 filed on January 10 2017, is an assessment order u/s 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The Additional Commissioner Inland Revenue 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, hearing heard order is pending. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Company and therefore no provision has been made against the assessment.

**35.7** 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 Additional Commissioner Inland Revenue initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 21-05-2018 for amendment of deemed assessment.

### 36 NUMBER OF EMPLOYEES

Number of employees as at June 30

Number of factory employees as at June 30

Average number of employees during the year

Average number of factory employees during the year

	2018	2017
Number of employees as at June 30	844	782
Number of factory employees as at June 30	456	499
Average number of employees during the year	736	624
Average number of factory employees during the year	402	392

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

### 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	2018 Rupees	2017 Rupees
Directors		Godown rent paid to director		11,119,094	10,498,098
Subsidiary JKT General Trading FZE	100%	Sales		69,832,924	88,685,748
		Advance received on account of sales		-	2,205,000
		Receivable against expenses	26.2	295,831	295,831
		Receivable against sales	23.2	19,980,905	-
Matco Marketing (Private) Limited	100%	Paid expense on behalf		78,184	84,435
		Advance received against expenses		7,121,816	-
		Advance outstanding		7,121,816	-
		Receivable against expenses	26.2	-	84,845
Common Directors Matco Engineering (Private) Limited	0%	Paid against service for Rice Glucose Project		-	2,637,026
		Paid expenses on behalf		489,584	-
		Receivable against expenses	26.2	489,584	-
Trust operated by the company Ghori Trust	0%	Donation of funds		-	97,850
		Expenses incurred on behalf		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, Directors and Executives are disclosed in note 38 to these financial statements.



## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

**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.

### 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	
	2018	2017	2018	2017	2018	2017*	2018	2017*
	-----Rupees-----							
Short-term employee benefits								
Managerial remuneration	3,080,000	2,940,000	8,440,000	7,960,000	18,258,400	1,381,245	29,778,400	12,281,245
House rent allowances	1,386,000	1,323,000	3,798,000	3,582,000	8,216,280	621,560	13,400,280	5,526,560
Utilities	776,220	931,406	2,756,385	2,715,059	912,920	69,062	4,445,525	3,715,527
Bonus	385,000	367,500	1,055,000	995,000	2,282,300	172,655	3,722,300	1,535,155
Fuel expense	590,556	744,488	1,676,968	2,199,146	2,163,500	1,344,600	4,431,024	4,288,234
Medical expense	51,843	65,356	131,931	193,056	283,900	104,316	467,674	362,728
Vehicle expense	198,754	250,560	408,428	740,131	297,313	186,689	904,495	1,177,381
Other expense	301,164	379,664	1,474,968	1,121,492	-	-	1,776,132	1,501,156
	<b>6,769,537</b>	<b>7,001,974</b>	<b>19,741,680</b>	<b>19,505,884</b>	<b>32,414,613</b>	<b>3,880,127</b>	<b>58,925,830</b>	<b>30,387,986</b>
<b>Value of motor vehicles</b>	<b>10,508,500</b>	<b>10,508,500</b>	<b>41,553,500</b>	<b>44,401,791</b>	<b>17,394,500</b>	<b>13,518,500</b>	<b>69,456,500</b>	<b>68,428,791</b>
<b>Number of Persons</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>16</b>	<b>14</b>		

\* Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

**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 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

#### Annual Plant Capacity

	2018 (Tons)	2017 (Tons)
Rice processing	134,700	134,700
Rice Glucose	10,000	-

#### Actual Production

	2018	2017
Rice processing	47,084	59,223
Rice Glucose	2,828	-

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

### 40 EARNINGS PER SHARE - BASIC AND DILUTED

	2018 Rupees	2017 Rupees
Profit for the year	308,292,955	268,968,909
Number of ordinary shares	116,572,094	87,429,094
Weighted average number of ordinary shares	98,447,543	98,447,543
Earning per share - basic and diluted	3.13	2.73

There is no dilutive effect on earnings per share as the Company does not have any convertible instruments as at June 30, 2018 and June 30, 2017.

### 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:

	2018 ----- Amount in USD -----	2017
Trade debts	4,531,524	3,378,211
Cash and bank balances	19,049	34,031
Borrowings from financial institutions	-	(327,667)
Advance from customer	(172,733)	(1,844,085)
	<b>4,377,840</b>	<b>1,240,490</b>
<b>Off balance sheet exposures</b>		
Forward rate agreements	-	(7,200,000)
<b>Net Exposure</b>	<b>4,377,840</b>	<b>(5,959,510)</b>

The following significant exchange rates were applied during the year.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

	2018	2017
	Rupee per USD	
Average rate	109.86	104.73
Reporting date rate	121.50	104.85

### Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2017 would have effect on the equity and profit and 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, 2018.

	2018	2017
	Rupees	
Strengthening of PKR against respective currencies	(53,190,757)	62,485,462
Weakening of PKR against respective currencies	53,190,757	(62,485,462)

A 10 percentage weakening of the PKR against the USD at June 30, 2018 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 Rupee 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.

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### Financial assets

#### Loans and receivables

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
Short term investment		-	-	-	500,000	500,000
Other receivables	26	-	-	-	85,369,946	85,369,946
Cash and bank balances	27	671,433,385	-	-	147,138,260	818,571,645
		671,433,385	-	-	916,162,291	1,587,595,675

#### 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 - secured	15	4,081,779,753	-	-	-	4,081,779,753
Liabilities against assets subject to finance	11	12,226,289	29,284,420	-	-	41,510,709
		4,178,035,748	275,841,324	-	247,620,632	4,701,497,703

#### On balance sheet gap

##### Off balance sheet items

Guarantees

Commitments

### Financial assets

Loans and receivables		-	-	-	541,532,773	541,532,773
Trade debts - considered goods	23	-	-	-	4,295,915	4,295,915
Short term Loans and advances	24	-	-	-	2,196,199	2,196,199
Deposits	25	-	-	-	500,000	500,000
Short-term investment		-	-	-	82,963,523	82,963,523
Other receivables	26	-	-	-	94,423,510	108,829,086
Cash and bank balances	27	14,405,576	-	-	725,911,920	740,317,496
		14,405,576	-	-	725,911,920	740,317,496

#### Financial liabilities

##### At amortized cost

Long term finances - secured	10	96,733,247	322,791,864	-	-	419,525,111
Trade and other payables	13	-	-	-	315,244,770	315,244,770
Accrued mark-up	14	-	-	-	46,056,163	46,056,163
Short term borrowings	15	3,886,835,593	-	-	-	3,886,835,593
Liabilities against assets subject to finance	11	7,999,276	16,132,846	1,029,495	-	25,161,617
		3,991,568,116	338,924,710	1,029,495	361,300,933	4,692,823,254

#### On balance sheet gap

##### Off balance sheet items

Guarantees

Commitments

Note	2018				Total
	Mark-up / profit bearing			Non mark-up / profit bearing	
	Less than one year	One year to Five years	Over five years		
Rupees					
	-	-	-	674,463,623	674,463,623
	-	-	-	6,494,263	6,494,263
	-	-	-	2,196,199	2,196,199
	-	-	-	500,000	500,000
	-	-	-	85,369,946	85,369,946
	671,433,385	-	-	147,138,260	818,571,645
	671,433,385	-	-	916,162,291	1,587,595,675
	84,029,706	246,556,904	-	-	330,586,610
	-	-	-	198,853,203	198,853,203
	-	-	-	48,767,428	48,767,428
	4,081,779,753	-	-	-	4,081,779,753
	12,226,289	29,284,420	-	-	41,510,709
	4,178,035,748	275,841,324	-	247,620,632	4,701,497,703
	(3,506,602,363)	(275,841,324)	-	668,541,659	(3,113,902,028)
	-	-	-	-	-
	-	-	-	646,548,541	646,548,541

Note	2017				Total
	Mark-up / profit bearing			Non mark-up / profit bearing	
	Less than one year	One year to Five years	Over five years		
Rupees					
	-	-	-	541,532,773	541,532,773
	-	-	-	4,295,915	4,295,915
	-	-	-	2,196,199	2,196,199
	-	-	-	500,000	500,000
	-	-	-	82,963,523	82,963,523
	14,405,576	-	-	94,423,510	108,829,086
	14,405,576	-	-	725,911,920	740,317,496
	96,733,247	322,791,864	-	-	419,525,111
	-	-	-	315,244,770	315,244,770
	-	-	-	46,056,163	46,056,163
	3,886,835,593	-	-	-	3,886,835,593
	7,999,276	16,132,846	1,029,495	-	25,161,617
	3,991,568,116	338,924,710	1,029,495	361,300,933	4,692,823,254
	(3,977,162,540)	(338,924,710)	(1,029,495)	364,610,988	(3,952,505,758)
	-	-	-	18,246,460	18,246,460
	-	-	-	762,124,947	762,124,947

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

- (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:

	2018	2017
<b>Financial liabilities</b>		
Long term finances - secured	<b>SBP rate + 1% to 2% and KIBOR + 1% to 2%</b>	SBP rate + 1% to 2% and KIBOR + 1% to 2%
Short term borrowings	<b>SBP rate+ 0.75% to 2% &amp; LIBOR + 1.25%</b>	SBP rate+ 0.75% to 2% & LIBOR + 1.25%

#### 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, 2018, 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. 0.144 million (2017: Rs. 0.183 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2018, 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. 2.190 million (2017: Rs. 1.949 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 recognized at the reporting date if counter parties failed to perform as contracted. The Company manages credit risk interalia by setting out credit limits in relation to individual customers and/or by obtaining advance against sales and/or through letter of credits and/or by providing for doubtful debts. Also the Company does not have significant exposure in relation to individual customer. Consequently, the Company believes that it is not exposed to any major concentration of credit risk.

The Company is exposed to credit risk from its operating and certain investing activities and the Company's credit risk exposures are categorized under the following headings:

##### Trade debts

Trade debts are essentially due from local and foreign companies and the Company does not expect that these companies will fail to meet their obligations.

The Company establishes an allowance for the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. The allowance is based on the management assessment of a specific loss component that relates to individually significant exposures.

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

#### 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.

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

	Short-term Ratings	2018 Rupees	2017 Rupees
MCB Bank Limited	A1+	78,971,359	30,048,689
Meezan Bank Limited	A1+	4,188,053	3,966,002
National Bank of Pakistan	A1+	9,757,001	9,332,864
NIB Bank Limited	A1+	16,503	217,258
Standard Chartered Bank Limited	A1+	1,356,880	2,089,584
United Bank Limited	A1+	-	3,804,324
Allied Bank Limited	A1+	3,434,051	14,701,788
Askari Bank Limited	A1+	47,979,695	1,630,073
Bank Alfalah Limited	A1+	6,967,395	7,115,062
Faysal Bank Limited	A1+	3,824,654	3,411,343
Habib Bank Limited	A1+	5,331,923	7,170,595
Habib Metropolitan Bank Limited	A1+	5,572,363	20,801,126
Soneri Bank Limited	A1+	229,534	1,988,909
Bank Islami Pakistan Limited	A1	-	20,296
Dubai Islamic Bank Pakistan Limited	A-1	-	291
Bank Al Habib Limited	A1+	3,245,232	2,530,882
JS Bank	A1+	23,247	-
MCB Islamic Bank	A1	349,473,757	-
		<b>520,371,647</b>	<b>108,829,086</b>

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

### 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	2018 Rupees	2017 Rupees
Trade debts	20	674,463,623	541,532,773
Loans and advances	21	6,494,263	4,295,915
Bank balances	24	818,571,645	108,829,086
		<b>1,499,529,531</b>	<b>654,657,774</b>

### 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, 2018, the Company has Rs. 4,745.8 million (2017: Rs. 4,932.5 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 333.433 million (2017: Rs. 625.647 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 parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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).
- 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)

## MATCO FOODS LIMITED

Note To The Unconsolidated Financial Statements  
For The Year Ended June 30, 2018

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, 2018:

Financial assets	2018			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial investments: Held for trading	500,000		-	500,000
Financial assets	2017			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial investments: Held for trading	500,000		-	500,000

## 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).

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

During 2018, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2018 and 2017 were as follows:

	Note	2018 Rupees	2017 Rupees (Restated)
Total borrowings		4,453,877,072	4,331,522,321
Less: Cash and bank	27	(823,079,063)	(111,054,980)
Net debt		3,630,798,009	4,220,467,341
Total equity		4,128,667,040	3,143,160,816
Total equity and debt		7,759,465,049	7,363,628,157
Gearing ratio (%)		47%	57%

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 98.7% (2017: 99.6%) of the total revenue of the Company.
- 43.2** All non-current assets of the Company as at June 30, 2018 are located in Pakistan. Further, debtors from rice represents 98% (2017: 100%) of the total debtors.

#### 44 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

During the 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 as disclosed in note 7. Refer 2.3.13 of the Prospectus issued for the Project detail. As at June 30, 2018, the utilization of proceeds from IPO is as follows:

	Note	2018 Rupees
Proceeds from IPO		757,718,000
IPO related expenses		(45,300,364)
Deposited with HBL against LCs	27.1	(297,000,000)
Expenses incurred to date	18.2	(5,422,378)
Advances to contractors	44.1	(60,521,501)
Cash at bank		349,473,757

## MATCO FOODS LIMITED

### Note To The Unconsolidated Financial Statements For The Year Ended June 30, 2018

- 44.1** The amount has given to contractor and engineers for the purpose of development of rice glucose plant.

#### 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 6, 2018.

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

The Board of Directors in its meeting held on September 6, 2018 has proposed cash dividend of Rs. 0.4 per share i.e. 4% (2017: Nil per share) and 5 bonus shares on every 100 ordinary shares i.e. 5%. This is in addition to the interim cash dividend of Rs. 0.3 (2017: Nil) per share. The dividend and transfer are subject to the approval of members at the annual general meeting. The effect of such dividend and transfer shall be accounted for in the financial statements for the year ending June 30, 2019.

#### 46 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive Officer



Chief Financial Officer



Director

## INDEPENDENT AUDITOR'S REPORT

### To the members of Matco Foods Limited

#### 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, 2018, and the consolidated statement of profit or loss, 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, 2018, 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.

#### GRANT THORNTON ANJUM RAHMAN

1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530

T +92 021 3567 2951-56  
F +92 021 3568 8834  
www.gt-pak.com

Following are the Key audit matters:

#### S. No. Key audit matters

##### 1. Valuation of Stock in Trade

As at year end, the Group held stock in trade amounting to Rs. 5.14 billion as disclosed in note 21, forming significant part i.e. 74.7% 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 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 judgements involved in estimating the NRV of underlying inventories.

#### How the matters were addressed in our audit

As part of our audit, we have performed the following audit procedures:

- Attending the stock counts at locations to observe the stock count process and evaluate the condition of stock in trade.
- Testing the valuation method used by the management in valuation of stock in trade.
- Comparing on sample basis specific purchases with underlying supporting documents.
- Evaluating the appropriateness of the basis and processes used by management in determining the net realizable value of stock in trade.
- Performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete stock.
- Reviewing the adequacy of the disclosures on stock in trade in the consolidated financial statements.

S. No. Key audit matters

How the matters were addressed in our audit

2. First time application of Companies Act, 2017

As referred to in note 3.4.1 to the annexed consolidated financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2018. Further, the Holding Company was listed at Pakistan Stock Exchange during the year, which has made the Group to comply with the requirements of fourth schedules to the Companies Act, 2017.

The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements.

As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 3.4.1) relating to disclosures required in the Group's consolidated financial statements.

We consider it as a key audit matter in view of the extensive impacts in the consolidated financial statements due to the Companies Act, 2017.

Our audit procedures included the following:

- Considering the management's process to identify the necessary amendments required in the Group's consolidated financial statements.
- Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Group's operations and business.
- Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed consolidated financial statements based on the new requirements.

**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

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 Khaliq-ur-Rahman.

