



MATCO FOODS LIMITED

THIRD QUARTER REPORT 2017-18



CONTENTS

- 1 Company Information
- 2 Our Story
- 3 Mission & Vision
- 4 Chairman's Report (English & Urdu)
- 5 Condensed Interim Unconsolidated Balance Sheet
- 6 Condensed Interim Unconsolidated Profit And Loss Account
- 7 Condensed Interim Unconsolidated Statement Of Comprehensive Income
- 8 Condensed Interim Unconsolidated Cash Flow Statement
- 9 Condensed Interim Unconsolidated Statement Of Changes In Equity
- 10 Selected Notes To The Condensed Interim Unconsolidated Financial Information
- 11 Condensed Interim Consolidated Balance Sheet
- 12 Condensed Interim Consolidated Profit And Loss Account
- 13 Condensed Interim Consolidated Statement Of Comprehensive Income
- 14 Condensed Interim Consolidated Statement Of Cash Flow
- 15 Condensed Interim Consolidated Statement Of Changes In Equity
- 16 Selected Notes To The Condensed Interim Consolidated Financial Information

Company Information

Board of Directors

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

Audit Committee

Mr. Naeem Ur Rehman Akhoond	Chairman
Syed Kamran Rashid	Member
Abdul Samad Khan	Member

Chief Financial Officer

Muhammad Jawed Ismail

Company Secretary

Muhammad Latif Qureshi

Head of Internal Audit

Mr. Tariq Iqbal

Legal advisor

Muhammad Javaid Akhtar
A-55/56, Federal B Area, Karachi

Auditors

Grant Thornton, Anjum Rahman, Chartered Accountants
1st & 3rd Floor, Modern Motors House
Beaumont Road, Karachi, Pakistan
T (Office) +92 21 35672951-6
F +92 21 35688834
W 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,
Dir: +92 (021) 34168266-68-70
Fax: +92 (021) 34168271

Company Information

Bankers

Allied Bank Limited	National Bank Limited
Askari Bank Limited	NIB Bank Limited
Bank Alfalah Limited	Standard Chartered Bank Limited
Faysal Bank Limited	JS Bank Limited
Habib Metropolitan Bank	United Bank Limited
Habib Bank Limited	
MCB Bank Limited	

Registered office

L-24/1, Block-21, Federal .B Industrial Area
Karachi, Pakistan.
P.O. Box No. 75950
Tel: +92-21-36312896, Fax: +92-21-36320509

Rice plant

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

Rice Glucose plant

G-205, S.I.T.E.
Super Highway, Karachi.

Sadhoke plant

50 KM G.T Road
Sadhoke District, Gujranwala
Tel: +92-55-6665773, +92-55-6665676

Web address

www.matcofoods.com

Our Story

Matco Foods Limited is an IFC-investee company (World Bank Group) with over 50 years of experience in the rice industry, and a global portfolio of more than 150 corporate customers in 65 countries across the globe.

Matco Foods has established a state-of-the-art organic rice glucose and rice protein manufacturing facility. This natural business extension leverages the company's technical and industry acumen, while catering to evolving global food trends. Matco is proud of its heritage of producing quality products & custom based solutions to its customers.

As the largest basmati rice exporter from Pakistan, its flagship brand "Falak Basmati Rice" is available in more than 45 countries worldwide. Today Matco Foods operates a Rice Glucose plant & 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 also launched its New Product Development division, focusing on introducing new products under its flagship brand Falak and employing innovative marketing strategies to adapt to evolving global food trends. Matco's existing local distribution network team of over 100 sales people in the 4 major regions of Pakistan, and more than 60 international distributors facilitate the growth and reach of all its products. Matco Foods also serves as a distribution agency for international brands in Pakistan.



Vision & Mission

To become a leading global supplier of quality food products and to provide premium quality products globally to customers; to be innovative, customer oriented and create strong partnerships with suppliers; to continuously invest in our staff – the biggest assets of the company; and to create long term value for all stakeholders – customers, shareholders, staff, suppliers and the wider community.



Chairman's Review Report

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

By the Grace of Allah (SWT), the Directors of your company take pleasure in presenting 3rd quarter un-audited results of Unconsolidated and Consolidated Financial Statements for the period ended March 31, 2018.

Operating Results

Description	Unconsolidated		Consolidated	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	-----Rupees in '000-----		-----Rupees in '000-----	
Sales – net	4,510,283	4,255,946	4,519,439	4,298,998
Cost of sales	3,779,532	3,625,892	3,779,532	3,659,029
Gross Profit	730,751	630,054	739,907	639,969
Selling and distribution	181,052	175,217	184,160	178,516
Administrative	151,773	141,012	154,052	142,163
Operating profit	397,926	313,825	401,696	319,290
Other Income	26,835	62,867	26,835	62,867
Financial Charges	188,313	149,550	188,564	149,749
Profit Before Tax	236,448	227,142	239,966	232,408
Income Tax	33,673	42,560	33,673	42,560
Profit For the Period	202,775	184,582	206,293	189,848
Earnings Per Share	2.18	2.11	2.22	2.17

The Company has recorded revenue growth of 5.9% over same period of last year resulted in growth of gross profit margin by 15.9% and net profit margin by 9.8%. The Group has recorded revenue growth of 5.1% over same period of last year resulted in growth of gross profit margin by 15.6% and net profit margin by 8.6%. Last year reversal of Workers Welfare Fund (WWF) was also included in other income.

Last year, the Company has also availed tender business of 5,000 metric tons of Rs. 370 million but Company has performed well in spite of having no tender business in the reporting period and retained good margins. In March, 2018 US Dollar appreciated against Pakistan Rupee with conversion rate from Rs.110 to Rs.115 and your company will materialize this appreciation in upcoming quarter of the financial year.

Pakistan overall basmati rice exports increased in PKR by 23% while Matco has registered increase of 16% only because of low export volumes due to absence of tender business opportunities as mentioned above and decline in very low margin IRRI exports by choice and preference was given to high margin basmati rice exports. Management is confident for bridge up the deficit by in hand

export orders yet to be shipped and will bring the company at par with overall increase in Pakistan basmati rice exports by end of the year.

