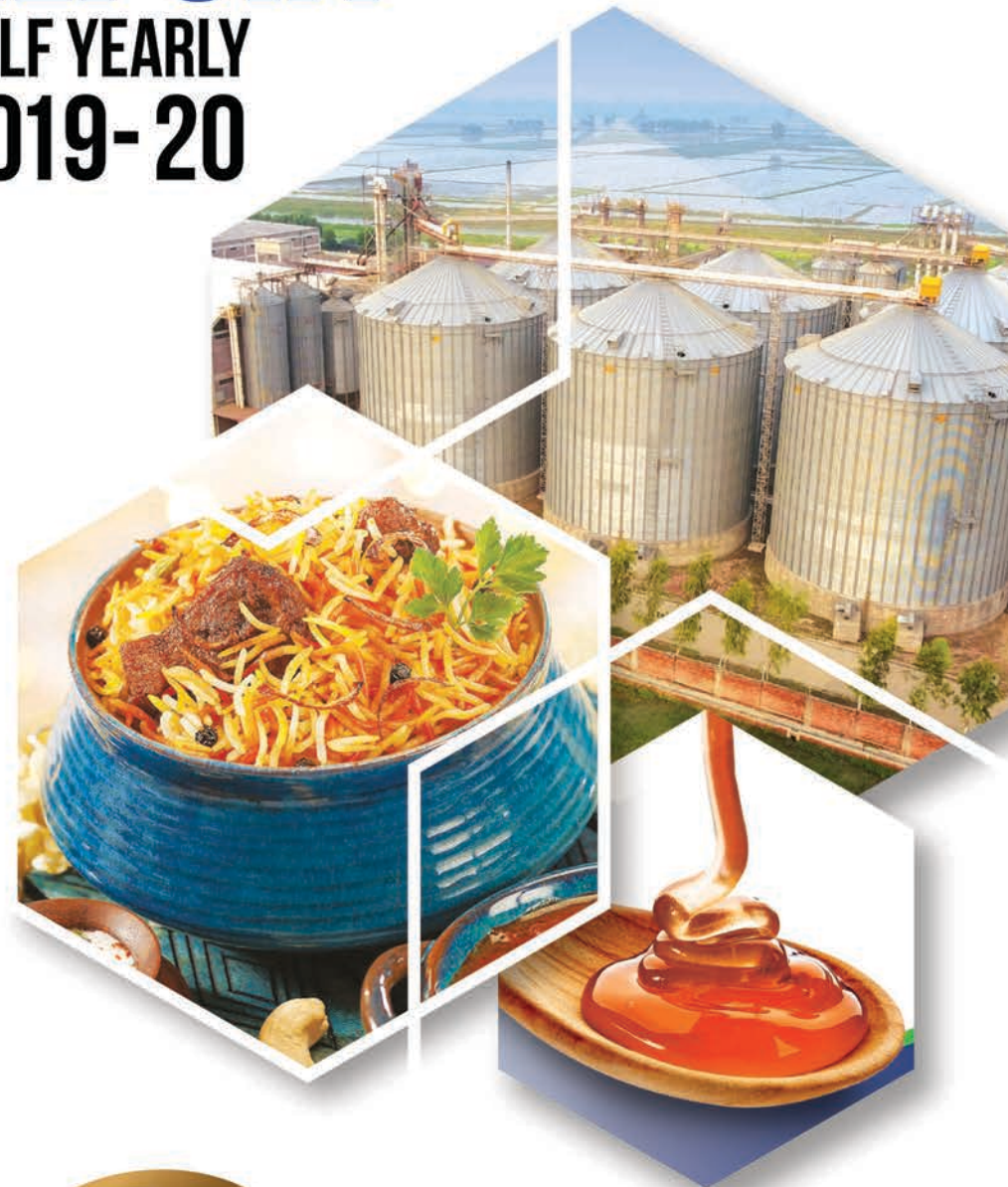


# FINANCIAL REPORT

HALF YEARLY  
2019-20



**MATCO FOODS LIMITED**

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## Our Legacy

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

Today, Matco has over 150 global customers and exports its consumer products to over 50 countries worldwide. The company also holds Organic Certifications from the US NOP and EU Organic Certification from Control Union, and is an IFC investee company since 2012.

In 2015, Matco Rice Processing (Pvt.) Limited changed its name to Matco Foods (Pvt.) Limited, and subsequently to Matco Foods Limited before listing in PSX, reflecting its mission of becoming a leading food corporation. Matco is a committed member of the society and strives to make constructive efforts for the welfare of the community.



## Business Profile

Matco Foods Limited is a leading Food Processing & Export Company in South-Asia which provides packed consumer foods products that offer convenience, and supplies quality ingredients to the pharmaceutical and confectionery industries. The company's products include basmati rice, rice glucose, rice protein, pink salt, masalas and spices, dessert mixes and more.

With over 50 years of experience in the rice industry, and a global portfolio of more than 150 corporate customers, the company is the largest basmati rice exporter from Pakistan, and its flagship brand "Falak Basmati Rice" is available in more than 70 countries worldwide. Matco also exports private label brands to over 70 countries across the globe. The company operates 5 rice processing and milling plants which include vertically-integrated paddy drying, storage, husking and processing facilities in Sadhoke, Punjab and Karachi, Sindh.

Matco Foods has recently diversified its operation within domain specialized products i.e. Rice Glucose and Rice Protein, with plant production capacity of 30,000 MT per annum of rice glucose and 3,000 MT of Rice Protein per annum.

The company aims to serve the changing needs and preferences of global consumers and therefore holds Organic Certification from the US NOP and EU Organic Certification from Control Union. Matco Foods Limited is also the only IFC investee company in its sector since 2012.





## Company Information

### BOARD OF DIRECTORS

Mr. Jawed Ali Ghor	Chairman
Mr. Khalid Sarfaraz Ghor	Chief Executive Officer
Dr. Tariq Ghor	Executive Director
Mr. Faizan Ali Ghor- CFA	Executive Director
Syed Kamran Rasheed	Independent Director
Mr. Naeem ur Rehman Akhoond	Independent Director
Mr. Abdul Samad Khan	Independent Director
Mrs. Faryal Murtaza	Non-executive Director
Ms. Umme Habibah	Independent Director

### AUDIT COMMITTEE

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

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Umme Habibah	Chairman
Mr. Jawed Ali Ghor	Member
Mr. Khalid Sarfaraz Ghor	Member
Mr. Faizan Ali Ghor, CFA	Member
Mrs. Faryal Murtaza	Member

### CHIEF FINANCIAL OFFICER

Mr. Muhammad Aamir Farooqui

### COMPANY SECRETARY

Mr. Danish Ahmed

### HEAD OF INTERNAL AUDIT

Mr. Saad Bin Aziz

### LEGAL ADVISOR

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

### AUDITORS

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

### SHARE REGISTRAR

THK Associates (Pvt.) Ltd

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

### BANKERS

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

JS Bank Limited  
MCB Islamic Bank  
National Bank of Pakistan  
Standard Chartered Bank  
United Bank Limited  
Meezan Bank  
Soneri Bank Limited

### COMPANY LOCATIONS

#### REGISTERED OFFICE

Matco Foods Limited  
B-1/A, S.I.T.E. Phase 1, Super Highway Industrial Area,  
Karachi, Pakistan P.O. Box No. 75340  
Phone: +92(301) 8250969, +92(21) 3631 5099,  
Fax: +92(21) 3632 0509  
Email: contact@matcofoods.com

#### RICE PLANT

A 15-16, S.I.T.E. Super Highway,  
Karachi, Pakistan  
Phone: +92(21) 3688 1297, +92(333) 120 7780

#### RICE GLUCOSE PLANT

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

#### SADHOKE PLANT

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

Web Address  
Email Address

www.matcofoods.com  
contact@matcofoods.com

## *Vision*

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

## *Mission*

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





## Directors' Report

The Directors are pleased to present their report for the second quarter ended December 31, 2019, together with the unaudited condensed interim financial information of the Company for the period ended December 31, 2019.