  
Grant Thornton Anjum Rahman  
Chartered Accountants

Karachi  
Date: September 06, 2018





**Consolidated**  
*Financial Statements*

## MATCO FOODS LIMITED

Consolidated Statements Of Financial Position  
As At June 30, 2018

Note	2018 Rupees	2017 Rupees Restated	2016 Rupees Restated
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital	7.1	2,000,000,000	2,000,000,000
Issued, subscribed and paid up share capital	7.2	1,165,720,940	874,290,940
Capital reserve	8	739,367,162	318,382,823
Exchange revaluation reserve		5,160,255	(354,112)
Unappropriated profit		1,688,073,372	1,390,324,788
Surplus on revaluation of property, plant and equipment - net of tax	9	546,781,614	598,918,688
<b>Total shareholders' equity</b>		<b>4,145,103,343</b>	<b>3,154,309,657</b>
<b>Non-current liabilities</b>			
Long term finances-secured	10	246,556,904	322,791,864
Liabilities against assets subject to finance leases	11	29,284,420	17,162,341
Deferred liabilities	12	143,803,979	158,452,679
Deferred income		632,508	995,175
<b>Total non-current liabilities</b>		<b>420,277,811</b>	<b>499,402,059</b>
<b>Current liabilities</b>			
Trade and other payables	13	219,982,985	335,009,163
Advance from customers - secured		24,883,671	193,592,016
Accrued mark-up	14	48,767,428	46,056,163
Short term borrowings-secured	15	4,081,779,753	3,908,367,977
Current portion of long term finances-secured	10	84,029,706	96,733,247
Current portion of liabilities against assets subject to finance leases	11	12,226,289	7,999,276
Unpaid dividend	16	761,095	-
Provision for taxation-net		21,287,637	28,936,787
<b>Total current liabilities</b>		<b>4,493,718,565</b>	<b>4,616,694,629</b>
<b>Total liabilities</b>		<b>4,913,996,376</b>	<b>5,116,096,688</b>
<b>Contingencies and commitments</b>	17		
<b>Total equity and liabilities</b>		<b>9,059,099,719</b>	<b>8,270,406,345</b>

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, 2018

Note	2018 Rupees	2017 Rupees Restated	2016 Rupees Restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	2,168,585,255	2,141,308,121
Intangible assets	19	-	-
Long term deposits - net		13,048,793	10,990,923
<b>Total non-current assets</b>		<b>2,181,634,048</b>	<b>2,152,299,044</b>
<b>Current assets</b>			
Stores, spares and loose tools	20	18,727,268	13,829,554
Stock in trade	21	5,138,980,796	5,240,490,964
Trade debts	22	709,705,319	593,336,681
Short term loans and advances	23	83,732,051	58,171,589
Trade deposits and short term prepayments	24	13,734,531	11,991,021
Short term investment		500,000	500,000
Other receivables	25	85,074,116	84,745,163
Advance tax - net		-	-
Cash and bank balances	26	827,011,590	115,042,329
<b>Total current assets</b>		<b>6,877,465,671</b>	<b>6,118,107,301</b>
<b>Total assets</b>		<b>9,059,099,719</b>	<b>8,270,406,345</b>

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, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	27	6,879,602,731	6,158,480,346
Cost of sales	28	(5,861,897,104)	(5,178,778,848)
<b>GROSS PROFIT</b>		<b>1,017,705,627</b>	979,701,498
Distribution expenses	29	(304,850,154)	(291,888,742)
Administrative expenses	30	(203,619,372)	(181,165,750)
		(508,469,526)	(473,054,492)
		<b>509,236,101</b>	506,647,006
Finance cost	31	(240,005,015)	(212,124,511)
Other income	32	17,849,819	36,616,630
Exchange gain - net	33	72,858,009	34,999,406
Provision for workers' welfare fund	13.2	(7,066,909)	(3,073,894)
Provision for workers' profit participation fund	13.3	(15,283,606)	(12,836,230)
<b>PROFIT BEFORE TAX</b>		<b>337,588,399</b>	350,228,407
Income tax expense	34	(29,522,349)	(73,075,620)
<b>PROFIT FOR THE YEAR</b>		<b>308,066,050</b>	277,152,787
<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>	39	<b>3.13</b>	2.82

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 Comprehensive Income  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>PROFIT FOR THE YEAR</b>		<b>308,066,050</b>	277,152,787
OTHER COMPREHENSIVE INCOME / (LOSS)			
<i>Items that may be reclassified subsequently to the consolidated statement of profit or loss</i>			
- Exchange difference on translation of foreign currency		5,514,367	(236,581)
<i>Items that will not to be reclassified subsequently to the consolidated statement of profit or loss</i>			
- Remeasurement of defined benefits obligation	12.1.5	(229,441)	(3,109,867)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>313,350,976</b>	273,806,339
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:</b>			
Shareholders of the Holding Company		313,350,976	273,806,339
Non-controlling interest		-	-
		<b>313,350,976</b>	273,806,339

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, 2018

Note	2018 Rupees	2017 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	<b>337,588,399</b>	350,228,407
	Profit before taxation	
	Adjustments for:	
	Depreciation	137,584,703
18	<b>162,253,952</b>	4,903,588
	Amortization of intangible assets	(34,999,406)
19	-	(1,781,640)
	Exchange gain - net	-
33	<b>(72,858,009)</b>	-
	Unrealized profit on forward foreign exchange contracts	-
32	-	-
	Provision of doubtful debts	212,124,511
	Provision for slow moving stock	15,247,173
31	<b>7,464,595</b>	(321,377)
	Finance cost	(3,552,612)
31	<b>240,005,015</b>	329,204,940
	Provision for staff gratuity	679,433,347
12.1	<b>15,859,134</b>	
	Amortization of deferred income	
32	<b>(362,667)</b>	
	Gain on disposal of property, plant and equipment	
32	<b>(5,220,075)</b>	
	<b>357,760,940</b>	
	<b>695,349,339</b>	
<b>Changes in working capital</b>		
<b>(Increase) / decrease in current assets</b>		
	<b>(4,897,714)</b>	1,353,654
	Stores, spares and loose tools	(734,805,479)
	Stock in trade	(158,839,119)
	Trade debts - considered good	(45,516,539)
	Loans and advances	5,132,196
	Trade deposits and prepayments	(31,699,299)
	Other receivables	(964,374,586)
	<b>25,468,900</b>	
<b>Increase / (decrease) in current liabilities</b>		
	<b>(115,026,178)</b>	128,896,672
	Trade and other payables	(6,304,358)
	Advances from customers	122,592,314
	<b>(283,734,523)</b>	(162,348,925)
	<b>437,083,716</b>	
<b>Cash generated from / (used in) operations</b>		
	<b>(237,273,241)</b>	(216,004,278)
	Finance cost paid	(56,967,706)
	Income taxes paid	(8,198,973)
	Gratuity paid	(8,198,973)
12.1	<b>(8,450,481)</b>	(443,519,882)
	<b>131,881,195</b>	
<b>Net cash generated from / (used in) operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
	<b>(182,760,348)</b>	(473,548,833)
	Fixed capital expenditure including capital work in progress	13,841,612
	Proceeds from disposal of property, plant and equipment	(500,000)
	Short term investment	430,408
	Long term deposits	(459,776,813)
	<b>(2,057,870)</b>	
	<b>(176,667,719)</b>	
<b>Net cash used in investing activities</b>		
	<b>(44,786,524)</b>	(903,296,695)
	Balance carried forward	

## MATCO FOODS LIMITED

Consolidated Statements Of Cash Flow  
For The Year Ended June 30, 2018

Note	2018 Rupees	2017 Rupees
	<b>(44,786,524)</b>	(903,296,695)
	Balance brought forward	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	<b>252,898,301</b>	276,490,604
	Long term finances	
	- received during the year	(60,128,639)
	- repayments during the year	-
7.4	<b>(341,270,050)</b>	-
	Proceeds from issuance of shares	-
8	<b>420,984,339</b>	-
	Proceeds from share premium received	(8,418,938)
	Finance lease obligation paid during the year	(7,200,000)
	Dividend paid	711,340,034
	Short term borrowings obtained - net of repayment	
	<b>173,411,776</b>	912,083,061
	<b>750,664,223</b>	
<b>Net cash generated from financing activities</b>		
<b>Effect of exchange rate changes on value of foreign operation</b>		
	<b>5,514,367</b>	(236,581)
<b>Net change in cash and cash equivalents during the year</b>		
	<b>711,392,066</b>	8,549,785
<b>Cash and cash equivalents as at the beginning of year</b>		
	<b>115,042,329</b>	106,436,195
	Effects of exchange rate changes on cash and cash equivalents	56,349
	<b>577,195</b>	
	<b>827,011,590</b>	115,042,329
26	<b>827,011,590</b>	
	<b>827,011,590</b>	
	<b>827,011,590</b>	

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

Chief Executive Officer

Chief Financial Officer

Director

Chief Executive Officer

Chief Financial Officer

Director

## MATCO FOODS LIMITED

### Consolidated Statements Of Change In Equity For The Year Ended June 30, 2018

	Issued, subscribed and paid up share capital	Capital reserve	Exchange Revaluation Reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	Equity attributable to the Holding Company's shareholders	Total
Rupees							
<b>Balance as on July 01, 2016 as previously stated</b>	874,290,940	318,382,823	(117,531)	1,096,228,398	-	2,288,784,630	2,288,784,630
<b>Effect of re-statement (Note 6)</b>	-	-	-	-	598,918,688	598,918,688	598,918,688
<b>Balance as on July 01, 2016 - restated</b>	874,290,940	318,382,823	(117,531)	1,096,228,398	598,918,688	2,887,703,318	2,887,703,318
<b>Total comprehensive income for the year</b>							
Profit for the year	-	-	-	277,152,787	-	277,152,787	277,152,787
Other comprehensive loss	-	-	(236,581)	(3,109,867)	-	(3,346,448)	(3,346,448)
Total comprehensive Income	-	-	(236,581)	274,042,920	-	273,806,339	273,806,339
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax - (note 9)	-	-	-	27,253,470	(27,253,470)	-	-
<b>Transactions with owners</b>							
Dividend paid @ Re. 0.4118 per share (2016: Rs. 0.2859 per share)	-	-	-	(7,200,000)	-	(7,200,000)	(7,200,000)
<b>Balance as on June 30, 2017 - restated</b>	874,290,940	318,382,823	(354,112)	1,390,324,788	571,665,218	3,154,309,657	3,154,309,657
<b>Total comprehensive income for the year</b>							
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)	-	-
<b>Transactions with owners</b>							
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)
<b>Balance as on June 30, 2018</b>	<b>1,165,720,940</b>	<b>739,367,162</b>	<b>5,160,255</b>	<b>1,688,073,372</b>	<b>546,781,614</b>	<b>4,145,103,343</b>	<b>4,145,103,343</b>

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, 2018

#### 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 Group') was incorporated on April 14, 1990 in Karachi as a private limited company under the repealed Companies Ordinance, 1984 (Now: Companies Act, 2017). The Group is listed on Pakistan Stock Exchange on February 13, 2018. Principal activity of the Group 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 Group is situated at L-24/1, Block-21, Federal 'B' 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 Kamoke, District Gujranwala.

The Group has 100% and 99.99% ownership in JKT General Trading FZE (subsidiary) a Dubai based Group and Matco Marketing (Private) Limited based in Pakistan respectively.

##### 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 L-24/1, Block-21, Federal 'B' 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 Group since its incorporation.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

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

- a) Matco Foods Limited has been listed at Pakistan Stock Exchange (PSX) during the year by offering shares to the general public which resulted in IPO proceeds of Rs. 757.72;
- b) The Matco Foods Limited has started 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.
- c) The exchange rate of USD to PKR has increased from PKR 104.85 as at June 30, 2017 to PKR 121.5 as at June 30, 2018 which resulted in exchange gain of Rs. 75.7 million;
- d) Due to applicability of the Companies Act, 2017 to the financial statements of the Group, amounts reported for the previous period have been restated. For detailed information, please refer to note 3.4.1 and note 6;
- e) During the year, the Matco Foods Limited has subscribed 749,996 shares of Matco Marketing (Private) Limited. However, Matco Marketing (Private) Limited has not commenced its operations;
- f) On July 25, 2017, the Matco Foods Limited was converted into public company from private company;
- g) For a detailed discussion about the Group's performance, please refer to the Directors' report.

#### 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 this is 100% and 99.99% respectively 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.

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.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### 3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Accounting and reporting standards comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017 (the Act), 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.

#### 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 cash flow information.

#### 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 Promulgation of Companies Act, 2017

The third and fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Group (refer note 18.1.6), management assessment of sufficiency of tax provision in the financial statements (refer note 34.4), change in threshold for identification of executives (refer note 37), additional disclosure requirements for related parties (refer note 36), utilization of IPO proceeds (refer note 43).

##### 3.4.2 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)
IAS 7- Disclosure Initiative (Amendments to IAS 7)	January 1,2017
IAS 12- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1,2017
IFRS 12- Annual Improvements to IFRS 2014-2016	January 1,2017

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2017 and 2018.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### 3.4.3 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, 2017 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.

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 and IAS 28- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 2- Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28- Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22- Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40- Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRS 15- Revenue from Contracts with Customers	July 1, 2018
IFRS 9- Financial Instruments	July 1, 2018
IFRS 16- Leases	January 1, 2019
IFRIC 23- Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
Annual Improvements to IFRSs 2015- 2017 Cycle	January 1, 2019
IFRS 9- Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
IAS 19- Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019

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

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### 3.4.5 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	Effective Date (Annual periods beginning on or after)
IFRS 14- Regulatory Deferral Accounts	January 1, 2016
IFRS 17- Insurance Contracts	January 1, 2021

#### 4 CRITICAL ASSUMPTIONS AND ESTIMATES

The preparation of consolidated financial statements in conformity with approved accounting standards 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	5.9
(c) provision for gratuity	5.14
(d) income taxes	5.17
(e) trade and other payables	5.19
(f) contingencies	5.20
(g) provisions	5.24
(h) impairment	5.26

#### 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.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

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 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 profit and 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 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 profit and loss account, 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.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

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 balance sheet 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 profit and loss account on a straight line basis over the lease term.

#### 5.7 Investments

##### 5.7.1 Investment in subsidiary companies

Investment in subsidiary 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 income.

##### 5.7.2 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 Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument.



## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### Initial recognition

Financial assets and financial liabilities are measured initially at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

#### Subsequent measurement

Financial assets and financial liabilities are measured subsequently as described below.

#### 5.9 Financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- (a) loans and receivables;
- (b) financial assets at fair value through profit or loss;
- (c) held to maturity; and
- (d) available-for-sale financial assets.

##### (a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Following financial assets fall into this category of financial instruments:

- Trade debts
- Deposits
- Loans and advances
- Other receivables

These are stated at amortized cost using effective interest method.

##### (b) Financial assets at fair value through profit or loss

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in prices are also classified as 'at fair value through profit or loss' or held for trading.

##### (c) Available for sale

Investments intended to be held for indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity investments (c) financial assets at fair value through profit or loss. Subsequent to initial recognition these investments are marked to market using the closing market rate and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these investments are taken to statement of comprehensive income.

##### (d) Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### 5.10 Financial liabilities

The Group's financial liabilities include long term finances, trade and other payables, accrued mark up and short term borrowings.

#### Derecognition

These are derecognized when they are extinguished, discharged, cancelled or expired.

#### 5.11 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 profit and loss account.

#### 5.12 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 balance sheet date.

#### 5.13 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.

#### 5.14 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 Group: 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.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### 5.15 Trade debts

These are measured at original invoice amount less an estimate made for doubtful receivable balances based on the review of all outstanding amounts at year end. Bad debts are written off when identified.

#### 5.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, 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.

#### 5.17 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 Ordinance, whichever is higher.

##### Deferred

Deferred tax is recognized using the balance sheet 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 balance sheet 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 balance sheet 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 balance sheet date.

#### 5.18 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 income in the period in which these are incurred.

#### 5.19 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.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### 5.20 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).

#### 5.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

Local sales are recognized as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides with delivery.

Export sales are recognized as revenue when invoiced with the transfer of significant risks and rewards of ownership, which coincides with date of shipping bill. Export rebate is recognized on accrual basis at the time of export sale.

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

#### 5.22 Foreign currency translation

Transactions in foreign currencies are accounted for in rupee at the rate of exchange prevailing on the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the balance sheet 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 profit and loss account.

#### 5.23 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are off-set and the net amount is reported in the 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.

#### 5.24 Provisions

A provision is recognized in the balance sheet 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.

#### 5.25 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 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.

#### 5.26 Impairment

The carrying amount of the Group's assets are reviewed at each balance sheet 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 profit and loss account for the carrying amount of the asset that exceeds its recoverable amount.

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

### 5.27 Related party transactions

All related party transactions are carried out by the Group on commercial terms.