Industry Outlook

Pakistani basmati rice export growth recorded by 9.8% in quantitative terms and by 22.9% in value terms over same period of the 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 exports for Indian Basmati difficult to the EU, and allowed Pakistani Basmati exports to create more room. Further volume growth is also expected in 2018 for European exports of Pakistani Basmati. In other destinations, however, Pakistani Basmati rice has witnessed subdued demand overall. There is slowing demand for Basmati in the traditional GCC countries and Middle East due to implementation of VAT, lower public spending in the gulf economies, and the Syrian war. Demand from Iran for Pakistani Basmati rice is also absent due to steep currency devaluation in Iran and strict currency controls. Major highlight for exports has been the depreciation of the rupee in March, this has helped exports from Pakistan to become more competitive.

Rice Division

During the period average basmati rice price was USD 1,135 as compare with USD 810 of same period of the last year. The Company has good export orders in hand with European and other international customers. The company continued its focus on building the Falak brand in the local and the export markets. In the month of February, the company exhibited at Gulfoods in UAE, where new products were also unveiled for existing distributors, and new distributors were established for certain cities. In February, the company exhibited at the Masala Family Festival in Lahore where Falak brand's ambassador celebrity Chef Mehboob did live cooking for Falak brand. Subsequently, for the month of March, the company sponsored Masala TV's program Chef Mehboob's Kitchen with product integration of Falak brands inside the cooking show episodes. The company was also a co-sponsor for the UK + Europe transmission of PSL Cricket 2018 with Hum TV for advertisement in the international market for its Falak brand. In the local sales of Falak brand, new towns for this current quarter were added primarily in Sindh and Balochistan and also focus on shop branding in Karachi and KPK province.

Glucose Division

Company has successfully started the export of Rice Protein from the current glucose plant. Orders have also been successfully obtained for US and Europe market for Rice Glucose, export of these orders is expected in last quarter. New customers have been added successfully for the local sales of Rice Glucose. Company has also been able to develop another product – Invert Syrup (High Fructose 42) which is being sold successfully in the local market. The agreement for major machinery supplier for phase 2 of the glucose plant has been signed and LC has been opened. The agreements for ancillary utilities, power generation, boiler have also been signed.

New Product Development

Sales for pink salt, pepper grinder, regular salt, masala bottles continue to show promise and growth in the local as well as the export market. New product launched this quarter was Falak Kheer mix

which has been successful exported and also sold domestically, with repeat orders demonstrating customer trial generation.

Cost Control Measures

As the rupee has devalued, inflationary pressures are expected to emerge; the company is proactively working to improve its supply chain logistics, especially for internal movement of raw material and finished goods.

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

Jawed Ali Ghorl - Chairman

چیز میں جائزہ :

بسم اللہ الرحمن الرحیم

اللہ سبحانہ تعالیٰ کے فضل و کرم سے آپ کی کمپنی کے ڈائریکٹرز ۳۱ مارچ ۲۰۱۸ء کو ختم ہونے والی سہ ماہی کے مالیاتی گوشوارے (غیر آڈٹ شدہ) پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالیاتی نتائج :

Description	Unconsolidated		Consolidated	
	31-Mar-18	31-Mar-17	31-Mar-18	31-Mar-17
	-----Rupees in '000-----		-----Rupees in '000-----	
Sales – net	4,510,283	4,255,946	4,519,439	4,298,998
Cost of sales	3,779,532	3,625,892	3,779,532	3,659,029
Gross Profit	730,751	630,054	739,907	639,969
Selling and distribution	181,052	175,217	184,160	178,516
Administrative	151,773	141,012	154,052	142,163
Operating profit	397,926	313,825	401,696	319,290
Other Income	26,835	62,867	26,835	62,867
Financial Charges	188,313	149,550	188,564	149,749
Profit Before Tax	236,448	227,142	239,966	232,408
Income Tax	33,673	42,560	33,673	42,560
Profit For the Period	202,775	184,582	206,293	189,848
Earnings Per Share	2.18	2.11	2.22	2.17

کمپنی نے پچھلے سال کی مدت کی آمدنی کے مقابلے میں 5.9 فیصد کا اضافہ اور مجموعی منافع میں 15.9 فیصد جبکہ خالص منافع میں 9.8 فیصد کا اضافہ کیا ہے۔ گروپ نے پچھلے سال کی مدت کی آمدنی کے مقابلے میں 5.1 فیصد کا اضافہ اور مجموعی منافع میں 15.6 فیصد جبکہ خالص منافع میں 8.6 فیصد کا اضافہ کیا ہے۔ پچھلے سال کی دیگر آمدنی میں WWF ریورسل بھی شامل تھا۔

پچھلے سال کمپنی نے پانچ ہزار میٹرک ٹن ٹینڈر اور 370 ملین روپے کا کاروبار کیا جبکہ اس مدت میں ٹینڈر کا کاروبار نہ ہونے کے باوجود اچھی شرح منافع حاصل کیا ہے۔ مارچ 2018 میں امریکی ڈالر پاکستانی روپے کے مقابلے میں کافی بڑھ گیا اور اس کی شرح تبادلہ کی قیمت 110 روپے سے بڑھ کر 115 روپے ہو گئی ہے اور آپ کی کمپنی آنے والی مالی سہ ماہی میں یقیناً اس کا فائدہ حاصل کر لے گی۔

پاکستان میں مجموعی طور پر باسستی چاول کی برآمدات پاکستانی روپے میں 23% فیصد بڑھی ہے جبکہ میٹکو نے 16% کا اضافہ ریکارڈ کیا ہے اس کی وجہ ٹینڈر کے کاروبار کا نہ ہونا اور اری کی برآمدات میں کمی ہے۔ انتظامیہ کو یقین ہے کہ وہ سال کے اختتام تک اس کمی کو موجودہ آڈٹ اور نئے آنے والے باسستی چاول کے آرڈر سے پورا کر لیں گے۔

انڈسٹری کا جائزہ:

پچھلے سال کی اس مدت کے مقابلے میں پاکستان کی باسستی چاول کے اضافے کی شرح تعداد %9.8 ریکارڈ کی گئی۔ جبکہ قدر کے اعتبار سے %22.9 ریکارڈ کی گئی ہے۔ پاکستانی باسستی چاول کی شرح میں اضافہ بنیادی طور پر براؤن باسستی کی طلب سے ہوا۔ ادویات کے یورپی قانون میں تبدیلی کی وجہ سے انڈیا کے باسستی چاول کی برآمدات کو یورپین یونین میں مشکلات کا سامنا ہے جبکہ پاکستانی باسستی چاول کی اس مارکیٹ میں برآمدات کے لئے مواقع پیدا ہوئے ہیں مزید برآں پاکستانی باسستی چاول کے لئے سال 2018ء میں یورپین برآمدات میں عددی بڑھاؤ متوقع ہے جبکہ پاکستانی باسستی چاول کی مجموعی طلب میں دوسری بین الاقوامی منڈیوں میں بھی اضافہ متوقع ہے۔