### FINANCIAL RESULTS

Description	Unconsolidated		Consolidated	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	-----Rupees in '000-----		-----Rupees in '000-----	
Sales – net	3,792,728	3,580,155	3,794,146	3,585,782
Cost of sales	(3,289,666)	(3,174,012)	(3,289,666)	(3,175,382)
Gross Profit	503,062	406,143	504,480	410,400
Selling and distribution	(95,496)	(72,437)	(105,625)	(72,437)
Administrative	(142,420)	(120,169)	(143,188)	(122,915)
Operating profit	265,146	213,537	255,667	215,048
Other Operating Income	16,687	26,068	16,687	26,068
Exchange (loss)/gain	(13,064)	63,388	(13,064)	63,388
Financial Charges	(153,879)	(119,752)	(153,736)	(119,859)
Share of Profit from Associated Company	-	-	(5,404)	-
Profit Before Tax	114,890	183,241	100,150	184,645
Income Tax	(37,034)	(31,240)	(37,034)	(31,240)
Profit for the Period	77,856	152,001	63,166	153,405
Earnings Per Share	0.64	1.24	0.52	1.25

During the six-months i.e. July 2019 – December 2019:

- The Company has earned net profit of Rs. 77.856 million as compared to Rs. 152.001 million in the last period, thereby, represent decrease of 48.78%.
- Increasing cost of production due to inflationary pressure and exchange loss has decreased the profit before tax by 37.30% as compared to last comparative period.
- The Company has exported 17,461 metric tons of basmati rice as compared to 16,779 metric tons in the last comparative period and thereby represents increase of 4.06%.
- The average export selling price per metric ton during six months was USD 1,005 which was USD 1,118 in the last comparative six months.

The Management remains focused on managing the increasing cost of doing business with high interest rates, inflation in other costs lines, as well as higher cost of raw materials due to inflationary factors and Rupee devaluation, being major concerns. The results were also adversely affected by higher financial charges incurred during the period.

### FUTURE OUTLOOK

Rice is the single largest commodity, which brings over \$ 2 billion foreign exchange annually for the nation and contributing to strengthen the country's economy.

The Company's management is keen in finding new customers to increase export sales of basmati rice to maximize our growth in accordance with Pakistan's overall industry growth and are taking participation in international exhibitions like BIOFACH – Germany & GULFOOD – Dubai. The Company is expecting a good response from new consumers and distributors and recently new distributors from Germany, UK and Norway have added to our International distribution network.

Rice exporters are putting their extra ordinary efforts for fetching valuable foreign exchange for the county and they have made huge investment for import of world's latest machinery and most modern technology for value addition in rice and its related industry. Rice Glucose Division is operating at optimum capacity which will result in increase in the topline of the Company. The management is targeting major portion of sales through export to fetch high returns in the export markets and improve profitability.


The management understands well enough that overall industry is growing as more businesses started exporting but in current economic situation where Cost of doing business is increasing day by day due to stringent economic policies of Government to meet the current account deficit. Your Company is trying hard to fetch some profit in this tight competitive scenario.


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

### ACKNOWLEDGEMENT

The directors are thankful to our valued customers, financial institutions, shareholders and other stakeholders for their continued trust. The hard work of all employees is recognized and appreciated.

On behalf of the Board

  
Jawed Ali Ghori  
Chairman

  
Khalid Sarfaraz Ghori  
Chief Executive Officer

اقتصادی پالیسیاں روزمرہ کاروباری لاگت میں اضافے کا باعث بن رہی ہے۔ آپ کی کمپنی اس سخت مسابقتی ماحول میں کچھ منافع حاصل کرنے کی پوری کوشش کر رہی ہے۔

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

#### اعتراف:

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

بورڈ کی جانب سے



خالد سرفراز غوری  
چیف ایگزیکٹو آفیسر



جاوید علی غوری  
چیرمین



## ڈائریکٹرز جائزہ رپورٹ

ڈائریکٹرز 31 دسمبر 2019ء کو ختم ہونے والے دوسرے سہ ماہی بشمول کمپنی کے غیر آڈٹ عبوری مالی معلومات پر اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں:

### مالی نتائج:

Description	Unconsolidated		Consolidated	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	-----Rupees in '000-----		-----Rupees in '000-----	
Sales – net	3,792,728	3,580,155	3,794,146	3,585,782
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Income Tax	(37,034)	(31,240)	(37,034)	(31,240)
Profit for the Period	77,856	152,001	63,166	153,405
Earnings Per Share	0.64	1.24	0.52	1.25

چھ ماہ کے دوران یعنی جولائی 2019 سے دسمبر 2019 تک:

☆ کمپنی نے 77.856 ملین روپے خالص منافع کمایا جبکہ پچھلے عرصہ میں 152.001 ملین روپے تھا جو کہ منافع میں 48.78 فیصد کمی کو ظاہر کرتا ہے۔

☆ افراط زر کے دباؤ کی وجہ سے پیداواری لاگت میں اضافے اور زر مبادلہ کے نقصان کی وجہ سے گزشتہ عرصے کے مقابلے میں منافع قبل از ٹیکس میں 37.30 فیصد کمی ہوئی۔

☆ کمپنی نے 17,461 میٹرک ٹن باسٹی چاول برآمد کیا جبکہ گزشتہ عرصے میں 16,779 میٹرک ٹن برآمد کیا تھا۔ اس طرح کمپنی نے تقابلی طور پر 4.06 فیصد زائد برآمد کیا۔

☆ چھ ماہ کے دوران فی میٹرک ٹن اوسط برآمدی قیمت 1,005 ڈالر رہی جو کہ پچھلے تقابلی چھ ماہ میں 1,118 امریکی ڈالر تھی۔

انتظامیہ نے اپنی کاروبار کی بڑھتی ہوئی لاگت بشمول اضافی شرح سود، دیگر قیمتوں میں افراط زر اور اسکے ساتھ ساتھ افراط زر اور روپے کی گرتی ہوئی قدر کی وجہ سے خام مال کی بڑھتی ہوئی قیمتوں کو سنبھالنے پر مرکوز کی ہوئی ہے جو کہ بہت اہم مسائل ہیں۔ اس مدت کے دوران زائد مالیاتی خرچوں نے کمپنی کے نتائج پر منفی اثرات مرتب کئے ہیں۔

### مستقبل کا نظریہ:

چاول واحد سب سے بڑی زرعی اجناس ہے، جو سالانہ ملکی زر مبادلہ میں 2 بلین ڈالر سے زائد تک کا حصہ ڈال رہی ہے اور اس سے ملکی معیشت مستحکم ہو رہی ہے۔

کمپنی کی انتظامیہ پاکستان کی مجموعی صنعت کی نمو کے مطابق ہماری نمو کو زیادہ سے زیادہ کرنے کے لئے باسٹی چاول کی برآمدی فروخت میں اضافہ کے لئے نئے گاہکوں کو ڈھونڈنے کے لئے پُر امید ہے اور Biofach جرمنی اور Gulfood دبئی جیسی بین الاقوامی نمائشوں میں شرکت کر رہی ہے۔ کمپنی کو نئے صارفین اور تقسیم کنندگان کی طرف سے اچھے رد عمل کی توقع ہے اور حال ہی میں جرمنی، برطانیہ اور ناروے کے نئے تقسیم کاروں نے ہمارے بین الاقوامی تقسیم نیٹ ورک میں شامل ہوئے ہیں۔

چاول کے ایکسپوژر اپنی غیر معمولی کاوشوں کے ذریعے کوشش کر رہے ہیں کہ ملک کے لئے زیادہ سے زیادہ قیمتی زر مبادلہ حاصل کیا جاسکے اور انہوں نے چاول اور اس سے متعلقہ صنعت میں اضافے کے لئے دنیا کی جدید ترین مشینری اور ٹیکنالوجی کی درآمد کے لئے بھاری سرمایہ کاری کی ہے۔ رائس گلو کوڈویشن زیادہ سے زیادہ صلاحیت پر کام کر رہا ہے جس کے نتیجے میں کمپنی کی ٹاپ لائن میں اضافہ ہوگا۔ کمپنی کی انتظامیہ برآمدی فروخت کو بڑھانے کی طرف توجہ دے رہی ہے تاکہ برآمدی مارکیٹ اور منافع میں زیادہ سے زیادہ اضافہ کیا جاسکے۔