### 5.2 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.

### 6 CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Following the application of IAS 16, the Group's policy for surplus on revaluation of land and building stands amended as follows:

- Increases in the carrying amounts arising on revaluation of land and buildings are recognized, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognized in statement of profit or loss, the increase is first recognized in profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on land and building to retained earnings.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

	As at June 30, 2017			As at June 30, 2016		
	Previously reported	As-restated	Re-statement	Previously reported	As-restated	Re-statement
-----Rupees-----						
<b>Effect on statement of financial position</b>						
Surplus on revaluation of property, plant and equipment	571,665,218	-	(571,665,218)	598,918,688	-	(598,918,688)
Share capital and reserves	-	571,665,218	571,665,218	-	598,918,688	598,918,688
<b>Effect on statement of changes in equity</b>						
Revaluation surplus of property, plant and equipment	-	571,665,218	571,665,218	-	598,918,688	598,918,688

	As at June 30, 2017		
	Previously reported	As-restated	Re-statement
-----Rupees-----			

Effect on statement of comprehensive income  
Gain on revaluation of land and buildings - net of deferred tax

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

### 7 SHARE CAPITAL

#### 7.1 Authorized Share Capital

2018	2017		2018	2017
Number of shares			Rupees	Rupees
<u>200,000,000</u>	<u>200,000,000</u>	Ordinary shares of Rs. 10 (2017: Rs. 10)	<u>2,000,000,000</u>	<u>2,000,000,000</u>

#### 7.2 Issued, Subscribed And Paid Up Share Capital

<u>50,340,213</u>	21,197,213	Ordinary shares of Rs. 10 (2017: Rs. 10) each fully paid in cash	<u>503,402,130</u>	211,972,130
<u>6,002,950</u>	6,002,950	Ordinary shares of Rs. 10 (2017: Rs. 10) each issued as fully paid for consideration other than	<u>60,029,500</u>	60,029,500
<u>60,228,931</u>	<u>60,228,931</u>	Ordinary shares of Rs. 10 (2017: Rs. 10) each issued as fully paid bonus shares	<u>602,289,310</u>	<u>602,289,310</u>
<u>116,572,094</u>	<u>87,429,094</u>		<u>1,165,720,940</u>	<u>874,290,940</u>

#### 7.3 Shares held by the related parties of the Group

##### Name of the shareholders

	2018	2017
	--Number of Shares--	
Mr. Jawed Ali Ghori	<u>22,661,925</u>	22,661,925
Mr. Khalid Sarfaraz Ghori	<u>22,886,925</u>	22,886,925
Mr. Tariq Ghori	<u>22,909,425</u>	22,909,425
Mr. Faizan Ali Ghori	<u>245,000</u>	224,997
Ms. Naheed Jawed	<u>427,500</u>	427,500
Ms. Nuzhat Khalid Ghori	<u>427,500</u>	427,500
Ms. Sadaf Tariq	<u>405,000</u>	405,000
International Finance Corporation	<u>17,485,819</u>	17,485,819
Mr. Naeem-ur-Rehman Akhoond	<u>1</u>	1
Mr. Syed Kamran Rasheed	<u>1</u>	1
Mr. Iftikhar Soomro	<u>-</u>	1
Mr. Abdul Samad Khan	<u>1</u>	-

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
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	Note	2018		2017	
		--Number of Shares--			
<b>7.4 Reconciliation of number of shares outstanding is as under:</b>					
Shares at the beginning of the year		87,429,094		87,429,094	
Shares issued during the year in cash	7.6	29,143,000		-	
Bonus shares issued during the year		-		-	
<b>Shares at the end of the year</b>		<b>116,572,094</b>		<b>87,429,094</b>	

**7.5** The Holding Company has issued 15% shares to International Finance Corporation (IFC) (registered with world bank) under an agreement with the Group. 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 on issue of shares amounting to Rs. 341.311 million.

**7.6** During the year, the Holding Company has offered these shares to general public through Initial Public Offering (IPO). These shares have been issued at a price of Rs. 26 per share resulting in overall premium on issue of shares amounting to Rs. 466.288 million.

	Note	2018		2017	
		Rupees		Rupees	
<b>8 CAPITAL RESERVE</b>					
Share premium	8.1 & 8.2	739,367,162		318,382,823	

**8.1** This represents premium received over and above face value of the shares issued to International Finance Corporation 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.

**8.2** This represents 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.

## MATCO FOODS LIMITED

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

This represents surplus arising on revaluation of land, building and 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	2018		2017	
		Rupees		Rupees (Restated)	
Balance at beginning of the year		571,665,218		598,918,688	
Surplus arising on revaluation during the year		-		-	
Transferred to un-appropriated profits on account of					
- incremental depreciation		(35,548,005)		(39,497,783)	
- tax impact on incremental depreciation		10,664,401		12,244,313	
<b>Balance at end of the year</b>		<b>546,781,614</b>		<b>571,665,218</b>	

### 10 LONG TERM FINANCES - SECURED

From banking companies and financial institution:

- MCB Bank Limited	10.1 & 10.2	243,357,942		279,930,722	
- Pak Oman Investment Group Limited	10.3 & 10.4	62,783,084		88,482,518	
- United Bank Limited	10.5	24,445,584		51,111,871	
		<b>330,586,610</b>		419,525,111	
Current portion of long term finances		(84,029,706)		(96,733,247)	
		<b>246,556,904</b>		<b>322,791,864</b>	

**10.1** This also includes LTFF financing facility of Rs. 250 million (2017: Rs 250 million) for rice protein/rice glucose plant. It is secured by 1st pari passu hypothecation charge of Rs. 382.667 million (2017: Rs 382.667 million) over all present and future fixed assets (excluding land and building). Further secured by 1st pari passu mortgage charge of Rs. 382.667 million over land and building (2017: Rs. 382.667 million). It carries mark-up at SBP rate plus 1.0% per annum (2017: 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 include LTFF/DF financing facility of Rs. 51.4 million (2017: Rs. 51.4 million) for plant & machinery expansion. It is secured by 1st hypothecation charge of Rs. 382.667 million (2017: 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 (2017: Rs. 382.667 million) over land and building. It carries mark-up at 3 months KIBOR plus 1.0% per annum (2017: KIBOR plus 1.0% per annum). The Loan is repayable in semi annual installments and shall be repaid by April 2020.

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### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

**10.3** This include LTFF financing facility of Rs. 100 million (2017: 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 (2017: 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 (2017: 3 months KIBOR plus 2.0% per annum). The Loan is repayable in quarterly installments and shall be repaid by June 2019.

**10.4** This also include LTFF financing facility of Rs. 60 million (2017: 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 (2017: 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.(2017: 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. 2.7 million and NIDF of Rs. 21.7 million (2017: LTFF Rs. 4.5 million and NIDF Rs. 46.5 million) for BMR expenses of the Group. The facility is secured by exclusive charge of Rs. 85.33 million (2017: Rs. 85.33 million) over land and building located at G-205 super highway Karachi., out of which Rs. 50 million (2017: Rs. 50 million) is tagged to this facility. Margin of Rs. 17 million (2017: Rs. 17 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 (2017: LTFF SBP rate plus 2.5% per annum and NIDF 6 months KIBOR plus 2.0% per annum). These loans are repayable in semi-annual installments and shall be repaid by January 2019.

#### 11 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Under the Musharika 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% (2017: 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:

	2018			2017		
	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	16,397,852	4,171,563	12,226,289	9,788,105	1,788,829	7,999,276
Later than one year but not later than five years	38,144,067	8,859,647	29,284,420	18,179,284	2,046,438	16,132,846
Later than five years	-	-	-	1,671,852	642,357	1,029,495
	<b>54,541,919</b>	<b>13,031,210</b>	<b>41,510,709</b>	29,639,241	4,477,624	25,161,617

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

	Note	2018	2017
		Rupees	Rupees
<b>12 DEFERRED LIABILITIES</b>			
Staff gratuity scheme - unfunded	12.1	59,423,344	51,785,250
Deferred tax liability	12.2	84,211,483	106,518,784
Employees' end of service benefit		169,153	148,645
		<b>143,803,979</b>	158,452,679

#### 12.1 Staff gratuity scheme - unfunded

Balance at beginning of the year		51,785,250	41,775,828
Charge for the year	28 & 30	15,859,134	15,098,528
Actuarial losses		229,441	3,109,867
Payments made during the year		(8,450,481)	(8,198,973)
Balance at end of the year	12.1.1	<b>59,423,344</b>	51,785,250

#### 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, 2018, 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:

Discount rate - per annum	9.00%	7.50%
Expected rate of increase in salaries - per annum	8.00%	6.50%

#### 12.1.2 The amounts recognized in the balance sheet are as follows:

Present value of defined benefit obligation		59,193,903	48,675,383
Actuarial losses		229,441	3,109,867
	12.1.3	<b>59,423,344</b>	51,785,250

## MATCO FOODS LIMITED

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	Note	2018 Rupees	2017 Rupees
<b>12.1.3 Movements in the net liability recognized in the balance sheet are as follows:</b>			
Opening liability		51,785,250	41,775,828
Charge for the year	12.1.4	15,859,134	15,098,528
Actuarial losses		229,441	3,109,867
Benefits paid		(8,450,481)	(8,198,973)
Balance at end of the year		59,423,344	51,785,250
<b>12.1.4 The amounts recognized in the profit and loss account against defined benefit scheme are as follows:</b>			
Current service cost		12,292,133	11,707,657
Interest cost		3,567,001	3,390,871
Charge for the year		15,859,134	15,098,528
<b>12.1.5 The amounts recognized in the other comprehensive income against defined benefit scheme are as follows:</b>			
Remeasurement of defined benefits obligation		(229,441)	(3,109,867)
<b>12.1.6 Expense chargeable to profit and loss account for the next year</b>			
Current service cost		15,577,487	12,069,285
Interest cost		5,348,101	3,883,894
Charge for the year		20,925,588	15,953,179
<b>12.1.7 The expense for the staff retirement benefit scheme has been allocated as follows:</b>			
Cost of sales	28.4	8,246,750	7,862,500
Administrative expenses	30.1	7,612,384	7,236,028
		15,859,134	15,098,528

**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. 11.7 million (Rs. 2017: 10.5 million). However, the Group has not recorded deferred tax asset in the books of the Group.

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>12.3 Employees' end of service benefits</b>			
Opening liability		148,645	-
Charge for the year		20,508	148,645
Payment during the year		-	-
Closing liability		169,153	148,645
<b>13 TRADE AND OTHER PAYABLES</b>			
Creditors		159,977,082	295,859,748
Accrued liabilities		32,885,654	21,781,522
Security deposit from customer	13.1	25,000	-
Tax deducted at source and payable to statutory authorities		1,079,529	1,454,300
Sales tax payable		591,311	3,469
Workers' welfare fund	13.2	10,140,803	3,073,894
Workers' profit participation fund	13.3	15,283,606	12,836,230
		219,982,985	335,009,163
<b>13.1</b> 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.			
<b>13.2 Workers' welfare fund</b>			
Opening balance		3,073,894	27,619,736
Allocation of the year		7,066,909	3,073,894
Reversal of WWF		-	(27,619,736)
Amount paid to the fund		-	-
Closing balance		10,140,803	3,073,894
<b>13.3 Workers' profit participation fund</b>			
Opening balance		12,836,230	-
Allocation of the year		15,283,606	12,836,230
Amount paid to the fund		(12,836,230)	-
Closing balance		15,283,606	12,836,230
<b>14 ACCRUED MARK-UP</b>			
Mark-up on long term finances		4,436,488	12,469,173
Mark-up on short term borrowings		44,042,236	33,586,990
Mark-up on finance lease		288,704	-
		48,767,428	46,056,163

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
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	Note	2018 Rupees	2017 Rupees
<b>15 SHORT TERM BORROWINGS - SECURED</b>			
<b>MCB Bank Limited (MCB)</b>			
Export refinance (secured)	15.1 & 15.2	<b>576,352,000</b>	518,852,000
Foreign bills purchased/negotiated	15.3	-	50,136,007
<b>United Bank Limited (UBL)</b>			
FAPC I (secured)	15.4	<b>497,397,000</b>	460,397,000
Foreign bills purchased/negotiated	15.5	-	32,888,652
<b>Askari Bank Limited (AKBL)</b>			
Export refinance (secured)	15.6	<b>477,200,000</b>	451,061,934
<b>National Bank of Pakistan (NBP)</b>			
Export refinance (secured)	15.7	<b>400,000,000</b>	400,000,000
<b>Habib Metropolitan Bank Limited</b>			
Export refinance (secured)	15.8	<b>298,900,000</b>	224,000,000
Foreign bills purchased/negotiated	15.9	<b>18,230,753</b>	
<b>Allied Bank Limited (ABL)</b>			
Export refinance	15.10	<b>234,000,000</b>	234,000,000
<b>Habib Bank Limited (HBL)</b>			
Export refinance	15.11	<b>342,200,000</b>	249,000,000
<b>Standard Chartered Bank</b>			
Export refinance	15.12	<b>201,500,000</b>	248,500,000
<b>Faysal Bank Limited</b>			
Export refinance	15.13	<b>549,500,000</b>	549,000,000
<b>Bank Al Falah Limited</b>			
Export refinance	15.14	<b>236,500,000</b>	299,000,000
<b>Pak Oman Investment</b>			
Export refinance	15.15	<b>250,000,000</b>	170,000,000
<b>TJ Foods</b>			
Working capital loan	15.16	-	21,532,384
		<b>4,081,779,753</b>	<b>3,908,367,977</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
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- 15.1** This facility has been obtained under State Bank of Pakistan (SBP) Export Refinance Scheme. The sanctioned limit is Rs. 330 million (2017: Rs. 330 million). It carries mark-up at SBP rate plus 1.0% per annum (2017: 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 and building and properties. (2017: 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) and personal guarantees of nominee directors. The facility expiry date is 31 March, 2019.
- 15.2** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 250 million (2017: Rs. 250 million). Formerly, it belonged to NIB Bank. It carries mark-up at SBP rate plus 0.75% (2017: 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. (2017: 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.) and personal guarantees of sponsoring directors. The facility expiry date is 30 November, 2018.
- 15.3** The sanctioned limit is Rs. 100 million (2017: Rs. 100 million). It carries mark-up at LIBOR plus spread per annum to be negotiated at the time of execution of transaction. This facility is secured by lien over clean export bills drawn under LCs of "A" rated banks and further secured through securities as mentioned in note 15.1. The facility expiry date is 31 March, 2019.
- 15.4** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 500 million (2017: Rs. 500 million). It carries mark-up at SBP rate plus 1.0% per annum (2017: 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. (2017: 1st joint pari passu hypothecation charge of Rs. 800 million over all present and future current assets, 1st joint pari passu hypothecation charge of Rs. 75 million over all present and future fixed assets (excluding land & building), 1st joint mortgage charge of Rs. 75 million over land and building of selected properties) and personal guarantees of sponsoring directors. The facility expiry date is 30 November, 2018.
- 15.5** This sanctioned limit is Rs. 100 million (2017 : Rs. 100 million). It carries mark-up rate negotiated at the time of execution of transaction (2017: mark-up rate negotiated at the time of execution of transaction). This facility is secured through securities as mentioned in note 15.3. The facility expiry date is 30 November, 2018.
- 15.6** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 488 million (2017: Rs. 488 million). It carries mark-up at SBP rate plus 0.75% per annum/ 3 Month KIBOR plus 1% per annum (2017: SBP rate plus 0.75% per annum/ 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 (2017: 1st joint pari passu hypothecation charge of Rs. 667.67 million over all current assets with 25.0% margin, 1st joint pari passu mortgage charge of Rs. 150 million over fixed assets). The facility expiry date is 31 March, 2019.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

- 15.7** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 400 million (2017: Rs. 400 million). It carries mark-up at KIBOR plus 2% per annum (2017: KIBOR plus 2% 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). {2017: 1st pari passu hypothecation charge of Rs 534 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) and personal guarantees of sponsoring directors. The facility expiry date is 31 March, 2019.
- 15.8** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 300 million (2017: Rs. 300 million). It carries mark-up at SBP rate plus 1.0% per annum/ 3 Months KIBOR plus 1% (2017: SBP rate plus 1.0% per annum/ 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), joint pari passu equitable mortgage charge of Rs. 90 million over land and building of selected properties. {2017: 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, 2019.
- 15.9** The sanctioned limit is Rs. 250 million (2017: Rs. 100 million). It carries mark-up that is to be negotiated on case to case basis. (2017: 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 bank's favor covering all risks with premium payment receipt. (2017: ranking hypothecation charge of Rs. 133 million over stocks and receivables duly insured in bank's favor covering all risks with premium payment receipt.) and lien over clean/ accepted documents under export LCs. The facility expiry date is 31 March, 2019.
- 15.10** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 250 million (2017 : 250 million). It carries mark-up at SBP rate plus 0.75% per annum (2017 : 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 (2017: 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. The facility expiry date is 29 March, 2019.
- 15.11** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 370 million (2017: Rs. 320 million). It carries mark-up at SBP rate plus 1.00% per annum/ 3 Months KIBOR plus 0.75% (2017: SBP rate plus 1.00% per annum/ / 3 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. (2017: 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.) and personal guarantees of sponsoring directors The facility expiry date is 28 February, 2019.

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- 15.12** The sanctioned limit of the said facility is Rs. 250 million (2017: Rs. 250 million). It carries mark-up that to be negotiated at the time of utilization. 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 (2017: 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) and personal guarantees of sponsoring directors for Rs. 250 million jointly and severally. The facility expiry date is 30 June, 2019.
- 15.13** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 550 million (2017: Rs. 550 million). It carries mark-up at SBP rate plus 0.75% per annum/ 3 Months KIBOR plus 0.75% per annum (2017: SBP rate plus 0.75% per annum/ 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 (2017: 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 and personal guarantees of executive directors. The facility expiry date is 31 December, 2018.
- 15.14** This facility has been obtained under SBP Export Refinance Scheme. The sanctioned limit is Rs. 300 million (2017: Rs. 300 million). It carries mark-up at SBP rate plus 0.75% per annum/ 3 Months KIBOR plus 0.75% per annum (2017: SBP rate plus 0.75% per annum/ 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. (2017: 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) and personal guarantees of sponsoring directors. The facility expiry date is 31 December, 2018.
- 15.15** The sanctioned limit is Rs. 250 million (2017: Rs. 250 million ). It carries mark-up rate at KIBOR plus 2% per annum (2017: 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 personal guarantees of sponsor directors. The facility expiry date is 13 October, 2018.
- 15.16** During the year, the JKT General Trading (FZE) obtained a working capital loan to fund its operations. This loan will be repaid within 6 months and is non-interest bearing. It has been repaid during the year.
- 16 UNPAID DIVIDEND**  
This represents part of interim dividend for the half yearly ended December 31, 2017 which remained unpaid to the shareholders who have not provided their valid CDS Account no. and IBAN no. The Group has already sent letters to those shareholders for the purpose of above stated information.



## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### 17 CONTINGENCIES AND COMMITMENTS

##### 17.1 Contingencies

**17.1.1** This civil suit No. 1635 of 2009 has been filed by the Holding Company against the Province of Sindh and others for possession and injunction before the Honourable High Court of Sindh. It is contended by the Holding Company that the Defendant No. 3 (Syed Alay Sadequain Naqvi) is unlawfully occupying 3 acres of Land belonging to the Company bearing no. G/205, SITE SHW, Phase-II, Survey Sheet no. 35P/1- 35L/13 ("Property"), situated along the Super Highway, Karachi. In the instant suit, the Holding Company has prayed for possession of the Property and a permanent injunction to restrain the defendants from alienating or transferring the property. The Holding Company also filed a stay application seeking to restrain the defendants from alienating, transferring, possessing or encumbering the land. An ad interim order was passed by the Honourable High Court of Sindh on November 19, 2009, whereby it was directed that no third party interest shall be created in respect of the property. The matter is currently at the stage of hearing of applications. This suit was instituted on November 18, 2009. The next hearing is expected on September 11, 2018.

The instant Civil Appeal No. 311 of 2017 is filed by Mr. Syed Alay Sadqain Naqvi ("Appellant") against the Province of Sindh, Holding Company & others before the IVth Additional District and Sessions Judge at Karachi (West) assailing therein the order dated August 29, 2017 ("Order") passed in suit no. 2141 of 2017 (Syed Alay Sadequain Naqvi versus Province of Sindh, Holding Company and others) by the VIIIth Senior Civil Judge at Karachi (West). Pursuant to the order, the plaint in the suit of the Appellant was rejected under Order VII Rule 11 of the Code of Civil Procedures, 1908. The dispute between the parties is in relation to piece of land measuring 10 acres ("Subject Land"), which also includes the land that is subject matter of Suit no. 1635 of 2009. It is the case of Appellant that he is the lawful owner of the subject land. The Holding Company, inter alia, contends that the instant Appeal is liable to be dismissed since the instant appeal is the third round of litigation instituted by the Appellant involving the same dispute pertaining to the subject land despite the dismissal of Appellant previous suits and appeals. The matter is currently reserved for judgement.

**17.1.2** The Petition No. 3358/2011 and 1823/2013 was instituted on December 13, 2011 and April 29, 2013 by the Holding Company against Federal Board of Revenue (FBR) and Others in Honourable High Court of Islamabad. 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 these petitions. The Holding Company has filed intra court appeal ICA no. 84/2015 and 85/2015 on February 26, 2015. Both the appeals are pending in Honourable High Court of Islamabad, notices are issued. The hearing is expected on October 10, 2018. In the meanwhile the Holding Company has also filled suit no. 392 of 2015 against the Federal Board of Revenue and Model Customs Collectorate due to suspension of Group's Customs ID and the threatened suspension of NTN of the Holding Company. An interim restraining order against such suspension was granted in favour of the Holding Company by the Honourable High Court of Sindh, which is operative till date. The case is still pending adjudication. The Counsel hopes these cases will be decided in favor of the Holding Company.

The management of the Holding Company on the basis of the Counsel's opinion is confident that the Holding Company is not likely to suffer any losses on account of the said petition.

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**17.1.3** In prior years Sindh Government imposed infrastructure cess @ 0.85% of import value on all imports into Pakistan. A large number of importers including the Holding Company filed the Constitution Petition No. 2173 of 2013 in the Honourable High Court of Sindh against Province of Sindh. This petition was instituted on May 20, 2013. The Honourable 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. The management of the Holding Company on the basis of the Counsel's opinion is confident that the Holding Company is not likely to suffer any losses on account of the said petition.

	Note	2018 Rupees	2017 Rupees
<b>17.2 Commitments</b>			
Capital expenditures		345,991,757	-
Forward exchange contracts to sell		-	755,280,000
Letter of credit		300,482,000	3,568,347
Letter of guarantees		-	18,246,460
Ijara contracts	17.2.1	74,784	3,276,600
		<b>646,548,541</b>	<b>780,371,407</b>

**17.2.1** Commitments for rentals under cancellable Ijara contracts in respect of vehicles are as follows:

Not later than one year	74,784	3,201,816
Later than one year but not later than five years	-	74,784
	<b>74,784</b>	<b>3,276,600</b>

#### 18 PROPERTY PLANT AND EQUIPMENT

Operating fixed assets	18.1	2,163,162,877	1,781,931,114
Capital work in progress	18.2	5,422,378	359,377,007
		<b>2,168,585,255</b>	<b>2,141,308,121</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

### 18.1 Operating fixed assets

Particulars	2018					2017					Book value at June 30, 2018	Rate per annum %
	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		
<b>Owned Assets</b>												
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	182,746,500	-	-	-	898,105,927	298,418,521	52,306,978	-	350,725,499	547,380,428	10
Plant and machinery	1,056,260,445	248,036,124	-	-	-	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	456,030	-	-	-	9,945,997	5,089,421	465,748	-	5,555,169	4,390,828	10
Motor vehicles	69,018,242	15,378,291	-	-	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	1,111,256	-	-	-	20,406,020	10,402,668	948,071	-	11,350,739	9,055,281	10
Factory equipment	13,164,270	3,459,755	-	-	-	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
<b>Sub-total</b>	<b>2,584,661,669</b>	<b>531,146,964</b>	<b>-</b>	<b>-</b>	<b>9,486,758</b>	<b>3,106,321,876</b>	<b>853,968,134</b>	<b>154,838,434</b>	<b>6,556,333</b>	<b>1,002,250,235</b>	<b>2,104,071,641</b>	
<b>Leased Assets under diminishing musharika</b>												
Motor Vehicle	59,449,260	15,269,175	-	-	-	74,718,435	8,211,681	7,415,518	-	15,627,199	59,091,236	20
<b>Total</b>	<b>2,644,110,929</b>	<b>546,416,139</b>	<b>-</b>	<b>-</b>	<b>9,486,758</b>	<b>3,181,040,311</b>	<b>862,179,815</b>	<b>162,253,952</b>	<b>6,556,333</b>	<b>1,017,877,434</b>	<b>2,163,162,877</b>	

Particulars	2017					2016					Book value at June 30, 2017	Rate per annum %
	Cost / Revaluation					Depreciation						
	Cost at July 01, 2016	Additions	Transfers in / (out)	Revaluation surplus	(Disposals)	Cost at June 30, 2017	Accumulated depreciation at July 01, 2016	Depreciation for the year	(Depreciation on disposals)	Accumulated depreciation at June 30, 2017		
<b>Owned Assets</b>												
Leasehold land	90,000,000	-	-	-	-	90,000,000	-	-	-	-	90,000,000	-
Factory land	442,863,012	10,058,009	-	-	-	452,921,021	-	-	-	-	452,921,021	-
Factory building	715,149,927	209,500	-	-	-	715,359,427	252,107,186	46,311,335	-	298,418,521	416,940,906	10
Plant and machinery	959,703,390	96,557,055	-	-	-	1,056,260,445	341,086,518	65,477,471	-	406,563,989	649,696,456	10
Electric cables and fitting	39,553,820	-	-	-	-	39,553,820	15,279,168	2,427,465	-	17,706,633	21,847,187	10
Furniture and fixture	9,436,987	52,980	-	-	-	9,489,967	4,603,891	485,530	-	5,089,421	4,400,546	10
Motor vehicles	98,699,792	2,085,700	(21,478,250)	-	10,289,000	69,018,242	50,370,627	11,290,253	7,213,814	54,447,066	14,571,176	20
Office equipment	18,777,264	517,500	-	-	-	19,294,764	9,463,884	938,784	-	10,402,668	8,892,096	10
Factory equipment	12,534,270	630,000	-	-	-	13,164,270	5,475,015	745,266	-	6,220,281	6,943,989	10
Computers	13,336,429	2,856,239	-	-	-	16,192,668	9,103,771	1,598,530	-	10,702,301	5,490,367	33
Camera	3,468,608	-	-	-	-	3,468,608	2,935,373	175,968	-	3,111,341	357,267	33
Godown & Shops	10,190,807	15,806,621	-	-	-	25,997,428	7,653,022	652,192	-	8,305,214	17,692,214	10
Sewing machine	1,244,205	-	-	-	-	1,244,205	657,907	58,630	-	716,537	527,668	10
Mobile phone	1,853,977	804,460	-	-	-	2,658,437	1,223,083	320,328	-	1,543,411	1,115,026	33
Generator	70,038,367	-	-	-	-	70,038,367	26,374,349	4,366,402	-	30,740,751	39,297,616	10
<b>Sub-total</b>	<b>2,486,850,855</b>	<b>129,578,064</b>	<b>(21,478,250)</b>	<b>-</b>	<b>10,289,000</b>	<b>2,584,661,669</b>	<b>726,333,794</b>	<b>134,848,154</b>	<b>7,213,814</b>	<b>853,968,134</b>	<b>1,730,693,535</b>	
<b>Leased Assets under diminishing musharika</b>												
Motor Vehicle	19,964,560	18,006,450	21,478,250	-	-	59,449,260	5,475,132	2,736,549	-	8,211,681	51,237,579	20
<b>Total</b>	<b>2,506,815,415</b>	<b>147,584,514</b>	<b>-</b>	<b>-</b>	<b>10,289,000</b>	<b>2,644,110,929</b>	<b>731,808,926</b>	<b>137,584,703</b>	<b>7,213,814</b>	<b>862,179,815</b>	<b>1,781,931,114</b>	

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

	Note	2018 Rupees	2017 Rupees
Cost of sales	28	<b>129,803,162</b>	110,067,763
Distribution expenses	29	<b>8,112,698</b>	6,879,235
Administrative expenses	30	<b>24,338,093</b>	20,637,705
		<b>162,253,952</b>	137,584,703

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 7 Apr 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
Toyota Vigo	2,848,291	1,613,324	1,234,967	2,450,000	1,215,033	Negotiation	Ghulam Muhammad Chaang
Building							
Safora Shop	2,153,871	1,526,666	627,205	2,335,000	1,707,795	Through agent	Zeeshan
<b>Total</b>	<b>5,002,162</b>	<b>3,139,990</b>	<b>1,862,172</b>	<b>4,785,000</b>	<b>2,922,828</b>		

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

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

**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
L-24/1, Block-21, Federal 'B' Industrial Area, Karachi	1.25	78334
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

#### Tangibles

	Note	2018 Rupees	2017 Rupees
Plant and machinery		-	359,064,281
Civil and electric work	18.2.1	5,422,378	312,726
		<b>5,422,378</b>	<b>359,377,007</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
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**18.2.1** The amount belongs to the construction of rice glucose plant installing at G-205, SITE II, super highway, Karachi from the IPO proceeds.

**18.3** Movement in capital work in progress is as under:

	Cost			
	As at July 01, 2017	Additions / (adjustment) during the year	(Transferred) to fixed assets	As at June 30, 2018
<b>2018</b>				
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
	<b>359,377,007</b>	<b>55,050,991</b>	<b>(409,005,620)</b>	<b>5,422,378</b>
<b>2017</b>				
Plant and machinery	15,196,290	417,341,808	(73,473,817)	359,064,281
Civil works	209,948	30,600,584	(30,497,806)	312,726
	<b>15,406,238</b>	<b>447,942,392</b>	<b>(103,971,623)</b>	<b>359,377,007</b>

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

#### Net book value

	2018 Rupees	2017 Rupees
Leasehold land	21,317,504	21,317,504
Factory land	161,484,005	161,484,005
Factory building	320,534,125	356,149,028
Plant and machinery	394,565,066	438,405,629
	<b>897,900,700</b>	<b>977,356,166</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>19 INTANGIBLE ASSETS</b>			
<i>Cost</i>			
Opening		-	14,710,766
Addition during the year		-	-
Closing		-	14,710,766
<i>Amortization</i>			
Opening		-	(9,807,178)
Charge for the year		-	(4,903,588)
Closing		-	(14,710,766)
Balance as at June 30		-	-
<b>20 STORES, SPARES AND LOOSE TOOLS</b>			
Stores and spares	28.3	20,271,197	15,373,483
Provision for slow moving / obsolete items	20.1	(1,543,929)	(1,543,929)
		<b>18,727,268</b>	<b>13,829,554</b>
<b>20.1 Movement in provision for slow moving / obsolete items</b>			
Balance at beginning of the year		1,543,929	1,345,492
Charge for the year		-	198,437
Write off during the year	28.3	-	-
Balance at end of the year		<b>1,543,929</b>	<b>1,543,929</b>
<b>21 STOCK IN TRADE</b>			
Raw materials	21.2	4,180,456,923	4,581,456,782
Packing materials	28.2	95,650,372	57,209,207
Finished goods	21.3	883,118,576	611,451,055
		<b>5,159,225,871</b>	<b>5,250,117,044</b>
Provision for slow moving / obsolete items	21.1	(20,245,075)	(9,626,080)
		<b>5,138,980,796</b>	<b>5,240,490,964</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>21.1 Movement in provision for slow moving / obsolete items</b>			
Opening balance		9,626,080	1,662,515
Charge for the year	28.2	10,618,995	7,963,565
Closing balance		<b>20,245,075</b>	<b>9,626,080</b>
<b>21.2</b> This includes pledged stock of raw material with various banks under long term and short term borrowing arrangements (refer note 10 and 15).			
<b>21.3</b> This includes by product amounting to Rs. 87.71 million (2017: Rs. 33.64 million).			
<b>22 TRADE DEBTS</b>			
Considered good			
Export - secured		535,400,512	406,448,540
Local - unsecured		174,304,807	186,888,141
Considered doubtful			
Local - unsecured		7,464,595	-
Less: Provision for doubtful debts	22.4	(7,464,595)	-
		<b>709,705,319</b>	<b>593,336,681</b>
<b>22.1</b> Borrowings are secured by way of charge over book debts of the Group (refer notes 10 and 15).			

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

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

Name of Country	2018 Rupees	2017 Rupees
Australia	1,126,726,619	1,159,075,256
Bangladesh	50,288,239	166,179,799
Canada	47,440,416	52,320,993
Djibouti	71,603,603	45,332,395
France	240,067,163	172,867,840
Iraq	49,913,386	10,407,112
Maldives	15,309,277	43,083
Netherland	510,493,815	23,551,040
Poland	13,330,836	-
Portugal	236,838,750	52,808,499
Qatar	34,734,109	30,809,007
Russia	222,562,432	93,515,611
South Africa	38,503,715	20,631,637
Spain	45,832,021	379,292,687
Sweden	35,053,105	30,688,190
Thailand	56,888,338	13,976,693
UAE	333,876,676	480,674,496
UK	411,646,369	144,359,450
USA	230,569,407	174,398,521
<b>Total</b>	<b>3,771,678,279</b>	<b>3,050,932,307</b>

**22.3** As of June 30, 2018, the age analysis of trade debts is as follows:

Not yet due	-	-
Past due:		
- Up to 3 months	641,195,138	562,088,959
- 3 to 6 months	35,416,805	31,247,722
- 6 to 12 months	3,234,996	-
- More than 12 months	37,322,976	-
	<b>717,169,915</b>	<b>593,336,681</b>
	<b>717,169,915</b>	<b>593,336,681</b>

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>22.4</b> Provision against doubtful trade debts			
Opening balance		-	-
Provision made during the year		7,464,595	-
Reversals made during the year		-	-
Closing balance		<b>7,464,595</b>	-

### 23 SHORT-TERM LOANS AND ADVANCES

#### Loans

Staff - unsecured, considered good 23.1 **6,494,263** 4,295,915

#### Advances

- against services and others **1,032,798** 1,417,957

- against purchases **19,242,652** 52,457,717

- to contractors 23.3 **56,962,338** -

**83,732,051** 58,171,589

**23.1** These 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. 117,500 (2017: Nil).

**23.3** 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
A. A. Associates	2,723,138
M. Shahid Engineering Works	7,042,310
Iqbal Engineering House	2,533,550
Huzefa Engineering	11,092,943
Amreli Steels Ltd.	9,581,346
Izhar Steel Pvt Ltd	9,262,503
Suria Engineering	6,096,133
Rafiq Cement Supplier	7,500,000
Anhui Yongcheng Electronic & Mechanical Technology Co.,Ltd	1,130,415
	<b>56,962,338</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>24 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
<b>Deposits</b>			
- Capital management account		969,140	929,766
- Guarantee margin		1,514,650	1,514,650
		<b>2,483,790</b>	2,444,416
<b>Prepayments</b>			
- Prepaid expense	24.1	7,212,916	3,156,228
- Prepaid insurance		4,037,825	6,390,377
		<b>13,734,531</b>	11,991,021

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

### 25 OTHER RECEIVABLES

Sales tax refundable	25.1	84,564,331	81,549,201
Receivable from related parties	25.2	509,784	1,414,322
Unrealized gain on forward foreign exchange contracts		-	1,781,640
		<b>85,074,116</b>	84,745,163

### 25.1 Movement in sales tax refundable is as under:

Balance at beginning of the year		81,549,201	36,987,289
Refunds claim for the year		43,009,774	62,078,618
Received during the year		(38,303,049)	(16,008,411)
Adjusted during the year		(1,691,595)	(1,508,295)
Balance at end of the year		<b>84,564,331</b>	81,549,201

25.2 It includes the amount due from Matco Engineering (Private) Limited and Ghori Trust amounting to Rs. 489,584 and Rs. 20,200 respectively against expenses incurred on behalf of them.