خلیجی ممالک اور مشرق وسطیٰ میں ویلیو ایڈڈ ٹیکس کے اطلاق کی وجہ سے پاکستان کے باسستی چاول کی طلب میں کمی ہوئی ہے اور خلیجی معیشت اور شام کی جنگ کی وجہ سے بھی عوام کی قوت خرید میں کمی آئی ہے۔ ایرانی کرنسی کی قیمت میں کمی اور کنٹرول کی وجہ سے پاکستانی باسستی چاول کی طلب میں کوئی اضافہ نہیں دیکھا گیا۔ مارچ میں پاکستانی روپے کی قدر میں ہونے والی کمی کی وجہ سے پاکستانی برآمدات میں مزید اضافہ کا امکان ہے۔

چاول کا شعبہ:

اس مدت کے دوران باسستی چاول کی اوسطاً قیمت امریکی ڈالر 1,135 رہی جبکہ پچھلے سال کی اس مدت میں امریکی ڈالر 810 تھی۔ کمپنی کے پاس یورپین اور دیگر عالمی گاہکوں کے برآمدات کے آرڈر موجود ہیں کمپنی کی مکمل توجہ فلک برانڈ کو مقامی اور بین الاقوامی مارکیٹ میں مشہور کرنے پر رہی ہے۔ ماہ فروری میں کمپنی نے دہی میں گل فوڈ فیسیٹول میں شرکت کی اور وہاں نئی مصنوعات متعارف کرانے کے ساتھ ساتھ نئے ڈسٹری بیوٹرز بھی بنائے گئے۔ اسی مہینے کمپنی نے لاہور میں منعقدہ مصالحہ فیملی فیسیٹول میں بھی شرکت کی جہاں مشہور شیف محبوب نے براہ راست کھانا پکا کر دکھایا۔ بعد ازاں ماہ مارچ میں مصالحہ ٹی وی پروگرام ”شیف محبوب نے پروگرام“ باورچی خانہ“ کو اسپانسر کیا جس میں فلک برانڈ کے ساتھ دیگر مصنوعات کو خصوصی طور پر متعارف کرایا گیا۔ کمپنی نے پاکستان سپر لیگ (پی ایس ایل) کرکٹ 2018 کی ٹرانسمیشن میں ”ہم ٹی وی“ پر عالمی مارکیٹ کے لئے فلک برانڈ کو مشہور کیا۔ فلک برانڈ کی مقامی فروخت کی وجہ سے موجودہ سہ ماہی میں سندھ اور بلوچستان کے نئے ٹاؤنز شامل ہوئے اور شہر کراچی اور خیبر پختون خواہ صوبے میں دکانوں کی برانڈنگ بھی کی گئی ہے۔

گلوکوز کا شعبہ:

موجودہ گلوکوز پلانٹ سے کمپنی نے کامیابی کے ساتھ چاول کی پروٹین کی برآمدات شروع کر دی ہے۔ امریکی اور یورپین مارکیٹ سے پروٹین کے برآمدی آرڈرز بھی حاصل کر لئے ہیں جو کہ آنے والی سہ ماہی میں متوقع ہیں۔ مقامی مارکیٹ میں گلوکوز کے نئے گاہکوں میں بھی اضافہ ہوا ہے۔ اور اسی دوران کمپنی ایک اور نئی پروڈکٹ بنانے کے قابل ہوئی ہے جو انورٹ سیرپ (ہائی فروکٹوز 42) ہے جس کی مقامی مارکیٹ میں کامیابی سے فروخت جاری ہے۔ دوسرے مرحلے کی توسیع کے حوالے سے گلوکوز پلانٹ کا معاہدہ تکمیل پا گیا ہے

اور لیٹر آف کریڈٹ (LC) کھول دیا گیا ہے۔ یوٹیلیٹی، پاور جزییشن اور ہوائی کے حوالے سے مختلف معاہدوں پر دستخط ہو گئے ہیں۔

NEW پروڈکٹ ڈیولپمنٹ:

عام نمک، گلابی نمک، مرچ گرانینڈ اور مصالحہ جات کی بوتلوں کی مقامی اور عالمی فروخت میں بھی اضافہ دیکھا گیا ہے۔ اس سہ ماہی میں ایک نئی پروڈکٹ ”فلک کھیر“ متعارف کرائی گئی ہے جو کامیابی سے مقامی اور بین الاقوامی مارکیٹ میں فروخت کی جا رہی ہے اور آنے والی مدت میں نئے آرڈر بھی متوقع ہیں

قیمت کو کنٹرول کرنے کے پیمانے:

جیسا کہ روپے کی قدر میں کمی آئی ہے تو قیمتوں میں بھی اضافے کا دباؤ متوقع ہے۔ اسلئے کمپنی اپنے اخراجات کو کم کرنے پر مسلسل کام کر رہی ہے اور ساتھ ساتھ خام چاول اور تیار چاول کی اندرونی منتقلی پر آنے والے اخراجات پر بھی توجہ مرکوز ہے۔

اظہار تشکر:

ہم اس مدت کے دوران قابل قدر حمایت فراہم کرنے پر تمام حصص دار، گاہکوں، سپلائرز، بینکوں اور تقسیم کاروں کا شکریہ ادا کرنا چاہتے ہیں اور اپنے اسٹاف کا شکریہ ادا کرنا چاہتے ہیں جو کمپنی کی ترقی کے لئے مصروف عمل رہے۔

بورڈ کی طرف سے

جاوید علی غوری۔ چیئر مین

MATCO FOODS LIMITED
UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2018

		Un-audited March 31, 2018	Audited June 30, 2017
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,144,356	2,141,308
Long term deposits		11,965	10,991
Long-term investment	6	31,083	23,583
Total non-current assets		2,187,404	2,175,882
Current assets			
Stores and spares		26,549	13,830
Stock-in-trade		5,581,604	5,240,491
Trade debts - considered goods	7	527,196	541,533
Short-term Loans and advances		126,490	58,172
Trade deposits and prepayments		13,120	8,973
Short-term investment		393	500
Other receivables		107,804	84,745
Cash and bank balances	8	803,227	111,055
Total current assets		7,186,383	6,059,299
Total assets		9,373,787	8,235,181

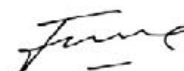
The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2018