انتظامیہ اس بات کو بخوبی جانتی ہے کہ مجموعی صنعت میں مسلسل اضافہ ہو رہا ہے۔ جس کی ایک وجہ مزید کاروباری افراد کا برآمدی کاروبار میں شامل ہونا ہے۔ لیکن ملکی موجودہ معاشی صورتحال میں جہاں کرنٹ اکاؤنٹ خسارہ کو کم کرنے حکومت کی سخت



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Matco Foods Limited

Report on review of Interim Unconsolidated  
Financial Statements

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Matco Foods Limited** as at **December 31, 2019** and the related unconsolidated condensed interim statement of profit or loss, unconsolidated statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-months period then ended (here-in-after referred to as the interim financial statements). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-months period ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2019.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

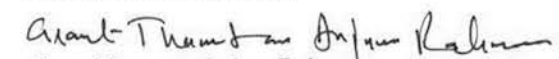
Chartered Accountants  
Member of Grant Thornton International Ltd  
Offices in Islamabad, Lahore

**GRANT THORNTON ANJUM RAHMAN**  
1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530  
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F +92 021 3568 8834  
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### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

  
**Grant Thornton Anjum Rahman**  
Chartered Accountants

Karachi  
Date: February 06, 2020

Chartered Accountants  
Member of Grant Thornton International Ltd  
Offices in Islamabad, Lahore

# MATCO FOODS LIMITED

## Unconsolidated Condensed Interim Statement of Financial Position

As At December 31, 2019

		Un-audited December 31, 2019	Audited June 30, 2019
		-----Rupees in '000-----	
<b>ASSETS</b>	<b>Note</b>		
<b>Non-current assets</b>			
Property, plant and equipment	7	2,661,751	2,620,485
Intangible assets	8	-	-
Right of use asset		83,488	83,094
Long term deposits - net		11,356	9,939
Long-term investment	9	55,583	31,083
<b>Total non-current assets</b>		<b>2,812,178</b>	<b>2,744,601</b>
<b>Current assets</b>			
Stores, spares and loose tools		24,481	23,108
Stock-in-trade		6,799,537	5,204,979
Trade debts - considered goods	10	812,214	941,093
Short-term loans and advances		228,015	355,385
Trade deposits and prepayments		6,796	5,268
Short-term investment		325	255
Other receivables		155,619	188,844
Taxation-net		32,621	33,050
Cash and bank balances	11	558,027	78,381
<b>Total current assets</b>		<b>8,617,635</b>	<b>6,830,363</b>
<b>Total assets</b>		<b>11,429,813</b>	<b>9,574,964</b>

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director

# MATCO FOODS LIMITED

## Unconsolidated Condensed Interim Statement of Financial Position

As At December 31, 2019

		Un-audited December 31, 2019	Audited June 30, 2019
		-----Rupees in '000-----	
<b>EQUITY AND LIABILITIES</b>	<b>Note</b>		
<b>Share capital and reserves</b>			
Authorized share capital 200,000,000 (June 2019: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	12	1,224,007	1,224,007
Capital reserve		680,467	680,467
Unappropriated profit		2,149,845	2,157,355
Surplus on revaluation of property, plant and equipment - net of tax		435,549	445,145
<b>Total shareholders' equity</b>		<b>4,489,868</b>	<b>4,506,974</b>
<b>Non-current liabilities</b>			
Long term finances - secured	13	223,740	265,191
Lease liabilities		42,630	44,764
Deferred liabilities	14	165,369	146,803
Deferred income		205	270
<b>Total non-current liabilities</b>		<b>431,944</b>	<b>457,028</b>
<b>Current liabilities</b>			
Trade and other payables		317,271	248,078
Advance from customers - secured		67,933	58,667
Accrued mark-up		71,790	64,696
Short-term borrowings - secured	15	5,942,332	4,139,227
Current portion of long term finances - secured		80,576	86,709
Current portion of lease liabilities		14,542	13,095
Unpaid dividend		13,557	490
<b>Total current liabilities</b>		<b>6,508,001</b>	<b>4,610,962</b>
<b>Total liabilities</b>		<b>6,939,945</b>	<b>5,067,990</b>
<b>Contingencies and commitments</b>	16		
<b>Total equity and liabilities</b>		<b>11,429,813</b>	<b>9,574,964</b>

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director



# MATCO FOODS LIMITED

Unconsolidated Condensed Interim Statement of Profit or Loss

For The Six Months and Three Months Period Ended December 31, 2019

		Six months ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Un-audited	Un-audited	Un-audited	Un-audited
		-----Rupees in '000-----			
Note					
Sales - net	17	3,792,728	3,580,155	1,685,565	1,793,261
Cost of sales	18	(3,289,666)	(3,174,012)	(1,437,976)	(1,591,250)
<b>Gross profit</b>		<b>503,062</b>	<b>406,143</b>	<b>247,589</b>	<b>202,011</b>
<b>Operating expenses</b>					
Selling and distribution		(95,496)	(72,437)	(51,410)	(31,864)
Administrative		(142,420)	(120,169)	(79,920)	(67,472)
		(237,916)	(192,606)	(131,330)	(99,336)
<b>Operating profit</b>		<b>265,146</b>	<b>213,537</b>	<b>116,259</b>	<b>102,675</b>
Financial charges		(153,879)	(119,752)	(86,375)	(57,520)
Exchange (loss)/gain		(13,064)	63,388	(924)	54,154
		98,203	157,173	28,960	99,309
Other operating income		16,687	26,068	10,982	16,828
<b>Profit before income tax</b>		<b>114,890</b>	<b>183,241</b>	<b>39,942</b>	<b>116,137</b>
Taxation		(37,034)	(31,240)	(18,516)	(14,924)
<b>Profit for the period</b>		<b>77,856</b>	<b>152,001</b>	<b>21,426</b>	<b>101,213</b>
		-----Rupees-----			
<b>Earnings per share - Basic and Diluted</b>					
	19	0.64	1.24	0.18	0.83

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.

# MATCO FOODS LIMITED

Unconsolidated Condensed Interim Statement of Comprehensive Income

For The Six Months and Three Months Period Ended December 31, 2019

		Six months ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Un-audited	Un-audited	Un-audited	Un-audited
		-----Rupees in '000-----			
<b>PROFIT FOR THE PERIOD</b>		<b>77,856</b>	<b>152,001</b>	<b>21,426</b>	<b>101,213</b>
<b>Other comprehensive loss</b>					
<i>Items that may be reclassified to statement of profit or loss subsequently</i>		-	-	-	-
<i>Items that will not be reclassified to statement of profit or loss</i>		-	-	-	-
- Remeasurement of defined benefits obligations		(9,282)	(2,137)	-	-
<b>Other comprehensive loss</b>		<b>(9,282)</b>	<b>(2,137)</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>68,574</b>	<b>149,864</b>	<b>21,426</b>	<b>101,213</b>

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director

## MATCO FOODS LIMITED

Unconsolidated Condensed Interim Statement of Changes In Equity  
For The Six Months Period Ended December 31, 2019

	Issued, subscribed and paid up capital	Capital reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment - net of tax	Total
----- Rupees in '000 -----					
Balance as at July 01, 2018	1,165,721	739,367	1,676,797	546,782	4,128,667
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	152,001	-	152,001
Other comprehensive loss	-	-	(2,137)	-	(2,137)
Total comprehensive income	-	-	149,864	-	149,864
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	11,198	(11,198)	-
Preliminary expenses incurred for IPO	-	(614)	-	-	(614)
<b>Transactions with owners</b>					
Bonus shares issued in the ratio of 5 shares for every 100 shares held	58,286	(58,286)	-	-	-
Dividend paid @ Rs. 0.04 per share	-	-	(46,629)	-	(46,629)
<b>Balance as at December 31, 2018</b>	<b>1,224,007</b>	<b>680,467</b>	<b>1,791,230</b>	<b>535,584</b>	<b>4,231,288</b>
<b>Balance as at July 01, 2019</b>	<b>1,224,007</b>	<b>680,467</b>	<b>2,157,355</b>	<b>445,145</b>	<b>4,506,974</b>
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	77,856	-	77,856
Other comprehensive loss	-	-	(9,282)	-	(9,282)
Total comprehensive income	-	-	68,574	-	68,574
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	9,596	(9,596)	-
<b>Transactions with owners</b>					
Dividend paid @ Rs. 0.07 per share	-	-	(85,680)	-	(85,680)
<b>Balance as at December 31, 2019</b>	<b>1,224,007</b>	<b>680,467</b>	<b>2,149,845</b>	<b>435,549</b>	<b>4,489,868</b>

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.