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>26 CASH AND BANK BALANCES</b>			
Cash in hand		4,507,418	2,225,894
Cash at bank			
- current accounts		151,070,787	98,410,859
- deposit accounts		373,233,385	13,205,576
- term deposit certificates	26.1	298,200,000	1,200,000
		<b>822,504,172</b>	112,816,435
		<b>827,011,590</b>	115,042,329

26.1 These represent term deposit certificates of Habib Bank Limited and Askari Bank Limited amounting to Rs. 297 million and Rs. 1.2 million respectively. The rate of profit on these certificates is between 4.75% to 5.6% per annum (2017: 4.74%). These term deposit certificates will mature within a year.

### 27 SALES - NET

Export sales		4,962,570,051	4,058,217,382
<b>Local sales</b>			
Rice		675,703,794	731,131,571
By-products		1,302,458,886	1,397,999,621
		<b>1,978,162,680</b>	2,129,131,192
		<b>6,940,732,731</b>	6,187,348,574
Sales discount / return		(56,434,263)	(27,251,297)
Sales tax		(4,695,737)	(1,616,931)
		<b>6,879,602,731</b>	6,158,480,346

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>28 COST OF SALES</b>			
Rice consumed	28.1	5,272,820,967	4,529,380,882
Packing materials consumed	28.2	229,363,029	223,895,564
Stores and spares consumed	28.3	57,778,514	25,566,817
<b>Processing expenses</b>			
Salaries, wages and benefits	28.4	211,566,199	189,651,720
Electricity and power		80,287,245	45,621,805
Telephone and mobile		756,420	773,087
Gas charges		18,777,760	20,900,719
Insurance		10,265,138	10,620,942
Repairs and maintenance		15,821,505	10,272,638
Other purchases		13,847,903	13,328,151
Provision for slow moving stock		10,618,995	7,963,565
Fumigation charges		12,112,924	9,152,139
Water charges		10,796,107	2,035,510
Canteen		5,579,026	6,632,848
Diesel and oil		3,756,116	1,858,919
Staff welfare		2,606,470	4,491,161
Security expenses		12,796,353	12,934,718
Godown expenses		11,119,094	10,498,098
Rent, rates and taxes		427,438	330,031
Vehicle running expenses		4,698,601	4,525,431
Medical		881,049	504,448
Depreciation	18.1.1	129,803,162	110,067,763
Inspection charges		17,084,611	9,620,180
<b>Cost of goods manufactured</b>		<b>6,133,564,625</b>	5,250,627,136
<b>Work in process</b>			
Opening stock		-	8,531,578
Closing stock	21	-	-
		-	8,531,578
<b>Cost of goods available for sale</b>		<b>-</b>	8,531,578
<b>Finished goods</b>			
Opening stock		611,451,055	531,071,189
Closing stock	21	(883,118,576)	(611,451,055)
		(271,667,521)	(80,379,866)
		<b>5,861,897,104</b>	5,178,778,848

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>28.1 Rice consumed</b>			
Opening stock of raw material		4,581,456,782	3,905,595,668
Purchases		4,755,815,804	5,084,003,401
Cartage inwards		116,005,304	121,238,595
Closing stock of raw material	21	(4,180,456,923)	(4,581,456,782)
		<b>5,272,820,967</b>	4,529,380,882
<b>28.2 Packing material consumed</b>			
Opening stock		47,583,127	60,487,050
Purchases		257,185,199	210,991,641
		<b>304,768,326</b>	271,478,691
Closing stock-gross	21	(95,650,372)	(57,209,207)
Provision for slow moving stock		20,245,075	9,626,080
		<b>(75,405,297)</b>	(47,583,127)
		<b>229,363,029</b>	223,895,564
<b>28.3 Stores and spares consumed</b>			
Opening stock		13,829,554	15,183,208
Purchases		62,676,228	24,213,163
		<b>76,505,782</b>	39,396,371
Closing stock-gross	20	(20,271,197)	(15,373,483)
Provision for slow moving stock	20.1	1,543,929	1,543,929
		<b>(18,727,268)</b>	(13,829,554)
Closing stock-net		<b>57,778,514</b>	25,566,817

**28.4** It includes provision for gratuity amounting to Rs. 8.247 million (2017: Rs. 7.863 million).

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>29 DISTRIBUTION EXPENSES</b>			
Salaries and benefits		45,451,283	50,098,408
Freight		104,744,582	82,599,998
Clearing and forwarding		41,916,228	65,149,018
Travelling		21,758,699	16,706,915
Sales promotion		37,910,407	43,913,968
Provision of doubtful debts		7,464,595	-
Insurance		973,547	993,727
Export charges		29,631,942	20,309,203
Export commission		2,215,191	648,842
Depreciation	18.1.1	8,112,698	6,879,235
Shop rent		1,704,000	1,844,150
General		2,966,982	2,745,278
		<b>304,850,154</b>	<b>291,888,742</b>
<b>30 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	30.1	134,604,829	111,746,508
Office rent		448,408	416,000
Vehicle running		2,374,769	2,954,223
Entertainment		873,016	526,275
Printing and stationery		1,078,422	1,553,415
Fee and subscription		8,882,858	8,137,861
Legal and professional		1,349,687	877,070
Auditor's remuneration	30.2	3,538,301	2,439,392
Postage and telegrams		1,457,562	1,198,715
General expenses		1,011,055	2,105,198
Newspaper and periodicals		34,985	43,903
Electricity and gas charges		433,872	2,115,208
Taxes, duty and fee		692,157	438,313
Medical		1,423,357	1,160,716
Insurance		7,116,365	7,305,774
Software maintenance		2,136,036	2,074,335
Computer expenses		2,733,585	4,382,239
Depreciation	18.1.1	24,338,093	20,637,705
Amortization		-	4,903,588
Lease ijarah rentals		3,386,577	5,000,972
Donations	30.3	545,000	175,530
Advertisement		122,270	452,838
Others		5,038,168	519,972
		<b>203,619,372</b>	<b>181,165,750</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

**30.1** It includes directors' remuneration amounting to Rs. 25.10 million (2017: Rs. 26.74 million), provision for gratuity amounting to Rs. 7.612 million (2017: Rs. 7.236 million) and provision for employees' end of service benefits amounting to Rs. 0.02 million (2017: 0.149 million).

	Note	2018 Rupees	2017 Rupees
<b>30.2 Auditor's remuneration</b>			
Audit fee of unconsolidated accounts		2,484,091	1,880,600
Audit fee of consolidated accounts		100,000	100,000
Certifications		175,000	88,000
Out of pocket expenses		125,000	123,500
Other services	30.2.1	654,210	247,292
		<b>3,538,301</b>	<b>2,439,392</b>

**30.2.1** This represents services relating to taxation.

**30.3** Donation to a single party does not exceed Rs. 500,000. No director is interested in such donation.

### 31 FINANCE COST

	2018 Rupees	2017 Rupees
Mark up		
- long term finances	14,419,881	12,755,821
- short term borrowings	218,994,121	194,910,079
- finance lease	2,612,597	2,058,076
Bank charges and commission	3,978,417	2,400,535
	<b>240,005,015</b>	<b>212,124,511</b>



## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
<b>32 OTHER INCOME</b>			
From financial assets and liabilities			
- Profit on bank/short term deposits		<b>9,387,656</b>	607,341
- Unrealized profit / (loss) on forward foreign exchange contracts		-	1,781,640
From non-financial assets			
- Amortization of deferred income		<b>362,667</b>	321,377
- Gain or (loss) on sale of fixed assets		<b>5,220,075</b>	3,552,612
- Scrap sales		<b>2,879,421</b>	-
- Gain on sale of shares		-	2,480,924
- Reversal of WWF		-	27,619,736
- Dividend income		-	253,000
		<b>17,849,819</b>	36,616,630

### 33 EXCHANGE GAIN - NET

This represents exchange gain/(loss) incurred on foreign currency denominated trade debts, advances from customers, creditors and bank accounts.

### 34 INCOME TAX EXPENSE

- Current	34.2	<b>51,829,650</b>	85,319,933
- Deferred		<b>(22,307,301)</b>	(12,244,313)
		<b>29,522,349</b>	73,075,620

**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.

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

	2018 Rupees	2017 Rupees
<b>34.3 Reconciliation of tax expense</b>		
Profit before income tax	<b>337,588,399</b>	350,228,407
Enacted tax rate	<b>30%</b>	31%
Tax on accounting profit at applicable tax rate	<b>101,276,520</b>	108,570,806
Tax effect of:		
- permanent differences	-	21,123,439
- temporary differences	<b>16,887,972</b>	(2,372,833)
- applicability of fixed tax rate on certain income	<b>(49,625,701)</b>	(40,341,617)
- applicability of lower tax rate on certain income	<b>(1,971,408)</b>	(701,666)
- change of statutory tax rate	<b>1,012,765</b>	-
- tax credit	<b>(37,759,588)</b>	(9,655,706)
- demand provided and raised during the year	-	(716,079)
- exempt income	-	(2,537,002)
- others	<b>(298,212)</b>	(293,722)
Tax expense charged on income	<b>29,522,349</b>	73,075,620

**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:

	2017 Rupees	2016 Rupees	2015 Rupees
- Provisions	<u>85,319,933</u>	<u>47,636,962</u>	<u>62,104,205</u>
- Assessment	<u>55,386,043</u>	<u>46,920,883</u>	<u>60,901,253</u>

**34.5** Return of 2013-14 is filed on December 31 2014, is an assessment order u/s 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The case was selected for audit under section 214C of the Income Tax Ordinance, 2001. After completion of the audit proceedings, Assistant Commissioner issued the notice u/s 122(5)/(9) of the Ordinance for the amendment of assessment. Response submitted by the representative of the Holding Company.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

After completion of audit proceeding, the learned DCIR amended the assessment proceeding and passed the order without adjustment of sales tax refund of Rs. 10,843,699 and charged the WWF of Rs. 6,646,345 and created the demand of Rs. 17,490,045. Against the treatment of learned ADCIR, appeal was filed on 20-09-2017, hearing order is pending. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Holding Company and therefore no provision has been made against the assessment.

**34.6** Return of 2015-16 filed on January 10 2017, is an assessment order u/s 120 unless amended under section 122 of the Income Tax Ordinance, 2001. The Additional Commissioner Inland Revenue 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 Holding 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, hearing heard order is pending. Based on merits of the appeals management is confident that these appeals shall be decided in favor of the Holding Company and therefore no provision has been made against the assessment.

**34.7** 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 Additional Commissioner Inland Revenue initiated the proceeding u/s 122(5A) of the Income Tax Ordinance, 2001 vide notice dated 21-05-2018 for amendment of deemed assessment.

#### 35 NUMBER OF EMPLOYEES

	2018	2017
Number of employees as at June 30	849	782
Number of factory employees as at June 30	456	499
Average number of employees during the year	737	624
Average number of factory employees during the year	402	392

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

**36** Related parties include 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	2018 Rupees	2017 Rupees
<b>Directors</b>		Godown rent paid to director		11,119,094	10,498,098
<b>Common Directors</b>					
Matco Engineering (Private) Limited	0%	Paid against service for Rice Glucose Project		-	2,637,026
		Paid expenses on behalf		489,584	-
		Receivable against expenses	25.2	489,584	-
<b>Trust operated by the Group</b>					
Ghori Trust	0%	Donation of funds		-	97,850
		Expenses incurred on behalf		496,580	-
		Receivable against expenses		20,200	97,850

**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, Directors and Executives are disclosed in note 37 to these 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.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### 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	
	2018	2017	2018	2017	2018	2017*	2018	2017*
	-----Rupees-----							
Short-term employee benefits								
Managerial remuneration	3,080,000	2,940,000	8,440,000	7,960,000	18,258,400	1,381,245	29,778,400	12,281,245
House rent allowances	1,386,000	1,323,000	3,798,000	3,582,000	8,216,280	621,560	13,400,280	5,526,560
Utilities	776,220	931,406	2,756,385	2,715,059	912,920	69,062	4,445,525	3,715,527
Bonus	385,000	367,500	1,055,000	995,000	2,282,300	172,655	3,722,300	1,535,155
Fuel expense	590,556	744,488	1,676,968	2,199,146	2,163,500	1,344,600	4,431,024	4,288,234
Medical expense	51,843	65,356	131,931	193,056	283,900	104,316	467,674	362,728
Vehicle expense	198,754	250,560	408,428	740,131	297,313	186,689	904,495	1,177,381
Other expense	301,164	379,664	1,474,968	1,121,492	-	-	1,776,132	1,501,156
	<b>6,769,537</b>	<b>7,001,975</b>	<b>19,741,680</b>	<b>19,505,884</b>	<b>32,414,613</b>	<b>3,880,127</b>	<b>58,925,830</b>	<b>30,387,986</b>
Value of motor vehicles	10,508,500	10,508,500	41,553,500	44,401,791	17,394,500	13,518,500	69,456,500	68,428,791
Number of Persons	1	1	3	3	16	14		

\* Comparative figures have been restated to reflect changes in the definition of executive as per Companies Act, 2017.

**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 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

##### Annual Plant Capacity

	2018 (Tons)	2017 (Tons)
- Rice processing	134,700	134,700
- Rice Glucose	10,000	-

##### Actual Production

	2018	2017
- Rice processing	47,084	59,223
- Rice Glucose	2,828	-

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### 39 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the year

Number of ordinary shares

Weighted average number of ordinary shares

Earning per share - basic and diluted

	2018 Rupees	2017 Rupees
Profit for the year	308,066,050	277,152,787
Number of ordinary shares	116,572,094	87,429,094
Weighted average number of ordinary shares	98,447,543	98,447,543
Earning per share - basic and diluted	3.13	2.82

There is no dilutive effect on earnings per share as the Group does not have any convertible instruments as at June 30, 2018 and June 30, 2017.

#### 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:

Trade debts

Cash and bank balances

Borrowings from financial institutions

Advance from customer

##### Off balance sheet exposures

Forward rate agreements

Net Exposure

	2018 ----- Amount in USD -----	2017
Trade debts	4,531,524	3,378,211
Cash and bank balances	19,049	34,031
Borrowings from financial institutions	-	(327,667)
Advance from customer	(172,733)	(1,844,085)
	<b>4,377,840</b>	1,240,490
Off balance sheet exposures		
Forward rate agreements	-	(7,200,000)
Net Exposure	<b>4,377,840</b>	(5,959,510)

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

The following significant exchange rates were applied during the year.

	2018	2017
	Rupee per USD	
Average rate	109.86	104.73
Reporting date rate	121.50	104.85

#### Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2017 would have effect on the equity and profit and 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, 2018.