		Un-audited March 31, 2018	Audited June 30, 2017
	Note	-----Rupees in '000-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (June 2017: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	9	1,165,721	874,291
Capital reserve		738,997	318,383
Unappropriated profit		1,599,993	1,378,822
Total shareholders' equity		3,504,711	2,571,496
Surplus on revaluation of fixed assets		553,270	571,666
Non-current liabilities			
Long term finances - secured		261,957	322,792
Liabilities against assets subject to finance lease		21,981	17,162
Deferred liabilities		150,546	158,304
Deferred income		1,243	995
Total non-current liabilities		435,727	499,253
Current liabilities			
Trade and other payables		222,973	332,613
Advance from customers - secured		67,323	193,592
Accrued mark-up		62,987	46,056
Short-term borrowings - secured		4,400,349	3,886,836
Current portion of long term finances - secured		85,236	96,733
Current portion of liabilities against assets subject to finance lease		16,896	7,999
Provision for taxation - net		24,315	28,937
Total current liabilities		4,880,079	4,592,766
Total liabilities		5,315,806	5,092,019
Contingencies and commitments	10		
Total equity and liabilities		9,373,787	8,235,181

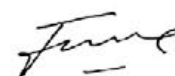
The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

		Nine-months ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Note		-----Rupees in '000-----			
Sales - net		4,510,283	4,255,946	1,869,018	1,429,613
Cost of sales	11	(3,779,532)	(3,625,892)	(1,605,725)	(1,173,395)
GROSS PROFIT		730,751	630,054	263,293	256,218
OPERATING EXPENSES					
Selling and distribution		(181,052)	(175,217)	(73,703)	(77,499)
Administrative		(151,773)	(141,012)	(58,576)	(59,330)
		(332,825)	(316,229)	(132,279)	(136,829)
OPERATING PROFIT		397,926	313,825	131,014	119,389
Other operating income		26,835	62,867	11,688	61,299
		424,761	376,692	142,702	180,688
Financial charges		(188,313)	(149,550)	(62,492)	(52,615)
PROFIT BEFORE INCOME TAX		236,448	227,142	80,210	128,073
Income tax expense		(33,673)	(42,560)	(7,180)	(14,447)
PROFIT FOR THE PERIOD		202,775	184,582	73,030	113,626
-----Rupees-----					
EARNINGS PER SHARE - BASIC AND DILUTED	12	2.18	2.11	0.70	1.30

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

	Nine-months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	-----Rupees in '000-----			
PROFIT FOR THE PERIOD	202,775	184,582	73,030	113,626
Other comprehensive income				
<i>Items that may be reclassified to profit and loss account subsequently</i>	-	-	-	-
<i>Items that will not be reclassified to profit and loss account</i>	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	202,775	184,582	73,030	113,626

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT****FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)**

		Nine-months ended	
		March 31, 2018	March 31, 2017
	Note	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	13	(114,487)	(585,191)
Gratuity paid		(6,719)	-
Taxes paid		(38,294)	(42,328)
Finance cost paid		(171,383)	(150,551)
Net cash generated (used in) / from operating activities		(330,883)	(778,070)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure including capital work in progress		(155,101)	(347,905)
Proceeds from disposal of property, plant and equipment		19,689	7,280
Long term deposit (paid)/received		(974)	1,880
Long term investment	6	(7,500)	-
Short term investment		-	(500)
Net cash used in investing activities		(143,886)	(339,245)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares - net of expenses		712,044	-
Long term finances - net (paid)/obtained		(72,332)	184,565
Finance lease obligation - net obtained		13,716	13,209
Dividend paid		-	(7,200)
Short term finances - net obtained		513,513	942,770
Net cash used in financing activities		1,166,941	1,133,344
Net increase / (decrease) in cash and cash equivalents		692,172	16,029
Cash and cash equivalents at the beginning of the period		111,055	89,313
Cash and cash equivalents at the end of the period		803,227	105,342


The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Unappropriated profit	Total
	----- Rupees in '000' -----			
Balance as at July 01, 2016	874,291	318,383	1,092,909	2,285,583
Profit for the period	-	-	184,582	184,582
Other comprehensive income/(loss)	-	-	-	-
	-	-	184,582	184,582
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax			20,440	20,440
Transactions with owners				
Dividend paid	-	-	(7,200)	(7,200)
Balance as at March 31, 2017	874,291	318,383	1,290,731	2,483,405
Balance as at July 01, 2017	874,291	318,383	1,378,822	2,571,496
Profit for the period	-	-	202,775	202,775
Other comprehensive income/(loss)	-	-	-	-
	-	-	202,775	202,775
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax			18,396	18,396
Issued capital against IPO	291,430	-	-	291,430
Share premium	-	466,288	-	466,288
Less: Expenses incurred on issuances of shares	-	(45,674)	-	(45,674)
Transactions with owners				
Dividend paid	-	-	-	-
Balance as at March 31, 2018	1,165,721	738,997	1,599,993	3,504,711

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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. 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 and trade of biscuit and bran oil. 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; and (iii) M-III, Sadoki, Tehsil Kamonki, District Gujranwala.

The Company has 100% ownership in JKT General Trading FZE (subsidiary) a Dubai based company 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.

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 was incorporated on June 16, 2016 with authorized and proposed paid-up capital of PKR 10,000,000 and PKR 7,500,000 respectively. However, no business activity has been carried out by the Company since its incorporation.

2 STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Company for the nine-month period ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the unconsolidated audited annual financial statements for the year ended June 30, 2017.

There are certain International Financial Reporting Standard, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2017. These are considered not to be relevant or to have any significant effects on Company's financial reporting and operations and are, therefore, not disclosed in the unconsolidated condensed interim financial information.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this unconsolidated condensed interim financial information is in conformity with the approved accounting standards which 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 preparation of this unconsolidated condensed interim financial information, the significant judgement made by management in applying the Company's accounting policies and the key sources of estimates and uncertainties were the same as those applied to the unconsolidated audited annual financial statements of the Company for the year ended June 30, 2017.