## MATCO FOODS LIMITED

Unconsolidated Condensed Interim Statement of Cash Flows  
For The Six Months Period Ended December 31, 2019

		Six months ended	
		December 31, 2019 Un-audited	December 31, 2018 Un-audited
		-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations after working capital changes	20	(828,638)	(215,334)
Gratuity paid		(1,281)	(2,333)
Taxes paid		(40,718)	(56,241)
Finance cost paid		(146,785)	(117,911)
<b>Net cash used in operating activities</b>		<b>(1,017,422)</b>	<b>(391,819)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure including capital work in progress		(162,180)	(419,760)
Proceeds from disposal of property, plant and equipment		3,338	7,187
Right of use of asset		(394)	-
Long term deposit		(1,417)	(715)
Long term investment	9	(24,500)	-
<b>Net cash used in investing activities</b>		<b>(185,153)</b>	<b>(413,288)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - net of repayment		(47,584)	11,571
Finance lease obligation - net of repayment		(687)	18,507
Preliminary expenses for initial public offering		-	(614)
Dividend paid		(72,613)	(38,478)
Short term finances obtained - net of repayment		1,803,105	300,280
<b>Net cash generated from financing activities</b>		<b>1,682,221</b>	<b>291,266</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>479,646</b>	<b>(513,841)</b>
Cash and cash equivalents at the beginning of the period		78,381	823,079
<b>Cash and cash equivalents at the end of the period</b>		<b>558,027</b>	<b>309,238</b>

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director



## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 1 LEGAL STATUS AND OPERATIONS

Matco Foods Limited, ('the Company') was incorporated on April 14, 1990 in Karachi as a private limited company under the repealed Companies Ordinance, 1984 (Now: Companies Act, 2017). The Company was listed on Pakistan Stock Exchange Limited on February 13, 2018. The principal activity of the Company is to carry out the business of processing, export of rice, rice glucose, rice protein and trade of biscuits, pink salt, bran oil, masala and kheer. The registered office of the Company is situated at B-1/A, S.I.T.E. Phase 1, Super Highway Industrial Area, Karachi; whereas the factories of the Company are situated at (i) M-II, A-15 & 16, SITE-II, Super highway Karachi; (ii) Riviana, A-21, SITE-II, Super highway Karachi; (iii) Rice Glucose Plants, G-205, SITE-II, Super highway Karachi and (iv) M-III, Sadhoke, Tehsil Kamonki, District Gujranwala.

The Company has 100% ownership in JKT General Trading FZE (subsidiary) a U.A.E based company is situated at P.O.Box 123347, Sharjah- U.A.E, and registered with government of Sharjah. The operational status of the company is purchasing and selling of processed rice and the auditors of the company has expressed unqualified opinion as on financial year ended June 30, 2019.

The Company having 99.99% ownership in Matco Marketing (Private) Limited which was incorporated on June 16, 2016 with authorized and proposed paid-up capital of PKR 10,000,000 and PKR 7,500,000 respectively. The subsidiary is situated at L-24/1, Block-21, Federal 'B' Industrial Area, Karachi. However, no business activity has been carried out by the Company since its incorporation.

The Barentz Pakistan (Private) Limited (a joint venture between Barentz International B.V and Matco Foods Limited with holding of 51% and 49% respectively) has been incorporated in Pakistan on June 28, 2019 with the approval of Securities & Exchange Commission of Pakistan and Competition Commission of Pakistan.

### 2 SIGNIFICANT EVENTS AND TRANSACTIONS

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

### 3 STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

### 4 BASIS OF PREPARATION

These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the unconsolidated annual audited financial statements, and should be read in conjunction with Company's unconsolidated annual audited financial statements for the year ended June 30, 2019.

## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 5 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2019, except for the adoption of IFRS 16 "Leases". The accounting policy adopted by the Company is as follows:

#### 5.1 IFRS 16 - Leases

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

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

The change in accounting policy affected the following items in the statement of financial position.

	Un-audited December 31, 2019	Audited June 30, 2019
	-----Rupees in '000-----	
Property, Plant and Equipment – decreased by	(83,488)	(83,094)
Right-of-use asset – increased by	83,488	83,094
Liability against assets subject to finance lease - decreased by	57,172	(57,859)
Lease liabilities - increased by	(57,172)	57,859

The above figures have been reclassified wherever necessary to reflect more appropriate presentation.

#### 5.1.1 LEASE LIABILITY AND RIGHT-OF-USE ASSET

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

## MATCO FOODS LIMITED

### Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

Lease payments include fixed payments, variable lease payments that are based on an index or a rate expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

## 6 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During the preparations of this condensed interim unconsolidated financial statements, the significant judgement made by management in applying the Company's accounting policies and the key sources of estimations and uncertainty were the same as those that applied to the audited annual financial statements of the Company for the year ended June 30, 2019.

## MATCO FOODS LIMITED

### Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

## 7 PROPERTY, PLANT AND EQUIPMENT

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

Note

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
7.1 2,745,239	2,697,321
7.2 -	6,258
(83,488)	(83,094)
<b>2,661,751</b>	<b>2,620,485</b>

7.1 Details of additions and disposals to operating assets during the six months ended December 31, 2019 are as follows:

Factory building  
Plant and machinery  
Electric cables and fitting  
Furniture and fixture  
Motor Vehicles  
Office Equipment  
Camera  
Factory Equipment  
Computer  
Mobile phone  
Generator

December 31, 2019

June 30, 2019

Additions at cost -----Rupees in '000-----	Deletions at net book value
56,064	-
59,847	-
21,822	-
2,508	-
9,996	(1,515)
2,151	-
334	-
12,412	-
1,160	-
323	-
2,217	-
<b>168,834</b>	<b>(1,515)</b>
805,550	(171,132)



## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

7.2 Following is the movement is capital work in progress during the period:

	Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
Opening balance	6,258	5,422
Additions during the period	123,637	715,122
	129,895	720,544
Transferred to operating fixed assets	(129,895)	(714,286)
Closing balance	-	6,258

## 8 INTANGIBLE ASSETS

This represent fully amortised computer software having cost of Rs. 14.71 million.

	Note	Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
9 LONG-TERM INVESTMENT (at cost) - in related party			
	9.1	23,583	23,583
Matco Marketing (Private) Limited	9.2	7,500	7,500
Barentz Pakistan (Private) Limited	9.3	24,500	-
		55,583	31,083

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

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

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

## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

## 10 TRADE DEBTS

### Considered good

- Export - secured
- Local - unsecured

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

## 11 CASH AND BANK BALANCES

- Cash in hand
- Cash at bank
- Term deposit certificates

## 12 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-audited December 31, 2019	Audited June 30, 2019
(Number of shares)	
50,340,213	50,340,213
6,002,950	6,002,950
66,057,535	66,057,535
122,400,698	122,400,698

Ordinary shares of Rs. 10 each:

- fully paid in cash
- issued for consideration other than cash
- issued as fully paid bonus shares

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
563,187	687,940
249,027	253,153
812,214	941,093

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
5,070	956
551,757	76,225
1,200	1,200
558,027	78,381

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
503,402	503,402
60,030	60,030
660,575	660,575
1,224,007	1,224,007

## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 13 LONG TERM FINANCES - SECURED

From banking companies and financial institution:

- MCB Bank Limited
- Pak Oman Investment Company Limited
- United Bank Limited
- Soneri Bank Limited
- Habib Bank Limited
- Meezan Bank Limited

Current portion of long term finances

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
184,197	204,517
28,498	36,064
-	5,557
36,000	48,000
37,486	37,485
18,135	20,277
304,316	351,900
(80,576)	(86,709)
223,740	265,191

13.1 The Company has obtained long term finance facility from various banks for plant & machinery expansion. The facilities available from different banks are secured by way of 1st pari passu hypothecation charge of present and future fixed assets (excluding land and building) of the Company.