	2018	2017
	Rupees	
Strengthening of PKR against respective currencies	(53,190,757)	62,485,462
Weakening of PKR against respective currencies	53,190,757	(62,485,462)

A 10 percentage weakening of the PKR against the USD at June 30, 2018 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 Rupee 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. 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.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

Note	2018				
	Mark-up / profit bearing			Non mark-up / profit bearing	Total
	Less than one year	One year to Five years	Over five years		
-----Rupees-----					
<b>Financial assets</b>					
<b>Loans and receivables</b>					
22	-	-	-	709,705,319	709,705,319
23	-	-	-	6,494,263	6,494,263
24	-	-	-	2,483,790	2,483,790
	-	-	-	500,000	500,000
25	-	-	-	85,074,116	85,074,116
26	671,433,385	-	-	151,070,787	822,504,172
	671,433,385	-	-	955,328,275	1,626,761,659
<b>Financial liabilities</b>					
<b>At amortized cost</b>					
10	84,029,706	246,556,904	-	-	330,586,610
13	-	-	-	192,887,737	192,887,737
14	-	-	-	48,767,428	48,767,428
15	4,081,779,753	-	-	-	4,081,779,753
11	12,226,289	29,284,420	-	-	41,510,709
	4,178,035,748	275,841,324	-	241,655,165	4,695,532,237
	(3,506,602,363)	(275,841,324)	-	713,673,110	(3,068,770,578)
<b>On balance sheet gap</b>					
<b>Off balance sheet items</b>					
17.2	-	-	-	-	-
17.2	-	-	-	646,548,541	646,548,541
<b>2017</b>					
Mark-up / profit bearing			Non mark-up / profit bearing	Total	
Less than one year	One year to Five years	Over five years			
-----Rupees-----					
<b>Financial assets</b>					
<b>Loans and receivables</b>					
22	-	-	-	593,336,681	593,336,681
23	-	-	-	4,295,915	4,295,915
24	-	-	-	2,444,416	2,444,416
	-	-	-	500,000	500,000
25	-	-	-	82,963,523	82,963,523
26	14,405,576	-	-	98,410,859	112,816,435
	14,405,576	-	-	781,951,394	796,356,970
<b>Financial liabilities</b>					
<b>At amortized cost</b>					
10	96,733,247	322,791,864	-	-	419,525,111
13	-	-	-	317,641,270	317,641,270
14	-	-	-	46,056,163	46,056,163
15	3,908,367,977	-	-	-	3,908,367,977
11	7,999,276	16,132,846	1,029,495	-	25,161,617
	4,013,100,500	338,924,710	1,029,495	363,697,433	4,716,752,138
	(3,998,694,924)	(338,924,710)	(1,029,495)	418,253,961	(3,920,395,168)
<b>On balance sheet gap</b>					
<b>Off balance sheet items</b>					
17.2	-	-	-	18,246,460	18,246,460
17.2	-	-	-	762,124,947	762,124,947

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

- (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:

	2018	2017
<b>Financial liabilities</b>		
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% & LIBOR + 1.25%	SBP rate+ 0.75% to 2% & LIBOR + 1.25%

#### 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 balance sheet would not affect profit or loss of the Group.

#### Cash flow sensitivity analysis for variable rate instruments

At June 30, 2018, 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. 0.144 million (2017: Rs. 0.183 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2018, 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. 2.190 million (2017: Rs. 1.949 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 recognized at the reporting date if counter parties failed to perform as contracted. The Group manages credit risk interalia by setting out credit limits in relation to individual customers and/or by obtaining advance against sales and/or through letter of credits and/or by providing for doubtful debts. Also the Group does not have significant exposure in relation to individual customer. Consequently, the Group believes that it is not exposed to any major concentration of credit risk.

The Group is exposed to credit risk from its operating and certain investing activities and the Group's credit risk exposures are categorized under the following headings:

##### Trade debts

Trade debts are essentially due from local and foreign companies and the Group does not expect that these companies will fail to meet their obligations.

The Group establishes an allowance for the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. The allowance is based on the management assessment of a specific loss component that relates to individually significant exposures.

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

#### 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	2018 Rupees	2017 Rupees
MCB Bank Limited	A1+	82,886,771	30,048,689
Meezan Bank Limited	A1+	4,188,053	3,966,002
National Bank of Pakistan	A1+	9,757,001	9,332,864
NIB Bank Limited	A1+	16,503	217,258
Standard Chartered Bank Limited	A1+	1,356,880	2,089,584
United Bank Limited	A1+	17,144	7,791,673
Allied Bank Limited	A1+	3,434,051	14,701,788
Askari Bank Limited	A1+	47,979,695	1,630,073
Bank Alfalah Limited	A1+	6,967,395	7,115,062
Faysal Bank Limited	A1+	3,824,654	3,411,343
Habib Bank Limited	A1+	5,331,923	7,170,595
Habib Metropolitan Bank Limited	A1+	5,572,363	20,801,126
Soneri Bank Limited	A1+	229,534	1,988,909
Bank Islami Pakistan Limited	A1	-	20,296
Dubai Islamic Bank Pakistan Limited	A-1	-	291
Bank Al Habib Limited	A1+	3,245,232	2,530,882
JS Bank	A1+	23,247	-
MCB Islamic Bank	A1	349,473,757	-
		<b>524,304,201</b>	<b>112,816,435</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Financial Statements  
For The Year Ended June 30, 2018

### 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	2018 Rupees	2017 Rupees
Trade debts	20	709,705,319	593,336,681
Loans and advances	21	6,494,263	4,295,915
Bank balances	24	822,504,172	112,816,435
		<b>1,538,703,753</b>	<b>710,449,031</b>

### 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, 2018, the Group has Rs. 4,745.8 million (2017: Rs. 4,932.5 million) available borrowing limit from financial institutions. Unutilized borrowing facilities of Rs. 333.433 million (2017: Rs. 625.647 million) being balances at banks. Based on the above, management believes the liquidity risk is insignificant.

### 40.4 Fair value of financial instruments

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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).
- 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, 2018

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, 2018:

Financial assets	2018			
	Level 1	Level 2	Level 3	Total
	-----Rupees-----			
Financial investments: Held for trading	500,000		-	500,000
	-----Rupees-----			
Financial assets	2017			
	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).

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

During 2018, the Group's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2018 and 2017 were as follows:

	Note	2018 Rupees	2017 Rupees (Restated)
Total borrowings		4,453,877,072	4,353,054,705
Less: Cash and bank	26	(827,011,590)	(115,042,329)
Net debt		3,626,865,482	4,238,012,376
Total equity		4,145,103,343	3,154,309,657
Total equity and debt		7,771,968,825	7,392,322,033
Gearing ratio (%)		47%	57%

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 98.7% (2017: 99.6%) of the total revenue of the Group.

42.2 All non-current assets of the Group as at June 30, 2018 are located in Pakistan. Further, debtors from rice represents 98% (2017: 100%) of the total debtors.

#### 43 UTILIZATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING

During the 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 as disclosed in note 7. Refer 2.3.13 of the Prospectus issued for the Project detail. As at June 30, 2018, the utilization of proceeds from IPO is as follows:

	Note	2018 Rupees
Proceeds from IPO		757,718,000
IPO related expenses		(45,300,364)
Deposited with HBL against LCs	26.1	(297,000,000)
Expenses incurred to date	18.2	(5,422,378)
Advances to contractors	43.1	(60,521,501)
Cash at bank		349,473,757

## MATCO FOODS LIMITED

### Notes To The Consolidated Financial Statements For The Year Ended June 30, 2018

43.1 The amount has given to contractor and engineers for the purpose of development of rice glucose plant.

#### 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 6, 2018.

#### 44.1 Non-adjusting events after the statement of financial position date

The Board of Directors in its meeting held on September 6, 2018 has proposed cash dividend of Rs. 0.4 per share i.e. 4% (2017: Nil per share) and 5 bonus shares on every 100 ordinary shares i.e. 5%. This is in addition to the interim cash dividend of Rs. 0.3 (2017: Nil) per share. The dividend and transfer are subject to the approval of members at the annual general meeting. The effect of such dividend and transfer shall be accounted for in the financial statements for the year ending June 30, 2019.

#### 45 GENERAL

Figures have been rounded off to the nearest rupee.



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 Wednesday, October 31, 2018 at 11:30 am at Institute of Chartered Accountants of Pakistan, ICAP Auditorium, Chartered Accountants Avenue, Clifton, Karachi 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, 2018 along with the Audited Consolidated Financial Statements of the Company and Auditor's report thereon for the year ended June 30, 2018.

2. To approve the (i) payment of final cash dividend @ Rs. 0.40 per share i.e. 4% for the year ended June 30, 2018 as recommended by the Board of Directors in addition to the interim cash dividend already paid @ Rs. 0.30 per share i.e. 3% making a total of Rs. 0.70 per share i.e. 7% during the year and (ii) issue of bonus shares in the proportion of Five (5) shares for every hundred shares held i.e. 5% which is considered under "special business" set out below. The approved/proposed bonus shares shall not be entitled for the above final cash dividend.

3. To elect nine (9) Directors of the Company as fixed by the Board of Directors subject to amendment in Articles of Association and Shareholders' approval in accordance with the provisions of section 159 (1) of the companies Act 2017 for the term of three (3) years. The following are the names of 7 retiring Directors, who are eligible for re-election.

- |                               |                                 |
|-------------------------------|---------------------------------|
| (1) Mr. Jawed Ali Ghori       | (5) Mr. Naeem ur Rehman Akhoond |
| (2) Mr. Khalid Sarfaraz Ghori | (6) Syed Kamran Rashid          |
| (3) Dr. Tariq Ghori           | (7) Mr. Abdul Samad Khan        |
| (4) Mr. Faizan Ali Ghori      |                                 |

4. To appoint Auditors of the Company for the year ending June 30, 2019 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.

### B. Special Business

5. To consider and if deemed fit pass the following ordinary resolution;  
RESOLVED "that a sum of Rs. 58,286,047 out of Company's profit for issue of Bonus Shares be capitalized and applied to the issue of 5,828,605 ordinary shares of Rs. 10/- each and allotted as fully paid-up bonus shares to the members of the company whose names appeared in the members' register of the company on October 22, 2018 in the proportion of five (5) ordinary shares of Rs. 10/- each for every 100 ordinary shares of Rs. 10/- each by the shareholder and that the said shares shall rank paripassu in all respects with the existing ordinary shares of the company".

FURTHER RESOLVED "that aggregate of the fractions of a share arising on such allotment be sold and that the net proceeds thereof be donated to any registered charitable/welfare institutions subject to the approval of the shareholders".

FURTHER RESOLVED "that company's Chief Executive Officer or Company Secretary be and are hereby authorized and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary for the issue, allotment and distributions of the Company's shares and the payment of sale proceeds of fractions".

Statement u/s 134 (3) of the Companies Act 2017 regarding the special business:

The Directors have recommended capitalization of reserve for issue of bonus shares. The Directors are interested in the business to the extent of bonus shares which they will be entitled to receive on their respective shareholding in the company.

The Directors of the Company have no interest in the special business/or the Resolution except to the extent of their respective shareholdings and remuneration in the company.

### 6. Transmission of the Annual Audited Accounts through CD/DVD/USB:

To approve transmission of Annual Audited Financial Statements, Auditors' report and Directors' report (Annual Audited Accounts) to the members through CD/DVD/USB at their registered addresses as allowed by the Securities and Exchange Commission of Pakistan.

To consider if deemed appropriate, the following resolution;  
RESOLVED "that transmission of Annual Audited Financial Statements, Auditors' report and Directors' report (Annual Audited Accounts) to the members at their registered addresses in soft form i.e. CD/DVD/USB as notified by the Securities and Exchange Commission of Pakistan vide its SRO 470(1)2016 dated May 31, 2016 be and is hereby approved".

### 7. Amendment in Articles of Association of Matco Foods Limited by inserting new Article No. 54, 55, 56 & 57 in respect of E-Voting/Proxies and deletion/addition/alteration/amendment in Article numbered 17 which relates to Directors and their composition to bring the same in line with new Companies Act 2017 and Code of Corporate Governance, as per comparative statement attached in statement of facts u/s 134(3) of Companies Act 2017.

(i) To consider and approve and if thought fit to pass the following resolutions with or without modifications as a special resolution to alter the Articles of Associations of the company by inserting new Article numbered 54, 55, 56 & 57 in respect of E-voting as prescribed by the Securities and Exchange Commission of Pakistan, proxies and deletion/addition/alteration/amendment in Article numbered 17 of the Articles of Association of the company, therefore the following resolutions:  
RESOLVED "that additions/amendments in Articles of Association of Matco Foods Limited are being made for insertion/incorporating new clauses numbered 54, 55, 56 & 57 in the Articles of Association which is be and hereby approved;



(ii) RESOLVED "that additions/insertions/amendments in Articles of Association of Matco Foods Limited are being made for insertion/incorporating in existing Article numbered 17 of the Articles of Association that the number of Directors comprising the board shall be Nine (9) together with other necessary deletion/addition/amendments/alteration to be carried out in existing Article numbered 17 to bring the same in line with new Companies Act 2017 and Code of Corporate Governance, the same is be and hereby approved". As per the comparative statement attached in statement of facts u/s 134(3) of the companies Act 2017 being sent with the notice of AGM.

FURTHER RESOLVED "that the company's Chief Executive Officer and the Company Secretary be and are hereby authorized and empowered to give effect to the above resolutions and to do or cause to do all acts, deeds and things that may be necessary or required and to sign such documents and take such steps from time to time as and when necessary".

**Any other business:**

Any other business with the permission of the Chairman.

**Karachi, October 9, 2018**

**For and behalf of the Board**  
Muhammad Latif Qureshi  
Company Secretary

**NOTES:**

(1) The share transfer books of the Company will be closed from Tuesday, October 23, 2018 to Wednesday October 31, 2018 (both days inclusive) and the dividend will be paid to the members whose names will appear in Register of Members on October 22, 2018.

(2) 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. 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, Phone No. 34384050-34168266-34168267-34168272 not less than 48 hours before the time of meeting. The form of proxy is attached in the Annual Report.

(3) Any member who seeks to contest the election of Directors shall file a Notice of his/her intention offering himself/herself as Director u/s 159 (3) of the Companies Act 2017 with the Company not later than 14 days before the date of meeting at which election of Directors is to be held along with (a) attested copy of valid CNIC/Passport (in case of foreigner) (b) consent to act as Director on Form 28 u/s 167 (1) of the Companies Act 2017 duly completed in all respects (c) his/her profile (d) a declaration that (i) he/she is not ineligible to become Director of a listed Company under the companies Act 2017 (ii) he/she is not serving as Director on more than 5 listed companies including this company (iii) he/she is aware of duties and powers of Directors under the Companies Act 2017, other laws and Regulations and Memorandum and Articles of Association of company (e) persons contesting as independent Director shall also submit a declaration that he/she qualifies the criteria of independence as laid down/mentioned in section 166 (2) of the Companies Act 2017 and under clause 5.19.1 (b) of Pakistan Stock Exchange Regulation.

(4) 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.

(5) 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.

**(6) 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 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.

**(7) Withholding Tax on dividend income u/s 150 of the Income Tax Ordinance 2001**

i) Kindly note that u/s 150 of the income tax ordinance 2001 and pursuant to the provisions of Finance Act 2017 effective from July 1, 2017 withholding tax on dividend income will be deducted from 'filer and non-filer' shareholders at the rate of 15% and 20% respectively. 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 20% 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 proportions in case of joint account.

Company Name	Folio/CDC Account No.	Total Shares	Principal Shareholder		Joint Holder
			Name & CNIC No.	Shareholding Proportion No. of Shares	Shareholding Proportion No. of Shares

The above required information must be reached to the company's registrar office at above mentioned address within ten 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.

i) As per FBR circulars C.No. 1(29)WHT/2006 dated June 30, 2010 and C.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 statutory 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.

**(8) 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: [latif.queshi@matcofoods.com](mailto:latif.queshi@matcofoods.com)  
 Phone: 36311649, 36320779, 0301-8250969

**(9) Shareholder's IBAN and CDC Account**

The Shareholders of the Company who have not provided details of IBAN as per details as mentioned in Notes against serial number 7 and CDC participant/CDC Investor Account services (CDS-IAS). Kindly provide us the IBAN and that of the CDC Account so that the company may credit the dividend amount and the shares into their respective accounts.

**(10) 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 members of Matco Foods Ltd, holder of \_\_\_\_\_ ordinary share (s) as per Registered Folio / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of member

**STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017**

Material facts concerning special business at the Annual Meeting are given below:-

Amendments in Articles of Association of Matco Foods Ltd.

In accordance with the Companies (E-voting) Regulations, 2016 issued by SECP, certain amendments are necessitated in the Articles of Association of Matco Foods Ltd.

The Additions / amendments in Articles of Association of Matco Foods Ltd as per Comparative statements appended below are proposed to be approved as special resolution.

Comparative statements of proposed amendments in Existing Articles of Association of the company is as follows.

Article	Existing Article	Proposed Alteration	Reason for change
17	The number of Directors comprising the board shall be seven (7). The company shall have at least two (2) Independent Directors. The Sponsors shall have the right to nominate four (4) Directors (the "Sponsor Directors") and IFC shall, ensure that such nominees are promptly appointed as a Director. At any time when the shares in the Company held by IFC represent at least five percent (5%) of all ordinary shares of the Company then outstanding, IFC shall have the right to nominate one (1) Director (the "IFC Nominee Director") and the Sponsors shall ensure that such nominee is promptly appointed as a Director, provided, however, that IFC shall not have the right to nominate an IFC Nominee Director if there are three (3) Independent Directors.	The number of Directors comprising the board shall be nine (9). The Company shall, have at least two Independent Directors. The Sponsors shall have the right to nominate six (6) Directors (the Sponsors Directors) and IFC shall ensure that such nominees are promptly appointed as a Director. At any time when the shares in the Company held by IFC represent at least five percent (5%) of all ordinary shares of the Company then outstanding, IFC shall have the right to nominate one (1) Director (the "IFC Nominee Director") and the Sponsors shall ensure that such nominee is promptly appointed as a Director, provided, however, that IFC shall not have the right to nominate an IFC Nominee Director if there are three (3) Independent Directors.	The Company's Articles is being amended to the same in line with Companies Act, 2017 CCG where necessary.