MATCO FOODS LIMITED
**SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)**

		Un-audited March 31, 2018	Audited June 30, 2017
5	PROPERTY, PLANT AND EQUIPMENT	Note	-----Rupees in '000-----
	Operating fixed assets	5.1	2,144,356
	Capital work in progress		-
			1,781,931
			359,377
			2,144,356
			2,141,308

5.1 Details of additions and disposals to operating assets during the nine-month period ended March 31, 2018 are as follows:

	Additions at cost	Deletions at net book value
Note	-----Rupees in '000-----	
Factory land	469	-
Factory building	83,837	-
Godown & shops	38	(627)
Plant and machinery	18,118	-
Furniture and Fixture	136	-
Motor vehicle	16,361	(13,841)
Office equipment	601	-
Computers	475	-
Factory equipment	2,520	-
Mobile phone	141	-
Capital work in progress transferred	393,301	-
March 31, 2018	515,997	(14,468)
June 30, 2017	147,585	(10,289)

MATCO FOODS LIMITED
SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

			Un-audited March 31, 2018	Audited June 30, 2017
	Note		-----Rupees in '000-----	
6 LONG-TERM INVESTMENT (at cost) - in related party				
JKT General Trading (FZE) - Sharjah Airport Free Zone	6.1	23,583	23,583	
Matco Marketing (Private) Limited	6.2	7,500	-	
		31,083	23,583	
6.1	This represents investment in a wholly owned subsidiary, JKT General Trading FZE in Dubai. The Company has made an equity investment of USD 225,000 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.			
6.2	The Company has made equity investment of PKR 7.5 million in the Matco Marketing (Private) Limited in November 13, 2017. The principal activities of the subsidiary are wholesale, indenting agents and manufacturer's representative, sale representative either on commission or profit sharing basis, import, export, local distribution and sale of all kind of rice, cereals and related commodities.			
7 TRADE DEBTS				
Considered good				
- Export - secured		336,128	354,645	
- Local - unsecured		191,068	186,888	
		527,196	541,533	
7.1	Borrowings are secured by way of charge over book debts of the Company.			
8 CASH AND BANK BALANCES				
Cash in hand		4,203	2,226	
Cash at bank		799,024	108,829	
		803,227	111,055	
9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL				
	Un-audited March 31, 2018	Audited June 30, 2017	Un-audited March 31, 2018	Audited June 30, 2017
	(Number of shares)		-----Rupees in '000-----	
Ordinary shares of Rs. 10 each:				
- fully paid in cash	50,340,213	21,197,213	503,402	211,972
- issued for consideration other than cash	6,002,950	6,002,950	60,030	60,030
- issued as fully paid bonus shares	60,228,931	60,228,931	602,289	602,289
	116,572,094	87,429,094	1,165,721	874,291
10 CONTINGENCIES AND COMMITMENTS				
10.1 Contingencies				
Outstanding letters of guarantee			17,670	18,246
10.1.1	This civil suit No. 1635 of 2009 for possession and injunction has been filed by the Company 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 filed on December 11, 2009 and as per last proceeding dated August 22, 2011 the case is adjourned.			

MATCO FOODS LIMITED
SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

In 2015 the plaintiff filed this suite against the company and four other claiming to be the lawful owners of a piece of property, which is also the subject matter of suite no. 1635 of 2009 above. The subject matter of this suit has already been dismissed by the lower courts twice thus barred under the principle of res judicata. The matter is still at the stage of hearing of applications. In our opinion, the company has a sound legal defense and is not likely to suffer losses on account of proceeding in this suit.

10.1.2 The Petition No. 3358/2011 was filed by the Company against Federal Board of Revenue (FBR) and Others, whereby, the chargeability of the customs duty against import of storage silos has been challenged. It is pertinent to point out that the said import was exempt from duties and taxes vide SRO No. 575(I) 2006. Now through SRO dated October 23, 2012, the said silos have been added as clarificatory being exempt. The said chargeability of Customs Duty has been challenged of the intervening period before Islamabad High Court, Islamabad through Writ Petition No. 3358/11 and 1823/13. Company has filed intra court appeal ICA no. 84/2015 and 85/2015. both are pending in Honorable Islamabad High Court, notice is issued. The Counsel hopes these cases will be decided in favor of Matco Foods Limited.

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. This suit was filled on February 18, 2015 and no proceeding till date.

10.1.3 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 challenged the matter in the Honorable High Court of Sindh. Honorable High Court of Sindh has issued an interim order allowing release of imported goods on 50% payment and 50% bank guarantee. The litigation is pending adjudication. This suit was filled on June 10, 2013 and no preceeding till date.

	Nine-months ended		Quarter ended	
	Un-audited March 31, 2018	Un-audited March 31, 2017	Un-audited March 31, 2018	Un-audited March 31, 2017
	-----Rupees in '000-----		-----Rupees in '000-----	
11 COST OF SALES				
Rice consumed	3,330,682	3,419,097	1,424,037	1,467,792
Packing materials consumed	130,869	124,697	43,698	45,260
Stores and spares consumed	17,469	15,091	11,423	7,221
	3,479,020	3,558,885	1,479,158	1,520,273
Processing expenses				
Salaries, wages and benefits	157,341	138,478	54,178	47,572
Electricity and power	81,703	68,114	25,339	23,623
Telephone and mobile	1,072	993	498	417
Insurance	8,572	7,840	2,989	2,176
Repairs and maintenance	15,435	16,379	7,226	11,430
Fumigation charges	9,036	8,794	2,900	1,653
Diesel and oil	9,570	7,326	5,475	2,209
Staff welfare	3,731	2,387	668	731
Security expenses	10,237	9,590	3,734	3,246
Rent, rates and taxes	8,617	8,010	3,497	2,829
Vehicle running expenses	3,495	3,728	795	977
Depreciation	115,573	92,594	43,183	26,175
General	8,438	6,027	6,239	4,113
Cost of goods available for sale	432,820	370,260	156,721	127,151
Finished goods				
Opening stock	827,310	660,329	929,464	489,553
Closing stock	(959,618)	(963,582)	(959,618)	(963,582)
	(132,308)	(303,253)	(30,154)	(474,029)
	3,779,532	3,625,892	1,605,725	1,173,395

MATCO FOODS LIMITED
SELECTED NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