### 14 DEFERRED LIABILITIES

Staff gratuity scheme - unfunded  
Deferred tax liability

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
99,393	76,715
65,976	70,088
165,369	146,803

### 15 SHORT TERM BORROWINGS - SECURED

MCB Bank Limited (MCB)  
Export refinance scheme (ERF)  
United Bank Limited (UBL)  
ERF  
Askari Bank Limited (AKBL)  
ERF  
FAPC  
National Bank of Pakistan (NBP)  
ERF

Carried forward

419,752	419,752
597,397	597,397
306,000	246,000
324,000	235,000
400,000	400,000
2,047,149	1,898,149

## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

Brought forward

Habib Metropolitan Bank Limited

ERF

FAPC

Foreign bills purchased/negotiated

Allied Bank Limited (ABL)

ERF

FAPC

Habib Bank Limited (HBL)

ERF

FAPC

Standard Chartered Bank

ERF

FAPC

Faysal Bank Limited

ERF

FAPC

Bank Al Falah Limited

ERF

FAPC

Pak Oman Investment

Own resource

MIB Bank Limited

ERF

FAPC

Pak Brunai

Own resource

Meezan Bank

FAPC

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
2,047,149	1,898,149
222,500	222,500
76,700	75,500
15,275	8,003
180,000	150,000
100,000	100,000
343,200	343,200
25,000	25,000
245,500	154,500
500,000	94,500
461,000	261,000
88,500	288,500
125,000	105,000
474,500	186,500
250,000	-
50,000	50,000
188,008	176,875
250,000	-
300,000	-
5,942,332	4,139,227

## MATCO FOODS LIMITED

### Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

**15.1** The export refinance facilities available from different banks are secured by way of hypothecation of present and future fixed assets including land, building, plant & machinery and carry mark up ranging between State Bank of Pakistan (SBP) export refinance rate plus 0.70% to 1% (June 30: 0.70% to 1%)

**15.2** Own resource facilities available from different banks are secured by way of hypothecation of present and future fixed assets including land, building, plant & machinery and carry mark up ranging between 6 months KIBOR and 3 months KIBOR plus 0.75% to 2% (June 30: 0.75% to 1%)

## 16 CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

There has been no significant change in contingencies as reported in Note 17 & 35 of the audited financial statements of the Company for the year ended June 30, 2019.

### 16.2 Commitments

Forward exchange contracts to sell  
Letter of guarantee

Un-audited December 31, 2019	Audited June 30, 2019
-----Rupees in '000-----	
3,581,343	-
1,605	1,515
<b>3,582,948</b>	<b>1,515</b>

## 17 SALES - NET

Export sales  
Local sales  
  
Sales discount / return  
Freight  
Clearing and forwarding  
Sales tax

Un-audited December 31, 2019	Audited June 30, 2019
-----Rupees in '000-----	
2,922,414	2,551,182
973,813	1,133,870
<b>3,896,227</b>	<b>3,685,052</b>
(15,502)	(27,237)
(61,531)	(45,189)
(20,738)	(27,275)
(5,728)	(5,196)
<b>3,792,728</b>	<b>3,580,155</b>

## MATCO FOODS LIMITED

### Notes To The Unconsolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

## 18 COST OF SALES

Rice consumed  
Packing materials consumed  
Stores, spares and loose tools consumed  
**Processing expenses**  
Salaries, wages and benefits  
Electricity and power  
Telephone and mobile  
Insurance  
Repairs and maintenance  
Other purchases  
Fumigation charges  
Diesel and Water charges  
Staff welfare  
Security expenses  
Godown expenses  
Rent, rates and taxes  
Vehicle running expenses  
Medical  
Depreciation  
Inspection charges  
Others

### Finished goods

Opening stock  
Closing stock

Un-audited December 31, 2019	Un-audited December 31, 2018
-----Rupees in '000-----	
3,123,511	3,027,042
146,486	122,699
38,070	41,884
<b>172,798</b>	<b>131,533</b>
60,274	47,452
392	472
4,906	5,874
8,633	9,023
18,152	9,948
6,523	4,498
22,856	23,882
7,671	4,685
6,621	5,682
7,965	8,845
441	341
3,052	2,952
1,014	515
95,520	66,876
5,324	3,340
310	6,281
<b>3,730,519</b>	<b>3,523,824</b>
882,396	883,119
(1,323,249)	(1,232,931)
<b>(440,853)</b>	<b>(349,812)</b>
<b>3,289,666</b>	<b>3,174,012</b>



## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 19 EARNINGS PER SHARE - Basic and Diluted

#### Basic earnings per share

Profit for the period (Rupees in thousands)

Number of shares

Earnings per share

Un-audited December 31, 2019	Un-audited December 31, 2018
77,856	152,001
122,400,698	122,400,698
0.64	1.24

#### 19.1 Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.

### 20 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Profit before taxation

#### Adjustments for non-cash items and other items:

Depreciation

Exchange loss/(gain) - net

Finance cost

Gain on disposal of property, plant and equipment

Provision for staff gratuity

Unrealized (gain) / loss on short term investment

Amortization of deferred income

Cash used in operations after working capital changes

Note

Un-audited December 31, 2019	Un-audited December 31, 2018
-----Rupees in '000-----	
114,890	183,241
119,400	83,594
13,064	(63,388)
153,879	119,752
(1,823)	(4,199)
14,677	9,183
(70)	187
(65)	(182)
(1,242,590)	(543,522)
(828,638)	(215,334)

20.1

## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 20.1 Working capital changes

#### (Increase)/ decrease in current assets

Stores, spares and loose tools

Stock-in-trade

Trade debts - considered goods

Loans and advances

Trade deposits and prepayments

Other receivables

#### Increase/(decrease) in current liabilities

Trade and other payables

Advance from customers - secured

Advance against property

#### Net (increase) in working capital

Un-audited December 31, 2019	Un-audited December 31, 2018
-----Rupees in '000-----	
(1,373)	(16,615)
(1,594,558)	(659,635)
115,815	99,214
127,370	(380,538)
(1,528)	(8,243)
33,225	(57,020)
(1,321,049)	(1,022,837)
69,193	361,179
9,266	(15,918)
-	134,054
(1,242,590)	(543,522)

### 21 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### 21.1 Financial risk factors

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

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

#### 21.2 Fair value of financial assets and liabilities

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

## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 22 TRANSACTIONS WITH RELATED PARTIES

			Un-audited December 31, 2019 -----Rupees in '000-----	Un-audited December 31, 2018
Nature of relationship	Percentage of Holding	Transactions		
<b>Directors</b>				
		Godown rent paid to director	8,106	7,660
<b>Subsidiary</b>				
JKT General Trading FZE	100%	Sales	10,080	31,669
		Payment received on account of sales	10,080	38,338
		Receivable against sales	-	15,834
Matco Marketing (Pvt.) Ltd	100%	Advance outstanding	7,108	7,135
		Paid expenses on behalf	-	13
<b>Joint Venture</b>				
Barentz Pakistan (Private) Limited	49%	Paid expenses on behalf	8,175	-
		Payment received on account of expenses	13,168	-
		Receivable against expenses	-	1,500
<b>Associates based on common directorship</b>				
Matco Engineering Company (Private) Limited	0%	Paid expenses on behalf	23	39
		Payment received on account of expenses	23	-
		Receivable against expenses	528	528
<b>Trust operated by the Company</b>				
Ghori Trust	0%	Paid expenses on behalf	1,449	996
		Receivable against expenses	582	1,492

## MATCO FOODS LIMITED

Notes To The Unconsolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 23 OPERATING SEGMENTS

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

**23.1** Revenue from sale of rice represents 94.97% (June 30, 2019: 89.3%) of the total revenue of the Company. Whereas 4.18% represents revenue from sale of rice glucose and remaining represents other items.