NEW ADDITIONS	
Addition of new Article No. 54	New Heading
Members may exercise voting rights at General Meetings through electronics means, if the company receives the requisite demand for poll in accordance with the companies (E-voting) Regulations 2016 and any amendments made from time to time hereinafter referred to as E-voting in accordance with the mandatory requirements prescribed under the said Regulations and amendments made to them from time to time by the Securities and Exchange Commission of Pakistan.	E-voting
Addition of new Article No. 55	
The instrument appointing a proxy to be in writing under the hand of the appointer of this attorney duly authorized in writing. A proxy must be a member Notwithstanding the above, in case of E-voting both members and non members can be appointed as proxy in the manner and in accordance with the companies E-voting Regulations, 2016.	Proxy be in writing
Addition of new Article No. 56	
The instrument appointing a proxy and the power of attorney or the other authority (if any) under which it is signed, or notarially certified copy of that power or authority, shall be deposited at the registered office of the company not less than forty eight hours before the time for holding the meeting at which the person named in the instrument of proxy shall not be treated as valid notwithstanding the above, an instrument appointing a proxy for purpose of E-voting shall be deposited in writing, with the company in the manner and within such timelines as prescribed under companies (E-voting) Regulations, 2016 or any amendments made there from time to time.	Deposit of instrument of proxy
Addition of new Article No. 57	
The instrument appointing a proxy may be in usual or common form or as near thereto which the directors shall approve or in the form prescribed for the purpose of E-voting by the SECP from time to time.	Form of proxy

The directors of the Company have not direct or indirect interests in the above agenda.

### Option 1

#### Form of proxy

I / We \_\_\_\_\_ of \_\_\_\_\_ member (s) of Matco Foods Ltd, hereby appoint \_\_\_\_\_ or failing him / her \_\_\_\_\_ of \_\_\_\_\_ as proxy in my / our behalf at the Annual General Meeting of the \_\_\_\_\_ to be held at Institute of Chartered Accountants of Pakistan, ICAP Auditorium Chartered Accountant Avenue, Clifton Karachi, on October 31, 2018 at 11: 30 am and at any adjournment thereof. As witness my hand this

\_\_\_\_\_ Day of \_\_\_\_\_ 2018 \_\_\_\_\_.

Signed by \_\_\_\_\_

Signature

In the presence of \_\_\_\_\_.

Revenue stamp of  
Rupees Seven

### Option 2

E-voting as per Companies (E-voting) Regulations, 2016.

#### FORM OF PROXY (E-VOTING)

I / We \_\_\_\_\_ of \_\_\_\_\_ being a member of Matco Foods Ltd, holder of \_\_\_\_\_ Ordinary share (s) as per Register Folio No. \_\_\_\_\_ hereby opt for E-voting through intermediary and hereby consent the appointment of execution officer, \_\_\_\_\_ as proxy and will exercise e-voting as per Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is \_\_\_\_\_, please send login details, password and electronic signature through email.

Signed by \_\_\_\_\_

In the presence of \_\_\_\_\_.

\_\_\_\_\_  
Signature of Shareholder  
Signature should agree  
With the specimen signature  
Registered with the company

\_\_\_\_\_  
1) Signature of witness

\_\_\_\_\_  
2) Signature of witness

#### Note:

The instrument of e-voting under option 2 shall be deposited in advance in writing at least ten days before holding of general meeting at the registered office of the Company at L-24/1 Block 21, F.B. Industrial Area, Karachi, Pakistan or through email detail of secure email address of the company.

## STATEMENT UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

Material facts concerning special business at the Annual Meeting are given below:

### **Dissemination of Annual Audited accounts through CD/DVD/USB.**

Securities and Exchange Commission of Pakistan (SECP) issued a SRO No. 470 (1) 2016 dated: May 31, 2016 has allowed companies to circulate its Annual Accounts (i.e) the annual balance sheet and profit and loss account, auditor's report and director's report to its members through CD/DVD/USB at their registered addresses.

In the term of said SRO, consent of shareholders shall be obtained in Annual General Meeting or Extra Ordinary General Meeting for transmission of Annual Audited Accounts through CD/DVD/USB instead of transmitting the said accounts in hard copies. Accordingly, approval is hereby sought from shareholders to comply with the requirements of said SRO.

Subject to the approval in the Annual General Meeting, the shareholder will have an opportunity to request hard copy free of cost at their registered address after submitting a Standard Request Form (available on Company's website). While shareholders who wish to receive hard copies for all future Annual Audited Accounts shall give their preferences in writing.

Also note that in pursuance of SRO 787 (1) dated September 08, 2014, the company will continue to provide Annual Audited Accounts through email to those shareholders who have given their consent in this regard. Any changes to such arrangement should be communicated to the company on the Standard Request Form.

For your convenience, a Standard Request Form has been made available at Matco's website [www.matcofoods.com](http://www.matcofoods.com) either to opt to receive future annual reports through email or in hard copies or otherwise request for hard copy of the accounts if and when needed. The scanned copy of the duly filled & signed form may be emailed to the Company Secretary at [latif.queshi@matcofoods.com](mailto:latif.queshi@matcofoods.com) or the same can be submitted through post / courier to Company's Share Registrar M/s. THK Associates (Pvt.) Ltd. 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, Phone No. 34384050-34168266-34168267-34168272 Second Floor, State Lie Building No. 3, Dr. Ziauddin Ahmed Road Karachi.

This statement is annexed to the notice of the Annual General Meeting of the Company to be held on October 31, 2018.

The directors of the Company have no direct or indirect interests in the above agenda.



## رائس گلوکوز کا شعبہ:

کمپنی کامیابی کے ساتھ اپنے موجودہ رائس گلوکوز پراجیکٹ (فیزا) سے رائس گلوکوز اور رائس پروٹین کی برآمد شروع کر چکی ہے۔ اس حوالے سے انتظامیہ نے برآمدگی آرڈر حاصل کرنے کے لئے امریکی اور یورپی منڈیوں کے بہت سے ایسے سیکٹرز تک رسائی حاصل کی جہاں ان کی طلب بہت زیادہ ہے۔ رائس گلوکوز کی مقامی فروخت کے لئے کامیابی کے ساتھ نئے گاہک شامل کئے گئے ہیں، کمپنی رائس گلوکوز سے متعلقہ دوسری پروڈکٹ جیسے انورٹ سیرپ (High Fructose 42) پر بھی کام کر رہی ہے، جس کو تجرباتی طور پر مقامی منڈی میں کامیابی کے ساتھ متعارف کروایا گیا ہے۔

## نئی مصنوعات کی ڈیولپمنٹ:

کمپنی کا مقصد ہے کہ وہ FMCG منڈی میں اپنے فلک برانڈ کی چھتری تلے سال میں کم از کم دو نئی مصنوعات متعارف کروائے تاکہ کمپنی FMCG منڈی میں ہمواری کے ساتھ گروتھ کر سکے۔ کمپنی نے مقامی اور برآمدی منڈیوں میں اچھی طلب رکھنے والی مصنوعات جیسے ریگولر اور پنک نمک، پیپر کی گرائنڈل بوتل میں فروخت اور فلک مصالحہ پر اپنی توجہ مرکوز کی ہوئی ہے، جو اچھی شرح نمو سے بڑھ رہی ہیں۔

## قیمتوں کو کنٹرول کرنے کے اقدامات:

کمپنی خاص توجہ کے ساتھ مصنوعات کی تیاری پر آنے والی لاگت کو کنٹرول کرنے پر کام کر رہی ہے، اس کے لئے خام اور تیار شدہ مال کی اندرونی اور بیرونی ترسیل کے لئے اپنے سپلائی چین اور لاجسٹک کے عمل کو نئے سرے سے دیکھ رہی ہے۔

## MATCO گروپ:

(JKT جنرل ٹریڈنگ FZE) جو ایک ذیلی کمپنی ہے، UAE میں ویلیو ایڈڈ ٹیکس کے نفاذ اور ٹیکس سسٹم کے افراط زر پر ہونے والے اثرات کی وجہ سے صارف کی قوت خرید کم ہو جانے کی وجہ سے مشکلات کا شکار ہے۔ اس کے ساتھ سیاسی عدم استحکام اور خلیجی ممالک میں افراتفری اور تنازعات کی وجہ سے کاروباری ماحول متاثر ہوا ہے۔ دیگر کاروباری طبقے کی طرح میٹلو گروپ بھی خلیجی ممالک کے آپس میں قابل قبول حل کے لئے خواہشمند ہے، جو خطے میں کاروباری سرگرمیوں کو بہتر کرنے میں مددگار بنے۔ میٹلو گروپ نے نئی مارکیٹ اور کسٹمر کے ساتھ تعلقات کو بڑھانے پر جارحانہ انداز سے کام کیا اور اس سلسلے میں امریکہ، کینیڈا، اور یورپ میں ہونے والی بین الاقوامی نمائشوں میں حصہ لیا، جس میں شرکت سے کمپنی کو بہت اچھا رسپانس ملا، اور مستقبل میں چاول اور رائس گلوکوز کے اچھے آرڈر ملنے کا امکان ہے۔

## ریٹائرمنٹ فنڈ:

کمپنی نان فنڈڈ گریجویٹی فنڈ چلا رہی ہے، اس سال کے دوران کمپنی نے (Actuarial valuation) کی بنیاد پر 15.859 ملین روپے گریجویٹی فنڈ کے لئے مختص کئے ہیں۔

## متعلقہ پارٹی کے ساتھ ٹرانزیکشنز:

متعلقہ پارٹیوں کے ساتھ ٹرانزیکشنز (معاملات) کی تفصیل مالی گوشواروں کے نوٹس کے ساتھ مہیا کی گئی ہے۔

## کمپنی کے حصص میں تجارت:

اسٹاک ایکسچینج میں اندراج کے بعد ڈائریکٹرز اور متعلقہ پارٹی نے مندرجہ ذیل حصص خریدے:

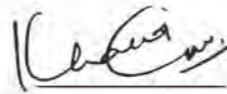
متعلقہ پارٹی / ڈائریکٹر	شیر	ٹرانزیکشن کی قسم
جناب فیضان علی غوری - CFA	20,000	BUY
میسرز غوری ٹرسٹ	200,000	BUY

## اظہار تشکر:

ہم اپنے تمام شیئر ہولڈرز، سپلائرز، بیٹکرز اور ڈسٹریبیوٹرز کے تعاون اور گراں قدر حمایت کے شکر گزار ہیں جو انہوں نے رپورٹنگ کے عرصے میں ہم سے کیا۔ ہم اپنے اسٹاف کے بھی شکر گزار ہیں جن کی جدوجہد اور محنت سے یہ کمپنی پروان چڑھی۔ ڈائریکٹر کی طرف سے:



فیضان علی غوری  
ڈائریکٹر



خالد سر فراز غوری  
چیف ایگزیکٹو آفیسر

پاکستانی باسمنی چاول کو اس مارکیٹ میں نشوونما کے مواقع ملے ہیں۔ مزید ازاں اگلے سال 19-2018 میں بھی پاکستان باسمنی چاول کی یورپیٹین برآمدات میں مقداری شرح نمو متوقع ہے اسی طرح پاکستانی باسمنی چاول کی مجموعی طلب میں دوسری بین الاقوامی منڈیوں میں بھی اضافہ متوقع ہے۔

خلیجی ممالک اور مشرق وسطیٰ میں ویلیو ایڈڈ ٹیکس کے نفاذ اور ٹیکس سسٹم سے افراط زر کے اثرات کی وجہ سے صارف کی قوت خرید کم ہونا، اور ان ممالک میں سیاسی ہلچل کی وجہ سے پاکستانی باسمنی چاول کی طلب میں کمی واقع ہوئی ہے، جبکہ ایران میں کرنسی کی قیمت میں کمی اور کنٹرول کی وجہ سے بھی پاکستانی چاول کی طلب میں اضافہ نہیں ہو سکا۔

### پاکستان اسٹاک ایکسچینج میں اندراج:

آپ کی کمپنی نے فروری 2018ء میں کمپنی کے 29,143,000 عام حصص کی ابتدائی پبلک پیشکش (IPO) کا آغاز کیا جس میں کمپنی کو bidders اور عام عوام سے بہت اچھا رسپانس ملا۔ کمپنی کے فی حصص کی اسٹرائٹیک قیمت 261 روپے رکھی گئی۔ کمپنی کی انتظامیہ اپنے سرمایہ کاروں کی شکرگزار ہے جنہوں نے کمپنی پر اپنے بھرپور اعتماد اور اعتبار کا اظہار کیا۔

### بعد از رونما ہوئے واقعات:

کمپنی کے مالی سال کے اختتام سے آج کی تاریخ تک کسی قسم کا نہ کوئی قابل ذکر واقعہ رونما ہوا اور نا ہی کمپنی کی جانب سے کسی سلسلے میں کوئی وعدہ کیا گیا جس کا اثر کمپنی کی مالی صورتحال پر پڑتا ہو۔ رپورٹ کی تاریخ کے دوران کوئی ایسی اہم تبدیلی یا معاہدہ جات نہیں ہوئے جو کمپنی کی مالیاتی حالت پر اثر انداز ہو سکیں۔

### مستقبل کے ارادے:

#### چاول کا شعبہ:

کمپنی نے فلک برانڈ کو مقامی اور بین الاقوامی منڈیوں میں متعارف کروانے پر اپنی خاص توجہ جاری رکھی ہوئی ہے۔ کمپنی امریکہ، کینیڈا، یورپ اور متحدہ عرب امارات میں ہونے والی نمائشوں میں وقتاً فوقتاً شرکت کرتی رہتی ہے، جہاں کمپنی کی نئی مصنوعات متعارف کروانے کے علاوہ مختلف شہروں میں نئے ڈسٹری بیوٹر بھی بنائے جا رہے ہیں۔ کمپنی نے فلک مصنوعات کو فروغ دینے اور بڑے پیمانے پر ناظرین کی توجہ حاصل کرنے کے لئے رمضان کے مقدس مہینے، دوسرے مذاہب کے مقدس تہواروں اور کھیلوں کے اہم مقابلوں میں جارحانہ تشہیری مہم چلائی ہے۔ مقامی منڈیوں میں کمپنی سندھ اور بلوچستان کے شہروں میں رسائی حاصل کر رہی ہے، اور اس کے ساتھ ساتھ کراچی اور صوبہ خیبر پختونخواہ میں شاپ برانڈ کو خاطر خواہ حد تک فروغ دیا جا رہا ہے۔

○ لسٹنگ ریگولیشنز میں تفصیلاً درج کارپورٹ 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۔

○ پاکستان اسٹاک ایکسچینج کی Rule Book کے قواعد 5.19.11 اور 5.9.15 کے مطابق بورڈ نے فیصلہ کیا ہے کہ MFL کا کوئی بھی ملازم جو 300,000 روپے ماہانہ یا زیادہ تنخواہ لیتا ہو، کو "ایگزیکٹو" کا درجہ دیا جائے گا۔

### میٹریلیٹی کا لیول:

انتظامیہ نے اسٹیک ہولڈرز کی شمولیت سے میٹریلیٹی اپروچ اپنائی ہے، جس میں ماحولیاتی حدود اور حکمت عملی کا خیال رکھا جاتا ہے اور اس مقصد کے لئے میٹریل کی نشاندہی، ثبوت اور مفروضوں کا خیال رکھتے ہوئے شفاف اور معتبر طریقہ کار اپنایا جاتا ہے۔ تاکہ کسی بھی قسم کے نقصانات سے بچا جاسکے۔

### سیلز اور مارکیٹنگ کی منصوبہ بندی:

کمپنی اپنے برانڈ "فلک" کی ترقی پر بہت توجہ دے رہی ہے جس کی وجہ سے برانڈ کی برآمدی آمدن کی قدر میں 20.60 فیصد اضافہ ہوا ہے۔ کمپنی کے پاس 68 بین الاقوامی ڈسٹری بیوٹرز ہیں بشمول 10 اُن نئے ڈسٹری بیوٹرز کے جن کو رواں سال ہانگ کانگ، میلبورن، چیک ریپبلک، ویلنٹینہ اسپین، الماسو بیڈن، ماریشس، امریکہ اور بنگلادیش سے متعین کیا گیا ہے۔

فلک برانڈ اس وقت مقامی مارکیٹ میں 155 اہم شہروں میں دستیاب ہے، جبکہ پچھلے 12 ماہ میں اس فہرست میں 18 نئے شہروں کو شامل کیا گیا ہے جن میں لاڑکانہ، رحیم یارخان، سیالکوٹ، سرگودھا اور جھنگ جیسے شہر شامل ہیں۔ کمپنی نے گزشتہ سال اسی مدت کے مقابلے میں 6 ماہ میں مقامی برانڈ کی مقدار میں 11.13 فیصد اضافہ کیا، جب کہ قدر میں 46.64 فیصد اضافہ ہوا ہے۔

### صنعت کا جائزہ:

جیسا کہ کارکردگی کے جائزے میں دیا جا چکا ہے کہ پچھلے سال کی اسی مدت کے مقابلے میں پاکستانی باسمنی چاول کی مقدار میں 10.97 فیصد کا اضافہ ہوا ہے جب کہ قدر کی مد میں 19.14 فیصد اضافہ ہوا۔ پاکستانی باسمنی چاول کی شرح نمو میں اضافہ بنیادی طور پر براؤن باسمنی کی طلب سے ہوا، ادویات کے یورپی قانون میں تبدیلی کی وجہ سے انڈیا کے باسمنی چاول کی برآمدات کو یورپیٹین منڈیوں میں مشکلات کا سامنا ہے، جبکہ

## افرادى وسائل اور معاوضے کی کمیٹی:

مذکورہ سال کے دوران افرادى وسائل اور معاوضہ کمیٹی کا ایک 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 ٹریننگ پروگرام کے تحت کمپنی کے تین ڈائریکٹرز سرٹیفائیڈ ہیں۔

## آڈیٹرز کی تعیناتی:

موجودہ آڈیٹرز میسرز گرانٹ تھارٹن انجم رجن، چارٹرڈ اکاؤنٹینٹس اس سال ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسرز گرانٹ تھارٹن انجم رجن کو جون 2019ء ختم ہونے تک بطور کمیٹی آڈیٹرز تعینات کرنیکی سفارش کی ہے، جس کا فیصلہ باہمی طے شدہ فیس کی بنیاد پر عام اجلاس میں حصص داران کی منظوری سے مشروط ہے۔

## ترتیب حصص داری:

کمپنی کی ترتیب حصص داری اس رپورٹ کے ساتھ منسلک ہے۔

## صحت، سلامتی اور ماحول:

کمپنی اپنے ملازمین کی صحت، حفاظت اور 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۔ کمپنی اپنے ملازمین کی حوصلہ افزائی کرتی ہے کہ وہ ممکنہ خطرات کی نشاندہی کے لئے کام کریں، کمپنی اپنے ملازمین کی روزمرہ سرگرمیوں میں صحت اور حفاظت کا خیال رکھتی ہے، اور اس کے لئے ورک سیفٹی اور بہتر ماحولیاتی سرگرمیوں کے لئے ٹریننگ مہیا کرتی ہے۔

## کاروباری و سماجی ذمہ داری:

کمپنی کا نقطہ نظر پاکستان میں تعلیم اور صحت کے شعبوں میں کمیونٹی 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 بہبود اور تعلیم سے متعلقہ اخراجات میں مدد کو اولین ترجیح دیتی ہے۔ کمپنی نے صحت، تعلیم اور سماجی بہبود کے منصوبوں کے لئے 0.545 ملین روپے عطیات کیئے ہیں۔

## اندرونی مالیاتی کنٹرول کی معقولیت:

کمپنی کے اندر ایک مضبوط و مستحکم انٹرنل کنٹرول سسٹم بنایا گیا ہے جس کو کمپنی کی ہر سطح پر موثر انداز میں لاگو کیا گیا ہے۔ انٹرنل کنٹرول سسٹم کو اس طرح ڈیزائن کیا گیا ہے کہ کمپنی اپنے مقاصد کے حصول آپریشنز میں کارکردگی، قابل اعتماد مالیاتی رپورٹنگ اور قوانین و قواعد پالیسیوں کی تعمیل کو یقینی بنا سکے۔

## فنانشل اور کارپوریٹ رپورٹنگ فریم ورک:

ڈائریکٹرز بصد مسرت مطلع کرتے ہیں کہ کمپنی سیکورٹیز 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 پرائیٹیشنس 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 فلو اور ایکویٹی میں تبدیلی کی شفاف اور منصفانہ عکاسی کرتے ہیں۔
- کمپنی نے اپنے اکاؤنٹس کے کھاتوں کو محفوظ اور درست انداز میں رکھے ہوئے ہیں۔
- کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے اور شاریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیاروں کی، جہاں تک وہ پاکستان میں قابل اطلاق کی مکمل پاسداری کو ممکن بنایا گیا ہے۔
- 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 مالا تر ہے۔



## بنیادی خطرات اور غیر یقینی صورت حال۔

کمپنی کو مخصوص امکانی خطرات اور خدشات کا سامنا ہے، البتہ ہم درج ذیل کو اہم خطرات تصور کرتے ہیں۔

- مقامی اور برآمدی چاول کی قیمتوں میں بڑا عدم استحکام۔
- دوسری کمپنیوں کیساتھ سخت مقابلہ اور نئے حریفوں کا مارکیٹ میں داخلہ۔
- حکومتی قوانند۔
- زرمبادلہ کی شرح میں ردوبدل۔
- چاول کی فصل کی مجموعی پیداوار اور کٹائی۔

کمپنی مذکورہ بالا خطرات کے ممکنہ اثرات میں قابل قبول حد تک کمی کے لئے اپنے اندرونی و بیرونی اسٹیک ہولڈرز کے ساتھ سرگرم عمل ہے۔

## رائس گلوکوز پراجیکٹ کا مختصر جائزہ:

ہم مسرت کے ساتھ اعلان کرتے ہیں کہ ہمارا توسیعی منصوبہ رائس گلوکوز پلانٹ (فیبر 11) اپنے فراہم کردہ فریم ورک کے عین مطابق سرگرم ہے، اس منصوبے کے لئے کمپنی نے سرمایہ بذریعہ IPO (Initial Public Offer) حاصل کیا۔

سائٹ پر تعمیراتی کام پہلے سے ہی شروع ہو چکا ہے، اہم پلانٹ اور دیگر ضروری مشینری کے لئے لیٹر آف کریڈٹ قائم کیا جا چکا ہے، کمپنی پاکستان اسٹاک ایکسچینج اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو بروقت سہ ماہی رپورٹ کے حوالے سے باخبر رکھ رہی ہے، اور ان رپورٹس کو پاکستان اسٹاک ایکسچینج کی ویب سائٹ پر بھی لگایا جا رہا ہے۔

## بورڈ کا امتزاج:

بورڈ کا امتزاج درج ذیل سات (7) مرد حضرات ڈائریکٹرز پر مشتمل ہے جن کی تفصیل یہ ہے:

خود مختار ڈائریکٹرز	3
نان ایگزیکٹو ڈائریکٹرز	1
ایگزیکٹو ڈائریکٹرز	3
ڈائریکٹرز کی مجموعی تعداد	7

اس سال کے دوران مورخہ 21 مارچ 2018ء کو جناب عبدالصمد خان کو خود مختار ڈائریکٹر کے طور پر جناب افتخار سومرو صاحب خود مختار ڈائریکٹر کی جگہ تعینات کیا گیا جو 26 دسمبر 2017ء کو مستعفی ہو گئے تھے۔

## نان ایگزیکٹو ڈائریکٹرز کے معاوضے کی پالیسی:

کمپنی کی بورڈ اور کمیٹی میننگز میں شرکت کے لئے نان ایگزیکٹو ڈائریکٹرز اور خود مختار ڈائریکٹرز کے معاوضہ کا تعین بورڈ کی طرف سے وقتاً فوقتاً کیا جاتا ہے۔

## بورڈ کے اجلاس اور حاضری:

مذکورہ سال میں بورڈ کے چار (4) اجلاس منعقد ہوئے اور ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے:

ممبر کا نام	حاضری
جناب جاوید علی غوری۔ چیئر مین	4
جناب خالد سرفراز غوری	4
جناب ڈاکٹر طارق غوری	2
جناب فیضان علی غوری۔ CFA	4
جناب نعیم الرحمن اخوند	2
جناب سید کامران رشید	2
جناب افتخار سومرو	2

جو ڈائریکٹر بعض اجلاس میں حاضر نہیں ہو سکے ان کو بورڈ کی طرف سے رخصت برائے غیر حاضری دے دی گئی۔

## آڈٹ کمیٹی:

مذکورہ سال کے دوران، آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ممبر کا نام	حاضری
جناب نعیم الرحمن اخوند	4
جناب سید کامران رشید	4

جناب عبدالصمد خان کو مورخہ 26 اپریل، 2018ء کو آڈٹ کمیٹی میں تعینات کیا گیا۔

## ڈائریکٹرز رپورٹ

اللہ تعالیٰ کے فضل اور کرم سے، آپ کی کمپنی کے ڈائریکٹر حضرات 30 جون 2018ء کو ختم ہونے والے سال کے لئے کمپنی کی آڈٹ شدہ مالی اسٹیٹمنٹ پیش کرتے ہوئے انتہائی خوشی محسوس کر رہے ہیں:

نتائج کی تفصیل:

CONSOLIDATED		UNCONSOLIDATED		
2017	2018	2017	2018	
پاکستانی روپے	پاکستانی روپے	پاکستانی روپے	پاکستانی روپے	
6,158,480,346	6,879,602,731	6,134,424,678	6,869,392,098	مجموعی آمدنی
(5,178,778,848)	(5,861,897,104)	(5,169,060,783)	(5,862,040,117)	آمدنی پر لاگت
979,701,498	1,017,705,627	965,363,895	1,007,351,981	مجموعی منافع
(291,888,742)	(304,850,154)	(291,888,742)	(300,137,146)	ترسیل کے اخراجات
(181,165,750)	(203,619,372)	(175,231,633)	(198,099,318)	انتظامی اخراجات
506,647,006	509,236,101	498,243,520	509,115,517	
(212,124,511)	(240,005,015)	(211,904,903)	(239,704,316)	سود اور بینکنگ کے اخراجات
36,616,630	17,849,819	36,616,630	17,849,819	دیگر آمدنی
34,999,406	72,858,009	34,999,406	72,858,009	شرح تبادلہ کا منافع
(3,073,894)	(7,066,909)	(3,073,894)	(7,066,909)	WWF کے لئے مختص رقم
(12,836,230)	(15,283,606)	(12,836,230)	(15,263,606)	WPPF کے لئے مختص رقم
350,228,407	337,588,399	342,044,529	337,788,513	منافع قبل از ٹیکس
(73,075,620)	(28,522,349)	(73,075,620)	(29,495,558)	انکم ٹیکس کے اخراجات
277,152,787	308,066,050	268,968,909	308,292,955	خالص منافع
2.82	3.13	2.73	3.13	فی حصص آمدن

کمپنی کی خالص آمدنی 6,869 ملین روپے رہی جو کہ پچھلے سال 6,134 ملین روپے تھی جو آمدن میں 11.98 فیصد بڑھوتی کا اظہار کرتی ہے۔ مجموعی منافع 1,007 ملین روپے رہا جو پچھلے سال 965 ملین روپے تھا جو پچھلے سال کی نسبت 4.35 فیصد کی شرح سے بڑھا۔ اس کے علاوہ پچھلے سال کی نسبت خالص منافع میں بھی 14.62 فیصد اضافہ ہوا جو اس سال 308.3 ملین روپے رہا جبکہ پچھلے سال یہ رقم 268.9 ملین روپے تھی۔ مارجن میں بڑھوتی کی بنیادی وجہ چاول کی بین الاقوامی مارکیٹ میں پاکستان چاول کی اچھی برآمدی قیمت فروخت، روپے کی قدر میں ہونے والے ردوبدل کا فائدہ اور کمپنی کا اسٹاک مارکیٹ میں اندراج اور رائس گلوکوز پلانٹ کی تنصیب سے ہونے والا ٹیکس کا فائدہ شامل ہیں اس سال کے دوران کمپنی کے باسٹی چاول کی فی ٹن اوسط برآمدی قیمت US\$1,119.68 رہی جو کہ پچھلے سال US\$849.83 تھی۔

گروپ کے مجموعی منافع میں کمپنی کے غیر مجموعی منافع سے معمولی اضافہ ہوا کیونکہ UAE میں ویلیو ایڈڈ ٹیکس کے نفاذ سے UAE میں کاروباری ماحول دباؤ کا شکار رہا اور اسی وجہ سے ذیلی کمپنی اور گروپ کی کارکردگی BREAK EVEN پر رہی۔

گزشتہ سال کمپنی کو 5,000 میٹرک ٹن چاول کا ٹینڈر ملا جس کی مالیت 370 ملین روپے تھی اس سال کمپنی کو ٹینڈر بزنس کا ایسا کوئی موقع نہیں ملا، تاہم اچھی برآمدی قیمتوں کی وجہ سے کمپنی کو کم حجم کے باوجود مجموعی منافع میں اچھا اضافہ ملا۔ پاکستانی چاول کی مجموعی برآمدات کی قدر میں 26.78 فیصد اضافہ جبکہ برآمدات کی مقدار میں 16.54 فیصد اضافہ ہوا۔ جبکہ میٹلو کی برآمدی آمدن کی قدر میں 21.27 فیصد اضافہ ہوا کیونکہ کمپنی نے زیادہ مارجن والے باسٹی چاول پر توجہ مرکوز رکھی جبکہ برآمدات کی مقدار میں 16.11 فیصد کمی ہوئی جس کی وجہ ٹینڈر کاروبار کا نہ ہونا اور کم مارجن والے IRRI چاول کے کاروبار پر عدم توجہی تھی۔

کمپنی کی انتظامیہ اگلے مالی سال میں منافع اور حجم کی بڑھوتی میں بہتری لانے کے لئے برآمدی آمدن اور مقامی مارکیٹ میں اشتراک میں اضافے کے لئے مسلسل کوشاں ہے۔

### تخصیص:

30 جون 2018ء کے اختتام پر کمپنی کی مالی کارکردگی کو دیکھتے ہوئے کمپنی کے ڈائریکٹرز نے مورخہ 6 ستمبر 2018ء کو ہونے والی اپنی میٹنگ میں حتمی کیش ڈیویڈنڈ بحساب 4 فیصد یعنی 0.4 روپیہ فی حصص اور اس کے ہمراہ 5 فیصد بونس حصص بحساب 5 حصص ہر 100 حصص پر تجویز کیا ہے۔ اس کیلئے حصص داران کی منظوری سالانہ جنرل اجلاس میں حاصل کی جائے گی۔ تجویز کردہ ڈیویڈنڈ کو ان مالیاتی گوشواروں میں ذمہ داری کے طور پر نہیں لیا گیا۔

## چیمبر مین جائزہ رپورٹ

اللہ کے فضل و کرم سے میں کمپنی کے چیئر ہولڈرز کو یہ جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہوں کہ بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی، عزم، اور کوششوں کی وجہ سے کمپنی اپنے مقاصد کے حصول میں کامیاب ہوئی ہے، یہی وجہ ہے کہ کمپنی کامیابی، منافع، اور نشوونما کے راستے پر گامزن ہے۔ کمپنی ایک مضبوط انتظامی ماحول کے نفاذ پر توجہ مرکوز کر رہی ہے، جو کمپنی کے طویل المدتی کامیابی کے حصول میں اور تمام کاروباری معاملات پر قابل اطمینان فیصلے کرنے میں بورڈ آف ڈائریکٹرز کو سہولت فراہم کرتا ہے۔

مالی سال کے اختتام 30 جون 2018 کے دوران بورڈ آف ڈائریکٹرز اور ان کی ذیلی کمیٹیوں نے قابل قبول حد تک لگن اور مہارت سے کام کیا، اور اس کے ساتھ ساتھ کمپنی کو اپنے مقاصد کے حصول کے لئے بہترین مشورے اور رہنمائی کی۔ بورڈ آف ڈائریکٹرز کی تشخیص کی بنیاد اسٹریٹیجک منصوبہ بندی میں شرکت، کمپنی کی کاروباری سرگرمیوں کی موثر دیکھ بھال، مالی وسائل کے انتظام کی موثر نگرانی، تمام ملازمین کے ساتھ مساوی رویہ اور بورڈ آف ڈائریکٹرز کے کام موثر طریقے سے کرنے پر ہے۔ اس تشخیص کے نتیجے میں بورڈ آف ڈائریکٹرز کے تمام اراکین کو اسٹریٹیجک فیصلہ سازی میں برابری کا حصہ، موثر کنٹرول ماحول، اور تمام کاروباری معاملات کے بارے میں بروقت آگاہ کیا جاتا ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت بورڈ آف ڈائریکٹرز کی ذیلی کمیٹیوں میں خود مختار ڈائریکٹرز کی مطلوبہ تعداد کو مقرر کیا جاتا ہے۔ اور ان کی حوصلہ افزائی کی جاتی ہے کہ وہ بورڈ آف ڈائریکٹرز کی میٹنگ میں شرکت کر کے کاروباری فیصلوں میں شامل ہوں۔

بورڈ آف ڈائریکٹرز سالانہ رپورٹ اور مالیاتی گوشوارہ کا تفصیلی جائزہ لے چکے ہیں اور اس بات کی تصدیق کرتے ہوئے خوشی محسوس کرتے ہیں کہ مجموعی طور پر یہ رپورٹس، منصفانہ، متوازن اور جامع ہیں۔

*Javed Ali Ghori*  
جاوید علی غوری  
چیمبر مین

The Company Secretary,  
Matco Foods Limited,  
L-24/1, BLOCK 21, FEDERAL B INDUSTRIAL AREA  
Karachi.

### PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_  
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 11:30 a.m. on Wednesday, October 31, 2018 at Auditorium Hall of Institute of  
Chartered Accountant of Pakistan (Chartered Accountants Avenue, Block 8 Clifton, Karachi) and at every  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2018.

Witness:

Signature \_\_\_\_\_

Name \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

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.

THE COMPANY SECRETARY  
MATCO FOODS LIMITED  
L-24/1, BLOCK 21, FEDERAL B  
INDUSTRIAL AREA, KARACHI

AFFIX  
POSTAGE















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