		Nine-months ended		Quarter ended	
		Un-audited	Audited	Un-audited	Un-audited
		March 31,	June 30,	March 31, 2018	March 31,
		2018	2017		2017
		-----Rupees in '000-----		-----Rupees in '000-----	
12	EARNINGS PER SHARE - Basic and Diluted				
	Basic earnings per share				
	Profit for the period (Rupees in thousands)	202,775	184,582	73,030	113,626
	Weighted average number of shares	92,854	87,429	103,943	87,429
	Earnings per share (Rupees)	2.18	2.11	0.70	1.30
12.1	Diluted earning per share				
	There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.				
				Un-audited	Un-audited
				March 31, 2018	March 31, 2017
13	CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES	Note		-----Rupees in '000-----	
	Profit before taxation			236,448	227,142
	Adjustments for non-cash items and other items:				
	Depreciation			137,585	92,593
	Amortization of intangible assets			-	4,904
	Finance cost			188,313	149,550
	Gain on disposal of property, plant and equipment			(5,220)	(3,632)
	Provision for staff gratuity			7,225	10,234
	Unrealized gain on short term investment			107	-
	Amortization of deferred income			248	(663)
	Cash generated from operations after working capital changes	13.1		(679,193)	(1,065,319)
				(114,487)	(585,191)
13.1	Working capital changes				
	(Increase)/ decrease in current assets				
	Stores, spares and loose tools			(12,720)	(2,511)
	Stock-in-trade			(349,378)	(1,006,532)
	Trade debts - considered goods			14,337	26,461
	Loans and advances			(68,319)	(46,401)
	Trade deposits and prepayments			(4,147)	2,734
	Other receivables			(23,058)	(26,689)
				(443,285)	(1,052,938)
	Increase/(decrease) in current liabilities				
	Trade and other payables			(109,639)	11,808
	Advance from customers - secured			(126,269)	(24,189)
	Net (increase) in working capital			(679,193)	(1,065,319)

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**14.1 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 unconsolidated condensed interim financial information does not include all the financial risk management information and disclosures required in the unconsolidated audited annual financial statements.

14.2 Fair value of financial assets and liabilities

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

15 TRANSACTIONS WITH RELATED PARTIES

Nature of relationship	% of Holding	Transactions				
Directors & family		Godown rent paid to director	8,189	7,804	3,070	2,663
Subsidiary						
JKT General Trading FZE	100%	Sales	41,015	59,779	4,691	28,229
		Payment received on account of sales	34,408	60,466	2,833	28,391
Matco Marketing (Pvt) Ltd	100%	Advance received	7,500	-	-	-
		Paid expenses on behalf	89	10	84	-
Common Directors						
MatcoEngineering Company	0%	Paid against service for Rice Glucose Project	489	2,637	489	-
Trust operated by the company						
Ghori Trust	0%	Donation of funds	136	55	94	43

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the unconsolidated condensed interim balance sheet comprise of balances as per the unconsolidated audited financial statements of the Company for the year ended June 30, 2017 and the corresponding figures in the unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows comprise of balances of comparable period as per the unconsolidated condensed interim financial information of the Company for the nine-month period ended March 31, 2017.

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 26, 2018, by the board of directors of the Company.

18 GENERAL

Figures have been rounded-off to nearest thousand rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2018

	Note	Un-audited March 31, 2018	Audited June 30, 2017
		-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	2,144,356	2,141,308
Long term deposits		11,965	10,991
Total non-current assets		2,156,321	2,152,299
Current assets			
Stores and spares		26,549	13,830
Stock-in-trade		5,581,604	5,240,491
Trade debts - considered goods	7	545,401	593,337
Short-term Loans and advances		126,490	58,172
Trade deposits and prepayments		13,451	11,991
Short-term investment		393	500
Other receivables		130,567	84,745
Cash and bank balances	8	809,582	115,042
Total current assets		7,234,037	6,118,108
Total assets		9,390,358	8,270,407

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2018

		Un-audited March 31, 2018	Audited June 30, 2017
	Note	-----Rupees in '000-----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
200,000,000 (June 2017: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	9	1,165,721	874,291
Capital reserve		738,997	318,383
Exchange revaluation reserve		(4,045)	(354)
Unappropriated profit		1,615,014	1,390,325
Total shareholders' equity		3,515,687	2,582,645
Surplus on revaluation of fixed assets		553,269	571,665
Non-current liabilities			
Long term finances - secured		261,957	322,792
Liabilities against assets subject to finance lease		21,981	17,162
Deferred liabilities		150,874	158,453
Deferred income		1,243	995
Total non-current liabilities		436,055	499,402
Current liabilities			
Trade and other payables		228,241	335,009
Advance from customers - secured		67,323	193,592
Accrued mark-up		62,987	46,056
Short-term borrowings - secured		4,400,349	3,908,368
Current portion of long term finances - secured		85,236	96,733
Current portion of liabilities against assets subject to finance lease		16,896	7,999
Provision for taxation - net		24,315	28,937
Total current liabilities		4,885,347	4,616,695
Total liabilities		5,321,402	5,116,097
Contingencies and commitments	10		
Total equity and liabilities		9,390,358	8,270,407

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

		Nine-months ended		Quarter ended	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Note		-----Rupees in '000-----			
Sales - net		4,519,439	4,298,998	1,870,224	1,457,426
Cost of sales	11	(3,779,532)	(3,659,029)	(1,605,725)	(1,197,182)
GROSS PROFIT		739,907	639,969	264,499	260,244
OPERATING EXPENSES					
Selling and distribution		(184,160)	(178,516)	(74,919)	(78,925)
Administrative		(154,052)	(142,163)	(58,765)	(59,306)
		(338,212)	(320,679)	(133,684)	(138,231)
OPERATING PROFIT		401,695	319,290	130,815	122,013
Other operating income		26,835	62,867	11,687	61,299
		428,530	382,157	142,502	183,312
Financial charges		(188,564)	(149,749)	(62,743)	(52,814)
PROFIT BEFORE INCOME TAX		239,966	232,408	79,759	130,497
Income tax expense		(33,673)	(42,560)	(7,180)	(14,447)
PROFIT FOR THE PERIOD		206,293	189,848	72,579	116,051
-----Rupees-----					
EARNINGS PER SHARE - BASIC AND DILUTED	12	2.22	2.17	0.70	1.33

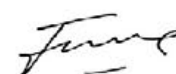
The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

	Nine-months ended		Quarter ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	-----Rupees in '000-----			
PROFIT FOR THE PERIOD	206,293	189,848	72,579	116,051
Other comprehensive income				
<i>Items that may be reclassified to the consolidated profit and loss account subsequently</i>				
- Exchange difference on translation of foreign currency	(3,691)	(269)	(4,587)	(154)
<i>Items that will not be reclassified to profit and loss account</i>	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	202,602	189,579	67,992	115,897