**23.2** All non-current assets of the Company as at December 31, 2019 are located in Pakistan except investment in JKT General Trading (FZE) which is disclosed in note 9 of these unconsolidated condensed interim financial statements. Further, debtors from rice represents 96% (June 30: 97.04%) of the total debtors.

### 24 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 06, 2020, by the board of directors of the Company.

### 25 GENERAL

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



Chief Executive Officer



Chief Financial Officer



Director

# MATCO FOODS LIMITED

## Consolidated Condensed Interim Statement of Financial Position

As At December 31, 2019

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	-----Rupees in '000-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	2,661,751	2,620,485
Intangible assets	8	-	-
Right of use asset		83,488	83,094
Long term deposits - net		11,356	9,939
Long-term investment	9	19,096	-
<b>Total non-current assets</b>		<b>2,775,691</b>	<b>2,713,518</b>
<b>Current assets</b>			
Stores, spares and loose tools		24,481	23,108
Stock-in-trade		6,799,537	5,204,979
Trade debts - considered goods	10	826,239	988,520
Short-term loans and advances		228,015	355,385
Trade deposits and prepayments		7,163	5,268
Short-term investment		325	255
Other receivables		156,653	188,549
Taxation-net		32,621	33,050
Cash and bank balances	11	561,601	84,197
<b>Total current assets</b>		<b>9,636,635</b>	<b>6,883,311</b>
<b>Total assets</b>		<b>11,412,326</b>	<b>9,596,829</b>

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.

# MATCO FOODS LIMITED

## Consolidated Condensed Interim Statement of Financial Position

As At December 31, 2019

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	-----Rupees in '000-----	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		2,000,000.00	2,000,000
200,000,000 (June 2019: 200,000,000)			
ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up share capital	12	1,224,007	1,224,007
Capital reserve		680,467	680,467
Exchange revaluation reserve		15,551	18,361
Unappropriated profit		2,145,174	2,167,424
Surplus on revaluation of property, plant and equipment - net of tax		435,549	445,145
<b>Total shareholders' equity</b>		<b>4,500,748</b>	<b>4,535,404</b>
<b>Non-current liabilities</b>			
Long term finances - secured	13	223,740	265,191
Lease liabilities		42,630	44,764
Deferred liabilities	14	165,617	147,086
Deferred income		205	270
<b>Total non-current liabilities</b>		<b>432,192</b>	<b>457,311</b>
<b>Current liabilities</b>			
Trade and other payables		288,656	241,230
Advance from customers - secured		67,933	58,666
Accrued mark-up		71,790	64,697
Short-term borrowings - secured	15	5,942,332	4,139,227
Current portion of long term finances - secured		80,576	86,709
Current portion of lease liabilities		14,542	13,095
Unpaid dividend		13,557	490
<b>Total current liabilities</b>		<b>6,479,386</b>	<b>4,604,114</b>
<b>Total liabilities</b>		<b>6,911,578</b>	<b>5,061,425</b>
<b>Contingencies and commitments</b>	16		
<b>Total equity and liabilities</b>		<b>11,412,326</b>	<b>9,596,829</b>

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director



# MATCO FOODS LIMITED

## Consolidated Condensed Interim Statement of Profit or Loss

For The Six Months and Three Months Period Ended December 31, 2019

		Six months ended		Quarter ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		Un-audited	Un-audited	Un-audited	Un-audited
		-----Rupees in '000-----			
	Note				
Sales - net	17	3,794,146	3,585,782	1,685,553	1,798,888
Cost of sales	18	(3,289,666)	(3,175,382)	(1,437,976)	(1,592,620)
Gross profit		504,480	410,400	247,577	206,268
Operating expenses					
Selling and distribution		(105,625)	(72,437)	(54,166)	(31,864)
Administrative		(143,188)	(122,915)	(80,573)	(70,218)
		(248,813)	(195,352)	(134,739)	(102,082)
Operating profit		255,667	215,048	112,838	104,186
Financial charges		(153,736)	(119,859)	(86,133)	(57,627)
Share of loss from associated company		(5,404)	-	(1,685)	-
Exchange (loss)/gain		(13,064)	63,388	(924)	54,154
		83,463	158,577	24,096	100,713
Other operating income		16,687	26,068	10,982	16,828
Profit before income tax		100,150	184,645	35,078	117,541
Taxation		(37,034)	(31,240)	(18,516)	(14,924)
Profit for the period		63,116	153,405	16,562	102,617
-----Rupees-----					
Earnings per share - Basic and Diluted	19	0.52	1.25	0.14	0.84

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.

# MATCO FOODS LIMITED

## Consolidated Condensed Interim Statement of Comprehensive Income

For The Six Months and Three Months Period Ended December 31, 2019

	Six months ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Un-audited				
Rupees in '000				
<b>PROFIT FOR THE PERIOD</b>	<b>63,116</b>	<b>153,405</b>	<b>16,562</b>	<b>102,617</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to statement of profit or loss subsequently</i>				
- Exchange difference on translation of foreign operations	(2,810)	5,555	-	-
<i>Items that will not be reclassified to statement of profit or loss</i>				
- Remeasurement of defined benefits obligations	(9,282)	(2,137)	-	-
<b>Other comprehensive (loss) / Income</b>	<b>(12,092)</b>	<b>3,418</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>51,024</b>	<b>156,823</b>	<b>16,562</b>	<b>102,617</b>

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director

## MATCO FOODS LIMITED

Consolidated Condensed Interim Statement of Changes In Equity  
For The Six Months Period Ended December 31, 2019

	Issued, subscribed and paid up capital	Capital reserve	Exchange Revaluation Reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment net of tax	Equity attributable to the Holding Company's shareholders	Total
	Rupees in '000'						
<b>Balance as at July 01, 2018</b>	1,165,721	739,367	5,160	1,688,073	546,782	4,145,103	4,145,103
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	153,405	-	153,405	153,405
Other comprehensive income/(loss)	-	-	5,555	(2,137)	-	3,418	3,418
Total comprehensive income	-	-	5,555	151,268	-	156,823	156,823
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	11,198	(11,198)	-	-
Preliminary expenses incurred for IPO	-	(614)	-	-	-	(614)	(614)
<b>Transactions with owners</b>							
Bonus shares issued in the ratio of 5 shares for every 100 shares held	58,286	(58,286)	-	-	-	-	-
Dividend paid @ Rs. 0.04 per share	-	-	-	(46,629)	-	(46,629)	(46,629)
<b>Balance as at December 31, 2018</b>	1,224,007	680,467	10,715	1,803,910	535,584	4,254,683	4,254,683
<b>Balance as at July 01, 2019</b>	1,224,007	680,467	18,361	2,167,424	445,145	4,535,404	4,535,404
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	63,116	-	63,116	63,116
Other comprehensive loss	-	-	(2,810)	(9,282)	-	(12,092)	(12,092)
Total comprehensive income	-	-	(2,810)	53,834	-	51,024	51,024
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	9,596	(9,596)	-	-
<b>Transactions with owners</b>							
Dividend paid @ Rs. 0.07 per share	-	-	-	(85,680)	-	(85,680)	(85,680)
<b>Balance as at December 31, 2019</b>	1,224,007	680,467	15,551	2,145,174	435,549	4,500,748	4,500,748

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.

