



MATCO FOODS LIMITED

HALF YEAR REPORT 2018



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Company Information

Board of Directors

| | |
|-----------------------------|-------------------------|
| Mr. Jawed Ali Ghor | Chairman - |
| Mr. Khalid Ghor | Chief Executive Officer |
| Dr. Tariq Ghor | Director |
| Mr. Faizan Ali Ghor - CFA | Director |
| Mr. Naeem Ur Rehman Akhoond | Independent |
| Syed Kamran Rashid | Independent |

Audit Committee

| | |
|-----------------------------|----------|
| Mr. Naeem Ur Rehman Akhoond | Chairman |
| Syed Kamran Rashid | Member |

Chief Financial Officer

Muhammad Jawed Ismail

Company Secretary

Syed Abid Moiz

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 foods 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.



MATCO FOODS LIMITED

Chairman's Review

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

By the Grace of Allah (SWT), The Directors of your company take pleasure in presenting half yearly Un-Consolidated Financial Statements (unaudited and without limited scope of review) for the period ended December 31, 2017.

Operating Results:

| Description | Dec31, 2017 | Dec31, 2016 |
|--------------------------|----------------|-------------|
| | Rupees in '000 | |
| Sales – net | 2,641,265 | 2,826,333 |
| Cost of sales | (2,173,807) | (2,452,497) |
| Gross Profit | 467,458 | 373,836 |
| Selling and distribution | (107,349) | (97,718) |
| Administrative | (93,197) | (81,682) |
| Operating profit | 266,911 | 194,435 |
| Other Income | 15,147 | 1,568 |
| Financial Charges | (125,821) | (96,935) |
| Profit Before Tax | 156,237 | 99,068 |
| Income Tax | (26,493) | (28,113) |
| Profit For the Period | 129,743 | 70,955 |
| Earnings Per Share | 1.48 | 0.81 |

Although revenue for the period is slightly lower as compared with last year but gross profit margin is increased to 17.70% from 13.23% and net profit margin for the period increased to 4.91% from 2.51% as compared with last year. Margins improved because of good export prices in international rice market. During the period, company's basmati average export prices were USD 1,150 against USD 785 in the comparative last year period.

In last year, tender business of 5,000 metric tons of Rs. 370 million was also included in local sales but no tender business opportunity come in the current period. If we exclude above tender business sales, overall local and exports sales for the period are increased from last year. The comparative analysis of sales is as follows

| | December, 2017 | December, 2016 |
|--------------|----------------|----------------|
| Export Sales | 1,800,736,438 | 1,770,556,932 |
| Tender Sales | - | 370,000,000 |
| Local Sales | 840,528,972 | 696,519,312 |
| Total Sales | 2,641,265,410 | 2,837,076,244 |

MATCO FOODS LIMITED

Chairman's Review

In middle of December, 2017 US Dollar appreciated against Pakistan Rupee with conversion rate from Rs.105 to Rs.110. We couldn't capture the benefit of such appreciation in the reporting period but your company will materialize this appreciation in second half year period.

Company has also started commercial production of Rice Glucose on October 02, 2017 with capacity of 10,000 metric tons of Glucose and 1,000 Metric tons of Protein. First export order had been received in December, 2017 with shipment period from January - June, 2018. It is pertinent to highlight that first rice protein shipment has been dispatched in January, 2018 as per schedule.

Sales & marketing Strategy

Your company is very much focused on "Falak" Brand development and registered 38% value growth in Brand export sales. Company has 68 international distributors including 10 new distributors appointed during the reporting period in Hong Kong, Melbourne, Czech Republic, Valencia Spain, Malmo Sweden, Mauritius, U.S.A. and Bangladesh.

Currently in domestic market Falak is available in 55 major towns including 18 new towns added during last 12 months. Major new towns are Larkana, Rahim Yar Khan, Sialkot, Sargodha and Jhung. Company has registered 31% volume growth and 80% value growth in local Brand sales in six months compared with same period of last year.

Global Industry

Internationally rice prices are moving upward and expecting high demands of Pakistani basmati from European market because of implementation of new regulations of reduce of tricyclazole Maximum Residue Limit, MRL. In rice glucose, internationally trend is shifting towards increased demand for Rice Glucose and Protein as a healthy alternative to corn based products

MATCO FOODS LIMITED

Chairman's Review

Listing On Pakistan Stock Exchange

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

Future Outlook

The company will utilize the Initial Public Offering proceeds for expansion of its rice glucose production facilities by installing additional unit of 20,000 Metric ton of Rice Glucose and 2,000 Metric ton of Rice Protein. The total production capacity of Rice Glucose and Rice Protein will be 30,000 metric ton and 3,000 metric ton per annum respectively, after expansion.

Introducing new products under the umbrella brand of "Falak" will help increase the product offering of the company and help the Company's move into higher margin products. Company has recently launched Falak masala, Falak bottle salt and black pepper and easy cook Sella in 5 and 10 kg packs. Company has aim of launching at least 2 new products in a year for achieving desired results of diversification with increase quantum of Falak Brand with other FMCG products. Company has also listed in 'Spar' new modern trade chain opening in Pakistan.

DIVIDEND

The board of directors has declared interim cash dividend of 3%, for the half year ended December 31, 2017.

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

MATCO FOODS LIMITED

Chairman's Review

چیئر مین جائزہ

بسم اللہ الرحمن الرحیم

اللہ سبحانہ و تعالیٰ کے فضل و کرم سے آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2017 تک کی مدت کے نصف سالہ مالیاتی گوشوارے (غیر محدود جائزہ اور غیر آڈٹ شدہ) پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالی جائزہ

| Description | Dec31, 2017 | Dec31, 2016 |
|--------------------------|--------------------------|-------------|
| | -----Rupees in '000----- | |
| Sales – net | 2,641,265 | 2,826,333 |
| Cost of sales | (2,173,807) | (2,452,497) |
| Gross Profit | 467,458 | 373,836 |
| Selling and distribution | (107,349) | (97,718) |
| Administrative | (93,197) | (81,682) |
| Operating profit | 266,911 | 194,435 |
| Other Income | 15,147 | 1,568 |
| Financial Charges | (125,821) | (96,935) |
| Profit Before Tax | 156,237 | 99,068 |
| Income Tax | (26,493) | (28,113) |
| Profit For the Period | 129,743 | 70,955 |
| Earnings Per Share | 1.48 | 0.81 |

اگرچہ گزشتہ سال کے مقابلے اس سال کی آمدنی کم ہے لیکن مجموعی منافع میں 13.23 فیصد سے 17.70 فیصد اور خالص منافع میں 2.51 فیصد سے 4.91 فیصد اضافہ ہوا ہے۔ بین القوامی مارکیٹ میں چاول کی اچھی برآمدی قیمتوں کی وجہ سے مارجن میں بہتری آئی ہے۔ اس مدت کے دوران کمپنی کی برآمدی باسستی چاول کی فی ٹن قیمت USD 1,150، رہی جبکہ پچھلے سال یہ برآمدی قیمت USD 785 تھی۔

گزشتہ سال مقامی فروخت میں ٹینڈر کاروبار کے 370 ملین روپے بھی شامل تھے جس کا حجم 5,000 میٹرک ٹن تھا۔ لیکن موجودہ مدت میں ٹینڈر کے کوئی مواقع نہیں آئے۔ اگر ہم ٹینڈر کاروبار کی فروخت کو خارج کر دیں تو، مجموعی طور پر مقامی اور ایکسپورٹ کی فروخت پچھلے سال کے مقابلے میں بڑھ گئی ہے۔ فروخت کا نسبتاً تجزیہ مندرجہ ذیل ہے:

| | December, 2017 | December, 2016 |
|--------------|----------------|----------------|
| Export Sales | 1,800,736,438 | 1,770,556,932 |
| Tender Sales | - | 370,000,000 |
| Local Sales | 840,528,972 | 696,519,312 |
| Total Sales | 2,641,265,410 | 2,837,076,244 |

دسمبر 2017 کے درمیان امریکی ڈالر کے تبادلے کی شرح پاکستانی روپیہ کے مقابلے میں 105 سے بڑھ کر 110 روپے ہو گئی۔ اس نصف سال میں اس اضافہ سے فائدہ نہیں اٹھا سکے، لیکن اگلے نصف سال میں کمپنی کو اس کا بھرپور فائدہ ہوگا۔

کمپنی نے 12 اکتوبر 2017 کو رانس گلوکوز کی تجارتی پیداوار ابھی شروع کر دی ہے جو 10,000 میٹرک ٹن گلوکوز اور 1,000 میٹرک ٹن پروٹین کی سالانہ پیداوری صلاحیت رکھتا ہے۔ دسمبر، 2017 میں ایکسپورٹ کا پہلا آرڈر موصول ہو چکا ہے اور جنوری، 2018 میں پہلا برآمدی آرڈر بھی ترسیل کیا جا چکا ہے۔

سیلز اینڈ مارکیٹنگ کی حکمت عملی

آپ کی کمپنی کی توجہ فلک برانڈ کی ترقی پر بہت زیادہ مرکوز ہے اور 38 فیصد برانڈ ایکسپورٹ کی فروخت میں اضافہ ہوا ہے۔ کمپنی کے 68 بین الاقوامی ڈسٹری بیوٹرز ہیں اور اس سال ہانگ کانگ، میلبورن، چیک ریپبلک، والنسیا اسپین، المو، سویڈن، مارشس، امریکہ اور بنگلہ دیش میں 10 نئے ڈسٹری بیوٹر شامل کئے گئے ہیں۔

فی الحال مقامی مارکیٹ میں فلک برانڈ 55 اہم شہروں میں دستیاب ہے، جس میں گزشتہ 12 ماہ کے دوران 18 نئے شہر شامل ہوئے ہیں۔ بڑے شہروں میں لاڑکانہ، رحیم یار خان، سیالکوٹ، سرگودہ اور جھنگ ہیں۔ اس سال کمپنی نے گزشتہ سال مدت کے مقابلے میں مقامی برانڈ کی فروخت میں 31 فیصد حجم اور 80 فیصد قیمت کے لحاظ سے اضافہ کیا ہے۔

عالمی صنعت

بین الاقوامی طور پر چاول کی قیمتوں میں اضافہ ہو رہا ہے اور یورپی مارکیٹ میں پاکستانی باسمنی چاول کی مجموعی طلب میں بھی اضافہ ہوا ہے کیونکہ نئے قوانین لاگو ہونے کی وجہ سے چاول میں Tricyclazole کی مقدار کم ہونی چاہیے۔ رانس گلوکوز کی طلب میں بین الاقوامی طور پر رجحان کمائی سے منتقل ہو کر صحت مند متبادل چاول سے حاصل کردہ گلوکوز اور پروٹین کی طرف بڑھ رہا ہے۔

پاکستان اسٹاک ایکسچینج میں لسٹنگ

آپ کی کمپنی نے 2018 میں کمپنی کے 29,143,000 عام حصص کی پیشکش کی جس پر حصص داروں کی جانب سے بک بلڈنگ اور عام عوام کے حصہ سے زبردست جواب موصول ہوا۔ فی حصص کی قیمت 26 روپے رکھی گئی تھی۔ کمپنی کی انتظامیہ سرمایہ کاری کرنے والوں کی ممنون و مشکور ہے جنہوں نے کمپنی پر اپنا اعتماد ظاہر کیا۔

مستقبل پر ایک نظر

کمپنی ابتدائی عوامی پیشکش سے حاصل کردہ رقم سے رائس گلوکوز کے اضافی 20,000 میٹرک ٹن اور پروٹین کے اضافی 2,000 میٹرک ٹن کے پونٹ لگائے گی۔ توسیع کے بعد، رائس گلوکوز اور پروٹین کی کل پیداواری صلاحیت بالترتیب 30,000 اور 3,000 میٹرک ٹن سالانہ ہو جائیگی۔

فلک برانڈ کے سائے تلے نئی مصنوعات متعارف کرانے سے کمپنی زیادہ منافع بخش مصنوعات پیش کرنے میں کامیاب ہوگی۔ کمپنی نے حال ہی میں فلک مصالحہ، فلک گرینڈر ہائل نمک، فلک گرینڈر ہائل کالی مرچ اور ایزی کلک سیلا 5 اور 10 کلو کے پیک میں متعارف کرائے ہیں۔ کمپنی دوسری FMCG کی مصنوعات کے ساتھ فلک برانڈ میں مطلوبہ نتائج حاصل کرنے کے لئے ایک سال میں کم سے کم 2 نئی مصنوعات متعارف کرائے گی۔ کمپنی نے حال ہی میں ایک نئے اور جدید تجارتی سلسلے SPAR میں اپنی مصنوعات کا اندراج بھی کروایا ہے جو پاکستان میں اپنی برانچ کھول رہا ہے۔

منافع منقسمہ

31 دسمبر، 2017 کو ختم ہونے والے نصف سال کے لئے بورڈ آف ڈائریکٹرز نے 3 فیصد عبوری منافع منقسمہ کا اعلان کیا 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۔ ہم اپنے اسٹاف کا شکریہ ادا کرنا چاہتے ہیں جو کمپنی کی ترقی کے لئے مصروف عمل رہے۔

بورڈ کی طرف سے

جاوید علی غوری۔ چیئرمین

Condensed Interim Unconsolidated Balance Sheet
(Un-audited & Without Limited Scope Review)
As at December 31, 2017

| | | December 31, 2017 | Audited June 30, 2017 |
|--------------------------------|------|--------------------------|-----------------------------|
| | Note | -----Rupees in '000----- | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 2,169,535 | 2,141,308 |
| Long term deposits | | 11,847 | 10,991 |
| Long-term investment | 6 | 31,083 | 23,583 |
| Total non-current assets | | 2,212,465 | 2,175,882 |
| Current assets | | | |
| Stores and spares | | 28,252 | 13,830 |
| Stock-in-trade | | 5,741,940 | 5,240,491 |
| Trade debts - considered goods | 7 | 535,944 | 541,533 |
| Short-term Loans and advances | | 155,534 | 58,172 |
| Trade deposits and prepayments | | 5,237 | 8,973 |
| Short-term investment | | 356 | 500 |
| Other receivables | | 90,517 | 84,745 |
| Cash and bank balances | 8 | 116,896 | 111,055 |
| Total current assets | | 6,674,675 | 6,059,298 |
| Total assets | | 8,887,140 | 8,235,180 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Unconsolidated Balance Sheet
(Un-audited & Without Limited Scope Review)
As at December 31, 2017

EQUITY AND LIABILITIES

Share capital and reserves

Authorized share capital

200,000,000 (June 2017: 200,000,000)

ordinary shares of Rs. 10 each

Issued, subscribed and paid-up share capital

9

Capital reserve

Unappropriated profit

Total shareholders' equity

Surplus on revaluation of fixed assets

Non-current liabilities

Long term finances - secured

Liabilities against assets subject to finance lease

Deferred liabilities

Deferred income

Total non-current liabilities

Current liabilities

Trade and other payables

Advance from customers - secured

Accrued mark-up

Short-term borrowings - secured

Current portion of long term finances - secured

Current portion of liabilities against assets subject to finance lease

Provision for taxation - net

Total current liabilities

Total liabilities

Contingencies and commitments

10

Total equity and liabilities

| 2,000,000 | 2,000,000 |
|-----------|-----------|
| 874,291 | 874,291 |
| 318,383 | 318,383 |
| 1,520,829 | 1,378,822 |
| 2,713,503 | 2,571,496 |
| 559,401 | 571,665 |
| 331,334 | 322,792 |
| 32,329 | 17,162 |
| 150,848 | 158,304 |
| 1,292 | 995 |
| 515,803 | 499,253 |
| 216,536 | 332,613 |
| 65,679 | 193,592 |
| 59,995 | 46,056 |
| 4,675,297 | 3,886,836 |
| 46,326 | 96,733 |
| 9,043 | 7,999 |
| 25,559 | 28,937 |
| 5,098,433 | 4,592,766 |
| 5,614,236 | 5,092,019 |
| 8,887,140 | 8,235,180 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Unconsolidated Profit and Loss Account
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017

| | | Half Year ended | | Quarter ended | |
|---|----|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| Note | | Rupees in '000 | | | |
| Sales - net | | 2,641,265 | 2,826,333 | 1,309,677 | 1,199,286 |
| Cost of sales | 11 | (2,173,807) | (2,452,497) | (1,054,527) | (991,888) |
| GROSS PROFIT | | 467,458 | 373,836 | 255,150 | 207,397 |
| OPERATING EXPENSES | | | | | |
| Selling and distribution | | (107,349) | (97,718) | (59,723) | (41,989) |
| Administrative | | (93,197) | (81,682) | (49,632) | (48,762) |
| | | (200,547) | (179,401) | (109,355) | (90,751) |
| OPERATING PROFIT | | 266,911 | 194,435 | 145,795 | 116,647 |
| Other operating income | | 15,147 | 1,568 | 12,952 | 1,458 |
| | | 282,058 | 196,003 | 158,747 | 118,104 |
| Financial charges | | (125,821) | (96,935) | (72,163) | (51,507) |
| PROFIT BEFORE INCOME TAX | | 156,237 | 99,068 | 86,584 | 66,597 |
| Income tax expense | | (26,493) | (28,113) | (13,190) | (11,896) |
| PROFIT FOR THE PERIOD | | 129,743 | 70,955 | 73,393 | 54,701 |
| -----Rupees----- | | | | | |
| EARNINGS PER SHARE - BASIC AND DILUTED | 12 | 1.48 | 0.81 | 0.84 | 0.63 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Unconsolidated Statement of Comprehensive Income
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017

| | Half Year ended | | Quarter ended | |
|---|-------------------|-------------------|-------------------|-------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| | Rupees in '000 | | | |
| PROFIT FOR THE PERIOD | 129,743 | 70,955 | 73,393 | 54,701 |
| 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 | 129,743 | 70,955 | 73,393 | 54,701 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Unconsolidated Statement of Cash Flow
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017

| | | Half Year ended | |
|---|------|-------------------|-------------------|
| | | December 31, 2017 | December 31, 2016 |
| | | Rupees in '000 | |
| | Note | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations after working capital changes | 13 | (488,171) | (576,668) |
| Gratuity paid | | (2,710) | (2,919) |
| Taxes paid | | (29,871) | (30,026) |
| Finance cost paid | | (111,883) | (118,305) |
| Net cash used in operating activities | | (632,635) | (727,917) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Fixed capital expenditure including capital work in progress | | (121,936) | (213,816) |
| Proceeds from disposal of property, plant and equipment | | 5,962 | 1,880 |
| Long term deposit - received | | (856) | 2,355 |
| Long term investment | 6 | (7,500) | - |
| Net cash used in investing activities | | (124,330) | (209,581) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Long term finances - net obtained | | 8,542 | 119,733 |
| Finance lease obligation net obtained | | 15,167 | 8,451 |
| Short term finances - net obtained | | 739,097 | 808,125 |
| Net cash generated from financing activities | | 762,805 | 936,310 |
| Net increase / (decrease) in cash and cash equivalents | | 5,841 | (1,188) |
| Cash and cash equivalents at the beginning of the period | | 111,055 | 89,313 |
| Cash and cash equivalents at the end of the period | | 116,896 | 88,125 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Unconsolidated Statement of Changes in Equity
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017

| | 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 | - | - | 70,955 | 70,955 |
| Other comprehensive income/(loss) | - | - | - | - |
| | - | - | 70,955 | 70,955 |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation | | | 13,627 | 13,627 |
| Transactions with owners | | | | |
| Dividend paid | - | - | - | - |
| Balance as at December 31, 2016 | 874,291 | 318,383 | 1,177,491 | 2,370,165 |
| Balance as at July 01, 2017 | 874,291 | 318,383 | 1,378,822 | 2,571,496 |
| Profit for the period | - | - | 129,743 | 129,743 |
| Other comprehensive income/(loss) | - | - | - | - |
| | - | - | 129,743 | 129,743 |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation | | | 12,264 | 12,264 |
| Transactions with owners | | | | |
| Dividend paid | - | - | - | - |
| Balance as at December 31, 2017 | 874,291 | 318,383 | 1,520,829 | 2,713,503 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**Selected Notes to the Condensed Interim Unconsolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

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. The 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 - Sharjah Airport Free Zone with P.O.Box 123347, Sharjah - U.A.E, under general trading license no. 12689. The principal activities of the establishment as per the trade license are general trading.

The Company has also 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. 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 condensed interim financial information of the Company for the half year ended December 31, 2017 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 Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirement of Circular # 23 of 2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of Pakistan through its Circular # 17 Of 2017 dated October 6, 2017 companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance)

This condensed interim financial information is unaudited and without limited scope review and has been prepared in accordance with the requirement of the International Accounting Standard 34- 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirement differ, the provisions of

**Selected Notes to the Condensed Interim Unconsolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

or directives issued under the Ordinance have been followed. This condensed interim financial information has, however, been prepared without limited scope review by the auditors, and should be read in conjunction with the audited annual financial statement of June 30, 2017.

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 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 condensed interim financial information.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim financial information 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 financial information, 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, 2017.

5 PROPERTY, PLANT AND EQUIPMENT

Note

Operating fixed assets
Capital work in progress

5.1

| | December 31, 2017 | Audited June 30, 2017 |
|--|--------------------------|-----------------------------|
| | -----Rupees in '000----- | |
| | 2,169,535 | 1,781,931 |
| | - | 359,377 |
| | 2,169,535 | 2,141,308 |

**Selected Notes to the Condensed Interim Unconsolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

5.1 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 | | 11,234 | - |
| Plant and machinery | | 68,759 | - |
| Furniture and Fixture | | 119 | - |
| Motor vehicle | | 7,676 | (3,223) |
| Office equipment | | 541 | - |
| Computers | | 475 | - |
| Factory equipment | | 1,792 | - |
| Mobile phone | | 98 | - |
| Capital work in progress transferred | | 382,575 | - |
| December 31, 2017 | | 473,739 | (3,223) |
| June 30, 2017 | | 147,585 | (10,289) |

| | | December 31, 2017 | 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.

**Selected Notes to the Condensed Interim Unconsolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

| | December 31, 2017 | Audited June 30, 2017 |
|----------------------|--------------------------|-----------------------------|
| | -----Rupees in '000----- | |
| 7 TRADE DEBTS | | |
| Considered good | | |
| - Export - secured | 369,065 | 354,645 |
| - Local - unsecured | 166,880 | 186,888 |
| | 535,944 | 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 | 3,646 | 2,226 |
| Cash at bank | 113,250 | 108,829 |
| | 116,896 | 111,055 |

9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| | December 31, 2017 | Audited June 30, 2017 | December 31, 2017 | Audited June 30, 2017 |
|--|----------------------|-----------------------------|--------------------------|-----------------------------|
| | (Number of shares) | | -----Rupees in '000----- | |
| Ordinary shares of Rs. 10 each: | | | | |
| - fully paid in cash | 21,197,213 | 21,197,213 | 211,972 | 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 |
| | 87,429,094 | 87,429,094 | 874,291 | 874,291 |

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

| | | |
|----------------------------------|---------------|---------------|
| Outstanding letters of guarantee | 17,470 | 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 preceeding 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 owerns of a piece of property, which properly is also the subject matter is 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 likly to suffer losses on account of proceeding in this suit.

**Selected Notes to the Condensed Interim Unconsolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

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 houranable islamabad High court, notice are 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 filed on February 18, 2015 and no preceeding 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 Honourable 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 preceeding till date.

11 COST OF SALES

| | December 31, 2017 | December 31, 2016 |
|---|--------------------------|----------------------|
| | -----Rupees in '000----- | |
| Rice Consumed | 1,906,645 | 1,951,305 |
| Packing materials consumed | 87,171 | 79,437 |
| Stores and spares consumed | 6,046 | 7,870 |
| Processing expenses | 1,999,861 | 2,038,612 |
| Salaries, wages and benefits | 103,163 | 90,906 |
| Electricity and power | 56,364 | 44,492 |
| Telephone and mobile | 574 | 576 |
| Gas charges | - | - |
| Insurance | 5,583 | 5,664 |
| Repairs and maintenance | 8,209 | 4,950 |
| Provision for slow moving stock | - | - |
| Fumigation charges | 6,136 | 7,141 |
| Diesel and oil | 4,095 | 5,117 |
| Godown expenses | - | - |
| Rent, rates and taxes | 5,119 | 5,181 |
| Vehicle running expenses | 2,700 | 2,751 |
| Depreciation | 72,389 | 66,419 |
| General | 2,200 | 1,914 |
| Cost of goods available for sale | 276,099 | 243,111 |
| Finished goods | | |
| Opening stock | 827,310 | 660,328 |
| Closing stock | (929,464) | (489,554) |
| | (102,153) | 170,775 |
| | 2,173,807 | 2,452,497 |

**Selected Notes to the Condensed Interim Unconsolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

12 EARNINGS PER SHARE - Basic and Diluted

Basic earnings per share

Profit for the period (Rupees in thousands)

Weighted average number of shares

Earnings per share (Rupees - Restated)

| December 31, 2017 | Audited June 30, 2017 |
|--------------------------|-----------------------------|
| -----Rupees in '000----- | |
| 129,743 | 70,955 |
| 87,429 | 87,429 |
| 1.48 | 0.81 |

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.

**13 CASH GENERATED FROM OPERATIONS AFTER
WORKING CAPITAL CHANGESS**

Profit before taxation

Adjustments for non-cash items and other items:

Depreciation

Amortization of intangible assets

Exchange gain - net

Unrealized profit on forward foreign exchange contracts

Finance cost

Gain on disposal of property, plant and equipment

Provision for staff gratuity

Unrealized loss on short term investment

Amortization of deferred income

Cash generated from operations after working capital chan 13.1

Note

| December 31, 2017 | December 31, 2016 |
|--------------------------|----------------------|
| -----Rupees in '000----- | |
| 156,237 | 99,068 |
| 90,487 | 66,419 |
| - | 2,452 |
| 6,569 | 10,953 |
| (1,503) | 4,098 |
| 125,821 | 96,935 |
| (2,740) | (1,062) |
| 8,649 | 7,863 |
| 144 | - |
| 296 | (166) |
| (872,131) | (863,227) |
| (488,171) | (576,668) |

13.1 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

Net (increase) in working capital

| | |
|-----------|-----------|
| (14,422) | (7,303) |
| (501,449) | (698,324) |
| 523 | 2,082 |
| (97,363) | (60,530) |
| 3,736 | 6,114 |
| (5,771) | 14,277 |
| (614,746) | (743,685) |
| (129,471) | (8,326) |
| (127,913) | (111,217) |
| (872,131) | (863,227) |

**Selected Notes to the Condensed Interim Unconsolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

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 condensed interim financial information does not include all the financial risk management information and disclosures required in the audited annual financial statements.

14.2 Fair value of financial

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

15 TRANSACTIONS WITH RELATED PARTIES

| | | | December 31, 2017 | December 31, 2016 |
|--------------------------------------|-----------------------------|--|----------------------|----------------------|
| | | | Rupees in '000 | |
| Nature of relationship | Percentage of Holding | Nature of Transactions | | |
| Directors | | Godown rent paid to | 5,119 | 5,141 |
| Subsidiary | | | | |
| JKT General Trading FZE | 100% | Sales | 36,324 | 31,550 |
| | | Payment received on account of sales | 31,575 | 32,075 |
| Matco Marketing (Pvt) Ltd | 100% | Advance received | 7,500 | - |
| | | Paid expenses on behalf | 5 | 10 |
| Common Directors | | | | |
| Matco Engineering Company | 0% | Paid against service for Rice Glucose Project | (2,637) | 2,637 |
| Trust operated by the company | | | | |
| Ghori Trust | 0% | Donation of funds | 42 | 12 |

**Selected Notes to the Condensed Interim Unconsolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim balance sheet comprise of balances as per the audited financial statements of the Company for the year ended June 30, 2017 and the corresponding figures in the condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows comprise of balances of comparable period as per the financial statement of the Company for the half year ended December 31, 2016.

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on February 27, 2018 by the board of directors of the Company.

18 EVENT AFTER BALANCE SHEET DATE

The company issued 29,143,000 number of shares which includes 26,150,000 through book building process and remaining number of shares through the general public offer and raised its capital from 87,429,094 to 116,672,094 number of shares after incorporating the effect of initial public offering.

19 GENERAL

Figures have been rounded-off to nearest thousand rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

MATCO FOODS LIMITED

Chairman's Review

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

By the Grace of Allah (SWT) The Directors of your Group take pleasure in presenting half yearly Consolidated Financial Statements (unaudited and without limited scope of review) or the period ended December 31, 2017.

Operating Results:

| Description | Dec31, 2017 | Dec31, 2016 |
|--------------------------|----------------|-------------|
| | Rupees in '000 | |
| Sales – net | 2,649,215 | 2,841,572 |
| Cost of sales | (2,173,807) | (2,461,847) |
| Gross Profit | 475,408 | 379,724 |
| Selling and distribution | (109,241) | (99,591) |
| Administrative | (95,286) | (82,857) |
| Operating profit | 270,881 | 197,276 |
| Other Income | 15,147 | 1,568 |
| Financial Charges | (125,821) | (96,935) |
| Profit Before Tax | 160,207 | 101,909 |
| Income Tax | (26,493) | (28,113) |
| Profit For the Period | 133,713 | 73,796 |
| Earnings Per Share | 1.53 | 0.84 |

Although revenue for the period is slightly lower as compared with last year but gross profit margin is increased to 17.95% from 13.36% and net profit margin for the period increased to 5.05% from 2.60% as compared with last year. Margins improved because of good export prices in international rice market. During the period, company's basmati average export prices were USD 1,150 against USD 785 in the comparative last year period.

During the period Group has started production of Rice Glucose on October 02, 2017 with capacity of 10,000 metric tons of Glucose and 1,000 Metric tons of Protein and first rice protein shipment has been dispatched in January, 2018 as per schedule.

Matco Group

The Matco Group has a proven track record of developing, manufacturing and marketing high quality FMCG products. Group is diversifying the operation to optimize shareholders value aggressively working on new product developments and appointed new international distributors. Company is focusing in Middle East market through its subsidiary for availing available rice and trading opportunities.

Listing On Pakistan Stock Exchange

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

Future Outlook

Matco group is targeting sustainable growth, faster than the market, both locally and internationally. The Group has laid the foundation for long term sustainable operating results and will focus on operational efficiency by improved production techniques and cost reduction plans and using boilers and consuming husk for parboiling and steaming processes which will result in major savings in utilities cost. Group has also plan of repayment of short term borrowing for reduction in financial cost. As per financial market, interest cost will be high in near future and Group will overcome the situation by paying off bank borrowing as much as possible.

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

DIVIDEND

The board of directors has declared interim cash dividend of 3%, for the half year ended December 31, 2017.

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 Ghori - Chairman

MATCO FOODS LIMITED

Chairman's Review

چیرمین جائزہ

بسم اللہ الرحمن الرحیم

اللہ سبحانہ و تعالیٰ کے فضل و کرم سے آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2017 تک کی مدت کے نصف سالہ مالیاتی گوشوارے (غیر محدود جائزہ اور غیر آڈٹ شدہ) پیش کرنے میں خوشی محسوس کرتے ہیں۔

مالی جائزہ

| Description | Dec31, 2017 | Dec31, 2016 |
|--------------------------|--------------------------|-------------|
| | -----Rupees in '000----- | |
| Sales – net | 2,649,215 | 2,841,572 |
| Cost of sales | (2,173,807) | (2,461,847) |
| Gross Profit | 475,408 | 379,724 |
| Selling and distribution | (109,241) | (99,591) |
| Administrative | (95,286) | (82,857) |
| Operating profit | 270,881 | 197,276 |
| Other Income | 15,147 | 1,568 |
| Financial Charges | (125,821) | (96,935) |
| Profit Before Tax | 160,207 | 101,909 |
| Income Tax | (26,493) | (28,113) |
| Profit For the Period | 133,713 | 73,796 |

اگرچہ گزشتہ سال کے مقابلے اس سال کی آمدنی کم ہے لیکن مجموعی منافع میں 13.36 فیصد سے 17.95 فیصد اور خالص منافع میں 2.60 فیصد سے 5.05 فیصد اضافہ ہوا ہے۔ بین الاقوامی مارکیٹ میں چاول کی اچھی برآمدی قیمتوں کی وجہ سے مارجن میں بہتری آئی ہے۔ اس مدت کے دوران کمپنی کی برآمدی باسستی چاول کی فی ٹن قیمت USD 1,150، رہی جبکہ پچھلے سال یہ برآمدی قیمت USD 785 تھی۔

گروپ نے 2 اکتوبر 2017 کو رائس گلوکوز کی تجارتی پیداوار بھی شروع کر دی ہے جو 10,000 میٹرک ٹن گلوکوز اور 1,000 میٹرک ٹن پروٹین کی سالانہ پیداواری صلاحیت رکھتا ہے۔ دسمبر، 2017 میں ایکسپورٹ کا پہلا آرڈر موصول ہو چکا ہے اور جنوری، 2018 میں پہلا برآمدی آرڈر بھی ترسیل کیا جا چکا ہے۔

میٹکو گروپ

میٹکو گروپ اعلیٰ معیار کی FMCG مصنوعات متعارف کرانے میں ایک نامور مقام رکھتا ہے۔ گروپ کو منافع بخش بنانے کے لئے نئی مصنوعات کی پیش رفت پر کام ہو رہا ہے اور نئے بین الاقوامی ڈسٹری بیوٹر مقرر کئے جا رہے ہیں۔ گروپ اپنے ماتحت کمپنی کے ساتھ ملکر UAE میں چاول اور ٹریڈنگ کے کام پر توجہ دے رہا ہے۔

پاکستان اسٹاک ایکسچینج میں لسٹنگ

آپ کی کمپنی نے 2018 میں کمپنی کے 29,143,000 عام حصص کی پیشکش کی جس پر حصص داروں کی جانب سے بک بلڈنگ اور عام عوام کے حصہ سے زبردست جواب موصول ہوا۔ فی حصص کی قیمت 26 روپے رکھی گئی تھی۔ کمپنی کی انتظامیہ سرمایہ کاری کرنے والوں کی ممنون و مشکور ہے جنہوں نے کمپنی پر اپنا اعتماد ظاہر کیا۔

مستقبل پر ایک نظر

میٹکو گروپ مقامی اور بین الاقوامی مارکیٹ پر توجہ مرکوز کئے ہوئے ہے۔ گروپ کی بنیاد طویل مدتی پائیدار نتائج پر رکھی گئی ہے۔ بہتر پیداواری صلاحیت، لاگت کی منصوبہ بندی اور بھروسے کے استعمال سے پارہوائنگ اور اسٹیمنگ میں پیداواری قیمت میں بڑی بچت ہوگی۔ گروپ نے مالی اخراجات میں کمی کے لئے مختصر مدت کے قرضے کی واپسی کی بھی منصوبہ بندی کی ہے۔ مالیاتی مارکیٹ کے مطابق مستقبل میں سود کی شرح زیادہ ہوگی اور گروپ زیادہ سے زیادہ بینک کے قرض کی ادائیگی کر کے مالیاتی معاملات کو سنبھالنے کی صلاحیت رکھتا ہے۔ میٹکو گروپ نے واضح طور پر نئے کاروبار پر توجہ مرکوز کی ہوئی ہے اور حال ہی میں گروپ نے اٹلی، جرمنی، امریکہ اور متحدہ عرب امارات میں منعقد ہونے والی فوڈ کی نمائش میں شرکت کی ہے جس سے مستقبل میں چاول اور گلکوز کیا جیسے آرڈرز کی امید ہے۔

منافع منقسمہ

گروپ نے 31 دسمبر، 2017 کو ختم ہونے والے نصف سال کے لئے بورڈ آف ڈائریکٹرز نے 3 فیصد عبوری منافع منقسمہ کا اعلان کیا 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۔ ہم 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

Condensed Interim Consolidated Balance Sheet
(Un-audited & Without Limited Scope Review)
As at December 31, 2017

| | | December 31, 2017 | Audited June 30, 2017 |
|---------------------------------|------|--------------------------|-----------------------------|
| | Note | -----Rupees in '000----- | |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 6 | 2,169,535 | 2,141,308 |
| Long term deposits | | 11,847 | 10,991 |
| Total non-current assets | | 2,181,382 | 2,152,299 |
| Current assets | | | |
| Stores and spares | | 28,252 | 13,830 |
| Stock-in-trade | | 5,741,940 | 5,240,491 |
| Trade debts - considered goods | 7 | 573,799 | 593,337 |
| Short-term Loans and advances | | 155,534 | 58,172 |
| Trade deposits and prepayments | | 6,377 | 11,991 |
| Short-term investment | | 356 | 500 |
| Other receivables | | 90,517 | 84,745 |
| Cash and bank balances | 8 | 117,843 | 115,042 |
| Total current assets | | 6,714,618 | 6,118,107 |
| Total assets | | 8,896,000 | 8,270,406 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Balance Sheet
(Un-audited & Without Limited Scope Review)
As at December 31, 2017

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

874,291 874,291

Capital reserve

318,383 318,383

Exchange revaluation reserve

542 (354)

Unappropriated profit

1,536,302 1,390,325

Total shareholders' equity

2,729,518 2,582,644

Surplus on revaluation of fixed assets

559,401 571,665

Non-current liabilities

Long term finances - secured

331,334 322,792

Liabilities against assets subject to finance lease

32,329 17,162

Deferred liabilities

151,162 158,453

Deferred income

1,292 995

Total non-current liabilities

516,116 499,402

Current liabilities

Trade and other payables

209,067 335,009

Advance from customers - secured

65,679 193,592

Accrued mark-up

59,995 46,056

Short-term borrowings - secured

4,675,297 3,908,368

Current portion of long term finances - secured

46,326 96,733

Current portion of liabilities against assets subject to finance lease

9,043 7,999

Provision for taxation - net

25,559 28,937

Total current liabilities

5,090,964 4,616,695

Total liabilities

5,607,081 5,116,097

Contingencies and commitments

10

Total equity and liabilities

8,896,000 8,270,406

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Profit and Loss Account
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017

| | | Half Year ended | | Quarter ended | |
|---|----|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| Note | | Rupees in '000 | | | |
| Sales - net | | 2,649,215 | 2,841,572 | 1,323,183 | 1,206,746 |
| Cost of sales | 11 | (2,173,807) | (2,461,847) | (1,054,527) | (995,940) |
| GROSS PROFIT | | 475,408 | 379,724 | 268,656 | 210,806 |
| OPERATING EXPENSES | | | | | |
| Selling and distribution | | (109,241) | (99,591) | (62,566) | (42,926) |
| Administrative | | (95,286) | (82,857) | (53,178) | (49,564) |
| | | (204,527) | (182,449) | (115,744) | (92,491) |
| OPERATING PROFIT | | 270,881 | 197,276 | 152,913 | 118,315 |
| Other operating income | | 15,147 | 1,568 | 12,952 | 1,458 |
| | | 286,028 | 198,844 | 165,865 | 119,773 |
| Financial charges | | (125,821) | (96,935) | (72,163) | (51,507) |
| PROFIT BEFORE INCOME TAX | | 160,207 | 101,909 | 93,702 | 68,265 |
| Income tax expense | | (26,493) | (28,113) | (13,190) | (11,896) |
| PROFIT FOR THE PERIOD | | 133,713 | 73,796 | 80,511 | 56,369 |
| -----Rupees----- | | | | | |
| EARNINGS PER SHARE - BASIC AND DILUTED | 12 | 1.53 | 0.84 | 0.92 | 0.64 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Comprehensive Income
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017

| | Half Year ended | | Quarter ended | |
|--|--------------------------|-------------------|-------------------|-------------------|
| | December 31, 2017 | December 31, 2016 | December 31, 2017 | December 31, 2016 |
| | -----Rupees in '000----- | | | |
| PROFIT FOR THE PERIOD | 133,713 | 73,796 | 80,511 | 56,369 |
| 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 | 896 | (115) | 626 | (93) |
| <i>Items that will not be reclassified to profit and loss account</i> | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 134,610 | 73,681 | 81,137 | 56,276 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Cash Flow
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017

Note

| | Half Year ended | |
|---|--------------------------|-------------------|
| | December 31, 2017 | December 31, 2016 |
| | -----Rupees in '000----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash generated from operations after working capital changes 13 | (478,074) | (586,519) |
| Gratuity paid | (2,710) | (2,919) |
| Taxes paid | (29,871) | (30,026) |
| Finance cost paid | (111,883) | (118,305) |
| Exchange revaluation reserve | 896 | (115) |
| Net cash used in operating activities | (621,642) | (737,884) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed capital expenditure including capital work in progress | (121,936) | (213,816) |
| Proceeds from disposal of property, plant and equipment | 5,962 | 1,880 |
| Long term deposit - received | (856) | 2,355 |
| Net cash used in investing activities | (116,830) | (209,581) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Long term finances - net obtained | 8,542 | 119,733 |
| Finance lease obligation - net obtained | 15,167 | 8,451 |
| Short term finances - net obtained | 717,564 | 829,658 |
| Net cash generated from financing activities | 741,273 | 957,842 |
| Net increase in cash and cash equivalents | 2,801 | 10,377 |
| Cash and cash equivalents at the beginning of the period | 115,042 | 89,313 |
| Cash and cash equivalents at the end of the period | 117,843 | 99,691 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited & Without Limited Scope Review) For the Half Year Ended December 31, 2017

| | 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 | - | - | - | 73,796 | 73,796 | 73,796 |
| Other comprehensive income/(loss) | - | - | (115) | - | - | - |
| | - | - | (115) | 73,796 | 73,796 | 73,796 |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation | - | - | - | 13,627 | 13,627 | 13,627 |
| Transactions with owners | | | | | | |
| Dividend paid | - | - | - | - | - | - |
| Balance as at December 31, 2016 | 874,291 | 318,383 | (233) | 1,183,651 | 2,376,208 | 2,376,208 |
| Balance as at July 01, 2017 | 874,291 | 318,383 | (354) | 1,390,325 | 2,582,644 | 2,582,644 |
| Profit for the period | - | - | - | 133,713 | 133,713 | 133,713 |
| Other comprehensive income/(loss) | - | - | 896 | - | 896 | 896 |
| | - | - | 896 | 133,713 | 134,610 | 134,610 |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation | - | - | - | 12,264 | 12,264 | 12,264 |
| Transactions with owners | | | | | | |
| Dividend paid | - | - | - | - | - | - |
| Balance as at December 31, 2017 | 874,291 | 318,383 | 542 | 1,536,302 | 2,729,518 | 2,729,518 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Consolidated Statement of Changes in Equity (Un-audited & Without Limited Scope Review) For the Half Year Ended December 31, 2017

| | 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 | - | - | - | 73,796 | 73,796 | 73,796 |
| Other comprehensive income/(loss) | - | - | (115) | - | - | - |
| | - | - | (115) | 73,796 | 73,796 | 73,796 |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation | - | - | - | 13,627 | 13,627 | 13,627 |
| Transactions with owners | | | | | | |
| Dividend paid | - | - | - | - | - | - |
| Balance as at December 31, 2016 | 874,291 | 318,383 | (233) | 1,183,651 | 2,376,208 | 2,376,208 |
| Balance as at July 01, 2017 | 874,291 | 318,383 | (354) | 1,390,325 | 2,582,644 | 2,582,644 |
| Profit for the period | - | - | - | 133,713 | 133,713 | 133,713 |
| Other comprehensive income/(loss) | - | - | 896 | - | 896 | 896 |
| | - | - | 896 | 133,713 | 134,610 | 134,610 |
| Transferred from surplus on revaluation of fixed assets on account of incremental depreciation | - | - | - | 12,264 | 12,264 | 12,264 |
| Transactions with owners | | | | | | |
| Dividend paid | - | - | - | - | - | - |
| Balance as at December 31, 2017 | 874,291 | 318,383 | 542 | 1,536,302 | 2,729,518 | 2,729,518 |

The annexed selected notes from 1 to 19 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

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 (subsidiary)

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. 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, Sadoki, 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 activities of the establishment as per the trade license are general trading. The registered office of the establishment is at PO Box 123347, Sharjah, UAE.

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.

**Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

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 condensed interim consolidated financial information of the Group for the half year ended December 31, 2017 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 Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The Companies Act, 2017 has been promulgated with effect from May 30, 2017. However, as per the requirement of Circular # 23 of 2017 dated October 4, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP) and related clarification issued by the Institute of Chartered Accountants of Pakistan through its Circular # 17 Of 2017 dated October 6, 2017 companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare their financial statements, including interim financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the Ordinance)

This condensed interim consolidated financial information is unaudited and without limited scope review and has been prepared in accordance with the requirement of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In the case where requirement differ, the provisions of or directives issued under the Ordinance have been followed. This condensed interim consolidated financial information has, however, been prepared without limited scope review by the auditors, and should be read in conjunction with the audited consolidated annual financial statement of the Holding Company for the year ended June 30, 2017.

3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The accounting policies and method of computations adopted in the preparation of this condensed interim consolidated 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.

**Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 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 condensed interim consolidated financial information.

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of this condensed interim consolidated financial information 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 consolidated financial information, the significant judgement made by management in applying the Group'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 Group for the year ended June 30, 2017.

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 PROPERTY, PLANT AND EQUIPMENT

| | | December 31, 2017 | Audited June 30, 2017 |
|--------------------------|-------------|---------------------------------|--------------------------------------|
| | Note | -----Rupees in '000----- | |
| Operating fixed assets | 6.1 | 2,169,535 | 1,781,931 |
| Capital work in progress | | - | 359,377 |
| | | 2,169,535 | 2,141,308 |

**Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

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 |
|--------------------------------------|---------------------------------|--|
| | -----Rupees in '000----- | |
| Factory land | 469 | - |
| Factory building | 11,234 | - |
| Plant and machinery | 68,759 | - |
| Furniture and Fixture | 119 | - |
| Motor vehicle | 7,676 | (3,223) |
| Office equipment | 541 | - |
| Computers | 475 | - |
| Factory equipment | 1,792 | - |
| Mobile phone | 98 | - |
| Capital work in progress transferred | 382,575 | - |
| December 31, 2017 | 473,739 | (3,223) |
| June 30, 2017 | 147,585 | (10,289) |

7 TRADE DEBTS

Considered good

- Export - secured
- Local - unsecured

| | December 31, 2017 | Audited June 30, 2017 |
|--|---------------------------------|--------------------------------------|
| | -----Rupees in '000----- | |
| | | |
| | 397,956 | 406,449 |
| | 166,880 | 186,888 |
| | 564,836 | 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
- Cash at bank

| | | |
|--|----------------|----------------|
| | 3,646 | 2,226 |
| | 114,197 | 112,816 |
| | 117,843 | 115,042 |

**Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

9 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

Ordinary shares of Rs. 10 each:

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

| December 31, 2017 | Audited June 30, 2017 | December 31, 2017 | Audited June 30, 2017 |
|----------------------|-----------------------------|--------------------------|-----------------------------|
| (Number of shares) | | -----Rupees in '000----- | |
| 21,197,213 | 21,197,213 | 211,972 | 211,972 |
| 6,002,950 | 6,002,950 | 60,030 | 60,030 |
| 60,228,931 | 60,228,931 | 602,289 | 602,289 |
| 87,429,094 | 87,429,094 | 874,291 | 874,291 |

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

Outstanding letters of guarantee

17,470 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 preceeding 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 owenrs of a piece of property, which property is also the subject matter is 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 houranable islamabad High court, notice are 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 preceeding till date

Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017

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 Honourable 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 preceeding till date.

11 COST OF SALES

Rice consumed
Packing materials consumed
Stores and spares consumed

Processing expenses

Salaries, wages and benefits
Electricity and power
Telephone and mobile
Insurance
Repairs and maintenance
Fumigation charges
Diesel and oil
Staff welfare
Security expenses
Rent, rates and taxes
Vehicle running expenses
Depreciation
General

Cost of goods available for sale

Finished goods

Opening stock
Closing stock

| December 31, 2017 | December 31, 2016 |
|--------------------------|----------------------|
| -----Rupees in '000----- | |
| 1,906,645 | 1,960,655 |
| 87,171 | 79,437 |
| 6,046 | 7,870 |
| 1,999,861 | 2,047,962 |
| 103,163 | 90,906 |
| 56,364 | 44,492 |
| 574 | 576 |
| 5,583 | 5,664 |
| 8,209 | 4,950 |
| 6,136 | 7,141 |
| 4,095 | 5,117 |
| 3,063 | 1,657 |
| 6,504 | 6,344 |
| 5,119 | 5,181 |
| 2,700 | 2,751 |
| 72,389 | 66,419 |
| 2,200 | 1,914 |
| 276,099 | 243,111 |
| 827,310 | 660,328 |
| (929,464) | (489,554) |
| (102,153) | 170,775 |
| 2,173,807 | 2,461,847 |

**Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

12 EARNINGS PER SHARE - Basic and Diluted

Basic earnings per share

Profit for the period (Rupees in thousands)

Weighted average number of shares

Earnings per share (Rupees - Restated)

| December 31, 2017 | Audited June 30, 2017 |
|--------------------------|-----------------------------|
| -----Rupees in '000----- | |
| | |
| 133,713 | 73,796 |
| 87,429 | 87,429 |
| 1.53 | 0.84 |

12.1 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.

**13 CASH GENERATED FROM OPERATIONS AFTER
WORKING CAPITAL CHANGES**

Profit before taxation

Adjustments for non-cash items and other items:

Depreciation

Amortization of intangible assets

Exchange gain - net

Unrealized profit on forward foreign exchange contracts

Finance cost

Gain on disposal of property, plant and equipment

Provision for staff gratuity

Unrealized loss on short term investment

Amortization of deferred income

Cash generated from operations after working capital chang

Note

| December 31, 2017 | December 31, 2016 |
|--------------------------|----------------------|
| -----Rupees in '000----- | |
| 160,207 | 101,909 |
| 90,487 | 66,419 |
| - | 2,452 |
| 6,569 | 10,953 |
| (1,503) | 4,098 |
| 125,821 | 96,935 |
| (2,740) | (1,062) |
| 8,649 | 7,863 |
| 144 | - |
| 296 | (166) |
| (866,005) | (875,920) |
| (478,074) | (586,519) |

13.1

**Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

13.1 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

Net (increase) in working capital

| December 31, 2017 | December 31, 2016 |
|--------------------------|----------------------|
| -----Rupees in '000----- | |
| (14,422) | (7,303) |
| (501,449) | (698,324) |
| 14,472 | 15,682 |
| (97,363) | (60,530) |
| 5,614 | 4,442 |
| (5,771) | 14,277 |
| (598,919) | (731,756) |
| (139,172) | (32,947) |
| (127,913) | (111,217) |
| (866,005) | (875,920) |

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 condensed interim consolidated financial information does not include all the financial risk management information and disclosures required in the audited annual consolidated financial statements.

14.2 Fair value of financial assets and liabilities

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

**Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

15 TRANSACTIONS WITH RELATED PARTIES

| Nature of relationship | Percentage of Holding | Nature of Transactions | December 31, 2017 | December 31, 2016 |
|--------------------------------------|-----------------------|---|--------------------------|-------------------|
| | | | -----Rupees in '000----- | |
| Directors | | Godown rent paid to director | 5,119 | 5,141 |
| Subsidiary | | | | |
| JKT General Trading FZE | 100% | Sales | 36,324 | 31,550 |
| | | Payment received on account of sales | 31,575 | 32,075 |
| Matco Marketing (Pvt) Ltd | 100% | Advance received | 7,500 | - |
| | | Paid expenses on behalf | 5 | 10 |
| Common Directors | | | | |
| Matco Engineering Company | 0% | Paid against service for Rice Glucose Project | (2,637) | 2,637 |
| Trust operated by the company | | | | |
| Ghori Trust | 0% | Donation of funds | 42 | 12 |

16 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', corresponding figures in the condensed interim consolidated balance sheet comprise of balances as per the annual audited consolidated financial statements of the Group for the year ended June 30, 2017 and the corresponding figures in the condensed interim consolidated profit and loss account, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed consolidated interim statement of cash flows comprise of balances of comparable period as per the consolidated financial statement of the Company for the half year ended December 31, 2016.

**Selected Notes to the Condensed Interim Consolidated Financial Information
(Un-audited & Without Limited Scope Review)
For the Half Year Ended December 31, 2017**

17 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim consolidated financial information was authorized for issue on February 27, 2018 by the board of directors of the Company.

18 EVENT AFTER BALANCE SHEET DATE

The Holding Company issued 29,143,000 number of shares which includes 26,150,000 through book building process and remaining number of shares through the general public offer and raised its capital from 87,429,094 to 116,672,094 number of shares after incorporating the effect of initial public offering.

19 GENERAL

Figures have been rounded-off to nearest thousand rupee.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCE OFFICER