The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

		Nine-months ended	
		March 31, 2018	March 31, 2017
	Note	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	13	(93,285)	(579,725)
Gratuity paid		(7,579)	-
Taxes paid		(38,294)	(42,329)
Finance cost paid		(171,634)	(150,750)
Exchange revaluation reserve		(3,691)	(154)
Net cash generated (used in) / from operating activities		(314,483)	(772,958)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure including capital work in progress		(155,101)	(347,901)
Proceeds from disposal of property, plant and equipment		19,689	7,279
Long term deposit (paid)/received		(974)	1,880
Short term investment		-	(500)
Net cash used in investing activities		(136,386)	(339,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares - net of expenses		712,044	-
Long term finances - net (paid)/obtained		(72,332)	184,564
Finance lease obligation - net obtained		13,716	13,208
Dividend paid		-	(7,200)
Short term finances - net obtained		491,981	942,770
Net cash used in financing activities		1,145,409	1,133,342
Net increase / (decrease) in cash and cash equivalents		694,540	21,142
Cash and cash equivalents at the beginning of the period		115,042	89,313
Cash and cash equivalents at the end of the period		809,582	110,455

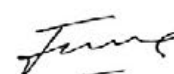
The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

	Issued, subscribed and paid up capital	Capital reserve	Exchange revaluation reserve	Unappropriated profit	Equity attributable to the Holding Company's shareholders	Total
----- Rupees in '000' -----						
Balance as at July 01, 2016	874,291	318,383	(118)	1,096,228	2,288,785	2,288,785
Profit for the period	-	-	-	189,848	189,848	189,848
Other comprehensive income/(loss)	-	-	(269)	-	(269)	(269)
	-	-	(269)	189,848	189,579	189,579
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax				20,440	20,440	20,440
Transactions with owners						
Dividend paid				(7,200)	(7,200)	(7,200)
Balance as at March 31, 2017	874,291	318,383	(386)	1,299,316	2,491,604	2,491,604
Balance as at July 01, 2017	874,291	318,383	(354)	1,390,325	2,582,645	2,582,645
Profit for the period	-	-	-	206,293	206,293	206,293
Other comprehensive income/(loss)	-	-	(3,691)	-	(3,691)	(3,691)
	-	-	(3,691)	206,293	202,602	202,602
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation net of tax				18,396	18,396	18,396
Issued capital against IPO	291,430	-			291,430	291,430
Share premium		466,288			466,288	466,288
Less: Expenses incurred on issuances of shares		(45,674)			(45,674)	(45,674)
Transactions with owners						
Dividend paid					-	-
Balance as at March 31, 2018	1,165,721	738,997	(4,045)	1,615,014	3,515,687	3,515,687

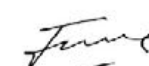
The annexed selected notes from 1 to 18 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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

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

b) JKT General Trading FZE

JKT General Trading FZE, ('the establishment') is a free zone established in October 8, 2013 in Sharjah Free Zone, United Arab Emirates (UAE) under general trading license no. 12689. The principal activity of the establishment as per the trade license is general trading. The registered office of the establishment is at PO Box 123347, Sharjah, UAE.

c) Matco Marketing (Private) Limited

Matco Marketing (Private) Limited ('the company') has been established on June 16, 2016 with authorized and paid up capital of PKR 10,000,000 and PKR 7,500,000 respectively.

The registered office of the company is situated at L-24/1, Block-21, Federal 'B' Industrial Area, Karachi. The principal activities of the company are wholesale, indenting agents and manufacturer's representative, sale representative either on commission or profit sharing basis, import, export, local distribution and sale of all kind of rice, cereals and related commodities.

2 STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Company for the nine-month period ended March 31, 2018 has been prepared in accordance with the requirements of the International Accounting Standard 34 – Interim Financial Reporting and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed.

3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the audited consolidated annual financial statements of the Group for the year ended June 30, 2017.

There are certain International Financial Reporting Standard, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2017. These are considered not to be relevant or to have any significant effects on Group's financial reporting and operations and are, therefore, not disclosed in the consolidated condensed interim financial information.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this consolidated condensed interim financial information is in conformity with the approved accounting standards which 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 preparation of this consolidated condensed interim financial information , the significant judgement made by management in applying the Group's accounting policies and the key sources of estimates and uncertainties were same as those applied to the audited annual financial statements of the Group for the year ended June 30, 2017.

5 FUNCTIONAL AND PRESENTATION CURRENCY

This consolidated condensed interim financial information is presented in Pakistani Rupees which is also Group's functional currency.

MATCO FOODS LIMITED
**SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)**

		Un-audited March 31, 2018	Audited June 30, 2017
6	PROPERTY, PLANT AND EQUIPMENT	Note	-----Rupees in '000-----
	Operating fixed assets	6.1	2,144,356
	Capital work in progress		-
			2,141,308

6.1 Details of additions and disposals to operating assets during the half year ended December 31, 2017 are as follows:

	Additions at cost	Deletions at net book value
Note	-----Rupees in '000-----	
Factory land	469	-
Factory building	83,837	-
Godown & shops	38	(627)
Plant and machinery	18,118	-
Furniture and Fixture	136	-
Motor vehicle	16,361	(13,841)
Office equipment	601	-
Computers	475	-
Factory equipment	2,520	-
Mobile phone	141	-
Capital work in progress transferred	393,301	-
March 31, 2017	515,997	(14,468)
June 30, 2017	147,585	(10,289)

MATCO FOODS LIMITED
SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

		Un-audited March 31, 2018	Audited June 30, 2017
		-----Rupees in '000-----	
7	TRADE DEBTS		
	Considered good		
	- Export - secured	336,127	406,449
	- Local - unsecured	209,274	186,888
		545,401	593,337
7.1	Borrowings are secured by way of charge over book debts of the Company.		
8	CASH AND BANK BALANCES		
	Cash in hand	4,203	2,226
	Cash at bank	805,379	112,816
		809,582	115,042
9	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL		
		Un-audited March 31, 2018	Audited June 30, 2017
		(Number of shares)	-----Rupees in '000-----
	Ordinary shares of Rs. 10 each:		
	- fully paid in cash	50,340,213	21,197,213
	- issued for consideration other than cash	6,002,950	6,002,950
	- issued as fully paid bonus shares	60,228,931	60,228,931
		116,572,094	87,429,094
		Un-audited March 31, 2018	Audited June 30, 2017
		503,402	211,972
		60,030	60,030
		602,289	602,289
		1,165,721	874,291
10	CONTINGENCIES AND COMMITMENTS		
10.1	Contingencies		
	Outstanding letters of guarantee	17,670	18,246
10.1.1	This civil suit No. 1635 of 2009 for possession and injunction has been filed by the Company 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 filed on December 11, 2009 and as per last proceeding dated August 22, 2011 the case is adjourned.		
	In 2015 the plaintiff filed this suite against the company and four other claiming to be the lawful owners of a piece of property, which is also the subject matter of the suite no. 1635 of 2009 above. The subject matter of this suit has already been dismissed by the lower courts twice thus barred under the principle of res judicata. The matter is still at the stage of hearing of applications. In our opinion, the company has a sound legal defense and is not likely to suffer losses on account of proceeding in this suit.		
10.1.2	The Petition No. 3358/2011 was filed by the Company against Federal Board of Revenue (FBR) and Others, whereby, the chargeability of the customs duty against import of storage silos has been challenged. It is pertinent to point out that the said import was exempt from duties and taxes vide SRO No. 575(I) 2006. Now through SRO dated October 23, 2012, the said silos have been added as clarificatory being exempt. The said chargeability of Customs Duty has been challenged of the intervening period before Islamabad High Court, Islamabad through Writ Petition No. 3358/11 and 1823/13. Company has filed intra court appeal ICA no. 84/2015 and 85/2015. both are pending in Honorable Islamabad High Court, notice is issued. The Counsel hopes these cases will be decided in favor of Matco Foods Limited.		