## MATCO FOODS LIMITED

Consolidated Condensed Interim Statement of Cash Flows  
For The Six Months Period Ended December 31, 2019

		Six months ended	
		December 31, 2019 Un-audited	December 31, 2018 Un-audited
		-----Rupees in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations after working capital changes	20	(833,581)	(205,911)
Gratuity paid		(1,316)	(2,333)
Taxes paid		(40,718)	(56,241)
Finance cost paid		(146,643)	(118,019)
Exchange revaluation reserve		(2,810)	5,555
<b>Net cash used in operating activities</b>		(1,025,068)	(376,949)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure including capital work in progress		(162,180)	(419,760)
Proceeds from disposal of property, plant and equipment		3,338	7,187
Right of use of asset		(394)	-
Long term deposit		(1,417)	(715)
Long term investment	9	(19,096)	-
<b>Net cash used in investing activities</b>		(179,749)	(413,288)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finances - net of repayment		(47,584)	11,571
Finance lease obligation - net of repayment		(687)	18,507
Preliminary expenses for initial public offering		-	(614)
Dividend paid		(72,613)	(38,478)
Short term finances obtained - net of repayment		1,803,105	300,280
<b>Net cash generated from financing activities</b>		1,682,221	291,266
<b>Net increase / (decrease) in cash and cash equivalents</b>		477,404	(498,971)
Cash and cash equivalents at the beginning of the period		84,197	827,012
<b>Cash and cash equivalents at the end of the period</b>		561,601	328,041

The annexed selected notes from 1 to 25 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director



Chief Executive Officer



Chief Financial Officer



Director

## MATCO FOODS LIMITED

Notes To The Consolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 1 LEGAL STATUS AND OPERATIONS

The 'Group' consists of:

#### Holding Company

- Matco Foods Limited (the Holding Company)

#### Subsidiary Company

- JKT General Trading FZE (subsidiary)
- Matco Marketing (Private) Limited

#### Associated Company

- Barentz Pakistan (Private) Limited

The Group is engaged in the business of processing and export of rice and flour, rice glucose and protein, manufacturing, general trading, exports/ imports and other related activities. Brief profile of the Holding Company and subsidiaries are as under:

#### a) Matco Foods Limited

Matco Foods Limited, ('the Holding Company') was incorporated on April 14, 1990 in Karachi as a private limited company under the repealed Companies Ordinance, 1984. The Holding Company is listed on Pakistan Stock Exchange on February 13, 2018. Principal activity of the Company is to carry on the business of processing and export of rice and flour. Registered office of the Holding 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; and (iii) M-III, Sadhoki, Tehsil Kamoki, District Gujranwala.

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

#### b) JKT General Trading FZE

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

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

The subsidiary has been established on October 8, 2013.

## MATCO FOODS LIMITED

Notes To The Consolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### c) Matco Marketing (Private) Limited

The Group has incorporated another subsidiary Matco Marketing (Private) Limited through 99.9% ownership. The subsidiary is situated at B-01/A, S.I.T.E, Phase 1, Super Highway Industrial Area, Karachi. Matco Marketing (Private) Limited was incorporated on June 16, 2016 with authorized and paid-up capital of PKR 10 million and PKR 7.5 million respectively. However, no business carried out by the Subsidiary Company since its incorporation..

### d) Barentz Pakistan (Private) Limited

The Barentz Pakistan (Private) Limited (a joint venture between Barentz International B.V and Matco Foods Limited with holding of 51% and 49% respectively) has been incorporated in Pakistan on June 28, 2019 with the approval of Securities & Exchange Commission of Pakistan and Competition Commission of Pakistan.

### 2 SIGNIFICANT EVENTS AND TRANSACTIONS

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

### 3 STATEMENT OF COMPLIANCE

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

### 4 BASIS OF PREPARATION

These consolidated condensed interim financial statements do not include all the information and disclosures required in the consolidated annual audited financial statements, and should be read in conjunction with Group's consolidated annual audited financial statements for the year ended June 30, 2019.

### 5 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2019, except for the adoption of IFRS 16 "Leases". The accounting policy adopted by the Group is as follows:



## MATCO FOODS LIMITED

### Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

#### 5.1 IFRS 16 - Leases

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

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

The change in accounting policy affected the following items in the statement of financial position.

	Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
Property, Plant and Equipment – decreased by	(83,488)	(83,094)
Right-of-use asset – increased by	83,488	83,094
Liability against assets subject to finance lease - decreased by	57,172	(57,859)
Lease liabilities - increased by	(57,172)	57,859

The above figures have been reclassified wherever necessary to reflect more appropriate presentation.

##### 5.1.1 LEASE LIABILITY AND RIGHT-OF-USE ASSET

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

## MATCO FOODS LIMITED

### Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit and loss if the carrying amount of right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

#### 6 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

During the preparations of this condensed interim consolidated financial statements, the significant judgement made by management in applying the Group's accounting policies and the key sources of estimations and uncertainly were the same as those that applied to the audited annual financial statements of the Group for the year ended June 30, 2019.

#### 7 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	7.1	2,745,239	2,697,321
Capital work in progress	7.2	-	6,258
Leased asset transferred to Right of use asset		(83,488)	(83,094)
		<b>2,661,751</b>	<b>2,620,485</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

**7.1** Details of additions and disposals to operating assets during the six months ended December 31, 2019 are as follows:

	Additions at cost -----Rupees in '000-----	Deletions at net book value
Factory building	56,064	-
Plant and machinery	59,847	-
Electric cables and fitting	21,822	-
Furniture and fixture	2,508	-
Motor Vehicles	9,996	(1,515)
Office Equipment	2,151	-
Camera	334	-
Factory Equipment	12,412	-
Computer	1,160	-
Mobile phone	323	-
Generator	2,217	-
<b>December 31, 2019</b>	<b>168,834</b>	<b>(1,515)</b>
June 30, 2019	805,550	(171,132)

**7.2** Following is the movement is capital work in progress during the period:

	Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
Opening balance	6,258	5,422
Additions during the period	123,637	715,122
	129,895	720,544
Transferred to operating fixed assets	(129,895)	(714,286)
Closing balance	-	6,258

## MATCO FOODS LIMITED

Notes To The Consolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 8 INTANGIBLE ASSETS

This represents fully amortised computer software having cost of Rs. 14.71 million.

### 9 LONG-TERM INVESTMENT

Balance at beginning of the period  
Investment in associate  
Share of profit/(loss) for the period

Note

9.1

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
-	-
24,500	-
(5,404)	-
<b>19,096</b>	<b>-</b>

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

### 10 TRADE DEBTS

#### Considered good

- Export - secured
- Local - unsecured

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
577,212	735,367
249,027	253,153
<b>826,239</b>	<b>988,520</b>

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

### 11 CASH AND BANK BALANCES

Cash in hand  
Cash at bank  
Term deposit certificates

Un-audited December 31, 2019 -----Rupees in '000-----	Audited June 30, 2019
5,070	956
555,331	82,041
1,200	1,200
<b>561,601</b>	<b>84,197</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 12 ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-audited December 31, 2019	Audited June 30, 2019		Un-audited December 31, 2019	Audited June 30, 2019
(Number of shares)			-----Rupees in '000-----	
		Ordinary shares of Rs. 10 each:		
50,340,213	50,340,213	- fully paid in cash	503,402	503,402
6,002,950	6,002,950	- issued for consideration other than cash	60,030	60,030
66,057,535	66,057,535	- issued as fully paid bonus shares	660,575	660,575
122,400,698	122,400,698		1,224,007	1,224,007

### 13 LONG TERM FINANCES - SECURED

From banking companies and financial institution:

- MCB Bank Limited
- Pak Oman Investment Company Limited
- United Bank Limited
- Soneri Bank Limited
- Habib Bank Limited
- Meezan Bank Limited

184,197	204,517
28,498	36,064
-	5,557
36,000	48,000
37,486	37,485
18,135	20,277
304,316	351,900
(80,576)	(86,709)
223,740	265,191

Current portion of long term finances

13.1 The Holding Company has obtained long term finance facility from various banks for plant & machinery expansion. The facilities available from different banks are secured by way of 1st pari passu hypothecation charge of present and future fixed assets (excluding land and building) of the Holding Company.

### 14 DEFERRED LIABILITIES

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

Un-audited December 31, 2019	Audited June 30, 2019
-----Rupees in '000-----	
99,393	76,715
65,976	70,088
248	283
165,617	147,086

## MATCO FOODS LIMITED

Notes To The Consolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 15 SHORT TERM BORROWINGS - SECURED

MCB Bank Limited (MCB)  
Export refinance scheme (ERF)

United Bank Limited (UBL)  
ERF

Askari Bank Limited (AKBL)  
ERF  
FAPC

National Bank of Pakistan (NBP)  
ERF

Habib Metropolitan Bank Limited  
ERF  
FAPC  
Foreign bills purchased/negotiated

Allied Bank Limited (ABL)  
ERF  
FAPC

Habib Bank Limited (HBL)  
ERF  
FAPC

Standard Chartered Bank  
ERF  
FAPC

Faysal Bank Limited  
ERF  
FAPC

Bank Al Falah Limited  
ERF  
FAPC

Pak Oman Investment  
Own resource

MIB Bank Limited  
ERF  
FAPC

Pak Brunai  
Own resource

Meezan Bank  
FAPC

Un-audited December 31, 2019	Audited June 30, 2019
-----Rupees in '000-----	
419,752	419,752
597,397	597,397
306,000	246,000
324,000	235,000
400,000	400,000
222,500	222,500
76,700	75,500
15,275	8,003
180,000	150,000
100,000	100,000
343,200	343,200
25,000	25,000
245,500	154,500
500,000	94,500
461,000	261,000
88,500	288,500
125,000	105,000
474,500	186,500
250,000	-
50,000	50,000
188,008	176,875
250,000	-
300,000	-
5,942,332	4,139,227



## MATCO FOODS LIMITED

### Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

**15.1** The export refinance facilities available from different banks are secured by way of hypothecation of present and future fixed assets including land, building, plant & machinery and carry mark up ranging between State Bank of Pakistan (SBP) export refinance rate plus 0.70% to 1% (June 30: 0.70% to 1%)

**15.2** Own resource facilities available from different banks are secured by way of hypothecation of present and future fixed assets including land, building, plant & machinery and carry mark up ranging between 6 months KIBOR and 3 months KIBOR plus 0.75% to 2% (June 30: 0.75% to 1%)

## 16 CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

There has been no significant change in contingencies as reported in Note 17 & 34 of the audited financial statements of the Group for the year ended June 30, 2019.

### 16.2 Commitments

Forward exchange contracts to sell  
Letter of guarantee

Un-audited December 31, 2019	Audited June 30, 2019
-----Rupees in '000-----	
3,581,343	-
1,605	1,515
<b>3,582,948</b>	<b>1,515</b>

## 17 SALES - NET

Export sales  
Local sales  
  
Sales discount / return  
Freight  
Clearing and forwarding  
Sales tax

Un-audited December 31, 2019	Un-audited December 31, 2018
-----Rupees in '000-----	
2,923,832	2,556,809
973,813	1,133,870
<b>3,897,645</b>	<b>3,690,679</b>
(15,502)	(27,237)
(61,531)	(45,189)
(20,738)	(27,275)
(5,728)	(5,196)
<b>3,794,146</b>	<b>3,585,782</b>

## MATCO FOODS LIMITED

### Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

## 18 COST OF SALES

Rice consumed  
Packing materials consumed  
Stores, spares and loose tools consumed

### Processing expenses

Salaries, wages and benefits  
Electricity and power  
Telephone and mobile  
Insurance  
Repairs and maintenance  
Other purchases  
Fumigation charges  
Diesel and Water charges  
Staff welfare  
Security expenses  
Godown expenses  
Rent, rates and taxes  
Vehicle running expenses  
Medical  
Depreciation  
Inspection charges  
Others

### Finished goods

Opening stock  
Closing stock

Un-audited December 31, 2019	Un-audited December 31, 2018
-----Rupees in '000-----	
3,123,511	3,028,412
146,486	122,699
38,070	41,884
<b>172,798</b>	<b>131,533</b>
60,274	47,452
392	472
4,906	5,874
8,633	9,023
18,152	9,948
6,523	9,627
22,856	23,882
7,671	4,685
6,621	5,682
7,965	8,845
441	341
3,052	2,952
1,014	515
95,520	66,876
5,324	3,340
310	1,152
<b>3,730,519</b>	<b>3,525,194</b>
882,396	883,119
(1,323,249)	(1,232,931)
<b>(440,853)</b>	<b>(349,812)</b>
<b>3,289,666</b>	<b>3,175,382</b>

## MATCO FOODS LIMITED

Notes To The Consolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 19 EARNINGS PER SHARE - Basic and Diluted

#### Basic earnings per share

Profit for the period (Rupees in thousands)

Number of shares

Earnings per share

Un-audited December 31, 2019	Un-audited December 31, 2018
63,116	153,405
122,400,698	122,400,698
0.52	1.25

#### 19.1 Diluted earning per share

There is no dilution effect on the basic earning per share of the Group as the Group has no such commitments.

### 20 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Profit before taxation

#### Adjustments for non-cash items and other items:

Depreciation

Exchange loss/(gain) - net

Finance cost

Gain on disposal of property, plant and equipment

Provision for staff gratuity

Unrealized (gain) / loss on short term investment

Amortization of deferred income

Cash used in operations after working capital changes

Note

Un-audited December 31, 2019	Un-audited December 31, 2018
-----Rupees in '000-----	
100,150	184,645
119,400	83,594
13,064	(63,388)
153,736	119,859
(1,823)	(4,199)
14,677	9,207
(70)	187
(65)	(181)
(1,232,650)	(535,636)
(833,581)	(205,911)

20.1

## MATCO FOODS LIMITED

Notes To The Consolidated Condensed Interim Financial Statements  
For The Six Months And Three Months Period Ended December 31, 2019

### 20.1 Working capital changes

#### (Increase)/ decrease in current assets

Stores, spares and loose tools

Stock-in-trade

Trade debts - considered goods

Loans and advances

Trade deposits and prepayments

Other receivables

#### Increase/(decrease) in current liabilities

Trade and other payables

Advance from customers - secured

Advance against property

#### Net (increase) in working capital

Un-audited December 31, 2019	Un-audited December 31, 2018
-----Rupees in '000-----	
(1,373)	(16,615)
(1,594,558)	(659,635)
149,217	106,756
127,370	(380,538)
(1,895)	(7,492)
31,896	(57,201)
(1,289,343)	(1,014,725)
47,426	360,953
9,267	(15,918)
-	134,054
(1,232,650)	(535,636)

### 21 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### 21.1 Financial risk factors

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

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

## MATCO FOODS LIMITED

### Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

#### 22 TRANSACTIONS WITH RELATED PARTIES

Nature of relationship	Percentage of Holding	Transactions	Un-audited December 31, 2019	Un-audited December 31, 2018
			-----Rupees in '000-----	
<b>Directors</b>				
		Godown rent paid to director	8,106	7,660
<b>Joint Venture</b>				
<b>Barentz Pakistan (Private) Limited</b>	49%	Paid expenses on behalf	8,175	-
		Payment received on account of expenses	13,168	-
		Receivable against expenses	-	1,500
<b>Associates based on common directorship</b>				
Matco Engineering Company (Private) Limited	0%	Paid expenses on behalf	23	39
		Payment received on account of expenses	23	-
		Receivable against expenses	528	528
<b>Trust operated by the Group</b>				
Ghori Trust	0%	Paid expenses on behalf	1,449	996
		Receivable against expenses	582	1,492

## MATCO FOODS LIMITED

### Notes To The Consolidated Condensed Interim Financial Statements

For The Six Months And Three Months Period Ended December 31, 2019

#### 23 OPERATING SEGMENTS

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

**23.1** Revenue from sale of rice represents 94.97% (June 30, 2019: 89.3%) of the total revenue of the Group. Whereas 4.18% represents revenue from sale of rice glucose and remaining represents other items.

**23.2** All non-current assets of the Group as at December 31, 2019 are located in Pakistan.

#### 24 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on February 06, 2020, by the board of directors of the Group.

#### 25 GENERAL

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



Chief Executive Officer



Chief Financial Officer



Director