MATCO FOODS LIMITED
SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

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. This suit was filed on February 18, 2015 and no proceeding till date.

- 10.1.3** 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 challenged the matter in the Honorable High Court of Sindh. Honorable High Court of Sindh has issued an interim order allowing release of imported goods on 50% payment and 50% bank guarantee. The litigation is pending adjudication. This suit was filed on June 10, 2013 and no proceeding till date.

	Nine-months ended		Quarter ended	
	Un-audited	Un-audited	Un-audited	Un-audited
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	-----Rupees in '000-----		-----Rupees in '000-----	
11 COST OF SALES				
Rice consumed	3,330,682	3,452,234	1,424,037	1,491,579
Packing materials consumed	130,869	124,697	43,698	45,260
Stores and spares consumed	17,469	15,091	11,423	7,221
	3,479,020	3,592,022	1,479,158	1,544,060
Processing expenses				
Salaries, wages and benefits	157,341	138,478	54,178	47,572
Electricity and power	81,703	68,114	25,339	23,622
Telephone and mobile	1,072	993	498	417
Insurance	8,572	7,840	2,989	2,176
Repairs and maintenance	15,435	16,379	7,226	11,429
Fumigation charges	9,036	8,794	2,900	1,653
Diesel and oil	9,570	7,326	5,475	2,209
Staff welfare	3,731	2,387	668	731
Security expenses	10,237	9,590	3,733	3,246
Rent, rates and taxes	8,617	8,010	3,498	2,829
Vehicle running expenses	3,495	3,728	795	978
Depreciation	115,573	92,594	43,184	26,175
General	8,438	6,027	6,238	4,113
Cost of goods available for sale	432,820	370,261	156,721	127,150
Finished goods				
Opening stock	827,310	660,328	929,464	489,554
Closing stock	(959,618)	(963,582)	(959,618)	(963,582)
	(132,308)	(303,254)	(30,154)	(474,028)
	3,779,532	3,659,029	1,605,725	1,197,182

	Nine-months ended		Quarter ended	
	Un-audited	Audited	Un-audited	Un-audited
	March 31, 2018	June 30, 2017	March 31, 2018	March 31, 2017
	-----Rupees in '000-----		-----Rupees in '000-----	
12 EARNINGS PER SHARE - Basic and Diluted				
Basic earnings per share				
Profit for the period (Rupees in thousands)	206,293	189,848	72,579	116,051
Weighted average number of shares	92,854	87,429	103,943	87,429
Earnings per share (Rupees)	2.22	2.17	0.70	1.33

MATCO FOODS LIMITED
SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTH PERIOD ENDED MARCH 31, 2018 (un-audited)

12.1 Diluted earning per share

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

		Un-audited March 31, 2018	Un-audited March 31, 2017
	Note	-----Rupees in '000-----	
13 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
Profit before taxation		239,966	232,408
Adjustments for non-cash items and other items:			
Depreciation		137,585	92,594
Amortization of intangible assets		-	4,904
Finance cost		188,564	149,749
Gain on disposal of property, plant and equipment		(5,220)	(3,632)
Provision for staff gratuity		7,225	10,235
Unrealized loss on short term investment		107	-
Amortization of deferred income		248	(664)
Cash generated from operations after working capital changes	13.1	(661,760)	(1,065,319)
		(93,285)	(579,725)
13.1 Working capital changes			
(Increase)/ decrease in current assets			
Stores, spares and loose tools		(12,720)	(2,511)
Stock-in-trade		(348,338)	(1,006,532)
Trade debts - considered goods		47,936	26,461
Loans and advances		(68,319)	(46,401)
Trade deposits and prepayments		(1,460)	2,734
Other receivables		(45,822)	(26,689)
		(428,723)	(1,052,938)
Increase/(decrease) in current liabilities			
Trade and other payables		(106,768)	11,808
Advance from customers - secured		(126,269)	(24,189)
Net (increase) in working capital		(661,760)	(1,065,319)

14 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**14.1 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 consolidated condensed interim financial information does not include all the financial risk management information and disclosures required in the consolidated audited annual financial statements.

14.2 Fair value of financial assets and liabilities

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

15 TRANSACTIONS WITH RELATED PARTIES

Nature of relationship % of Holding Transactions

Directors & family Godown rent paid to director

Subsidiary

JKT General Trading FZE 100% Sales
Payment received on account of sales

Matco Marketing (Pvt) Ltd 100% Advance received
Paid expenses on behalf

Common Directors
MatcoEngineering Company 0% Paid against service for Rice Glucose Project

Trust operated by the company

Ghori Trust 0% Donation of funds

Nine-months ended		Quarter ended	
Un-audited	Un-audited	Un-audited	Un-audited
March 31,	March 31,	March 31,	March 31,
2018	2017	2018	2017
-----Rupees in '000-----		-----Rupees in '000-----	
8,189	7,804	3,070	2,663
41,015	59,779	4,691	28,229
34,408	60,466	2,833	28,391
7,500	-	-	-
89	10	84	-
489	2,637	489	-
136	55	94	43

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the consolidated condensed interim balance sheet comprise of balances as per the consolidated audited financial statements of the Company for the year ended June 30, 2017 and the corresponding figures in the consolidated condensed interim profit and loss account, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows comprise of balances of comparable period as per the consolidated condensed interim financial information of the Company for the nine-month period ended March 31, 2017.

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issue on April 26, 2018, by the board of directors in their meeting.

18 GENERAL

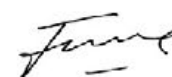
Figures have been rounded-off to nearest thousand rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER