



QUARTERLY REPORT
QUARTER ENDED SEPTEMBER 30, 2018

DIRECTORS' REVIEW



We are pleased to present un-audited financial results of the Company for the third quarter ended September 30, 2018.

FINANCIAL RESULTS

		Quarter Ended Sept 30	
		2018	2017
Net Sales	(Rs. Million)	6,987	6,189
Net Income after Tax	(Rs. Million)	1,210	1,115
Earnings per Share	(Rupees)	131.01	120.72

In the quarter ended September 2018, the Company was able to improve its EPS by 8.5% compared with same period last year. Sales grew by 12.9% over the same period last year while the profit after tax reported 8.5% growth over same period last year. This was despite the tough business environment resulting from increased costs of production and the uncertain and volatile overall political situation prevailing in the country.

BUSINESS REVIEW

We saw mixed trends for our food and industrial ingredients business. Our food segment displayed healthy growth due to increased demand from the confectionery industry and other food applications. Textile, the primary sector for our industrial starch sales, remained volatile due to competition, rising yarn prices and a challenging environment within the textile industry itself. However, Textile exports has shown better performance owing to supportive Government policies. The Paper and Corrugation segments showed vibrant growth due to an increase in demand for paper and packaging material. The demand for Animal Nutrition Ingredients remained mixed due to low prices of alternate feed ingredients, and remained a challenge for the business. However, focused selling and better response from some large customers remained supportive to our sales volumes. We continue to strive to improve our sales volumes leveraging the market growth and through enhanced customer engagement.

Double digit growth was witnessed in the export business (13.8% higher than SPLY) largely driven by growth in the African, APAC and ME Regions; however, sales remained slow in the SEA Region due to tough competition from Iran and India. We foresee improvement in the SEA Region and are actively working towards extending our relationships with customers in ME and SEA Regions.

Early rains in the corn growing belt made our spring corn buying activity challenging during June of this year. Corn prices in spring 2018 remained 7% higher than in the comparable period in 2017; however, a higher price of corn should be a motivating factor for more farmers to plant corn in the future. We aim to educate farmers and train them to grow better quality corn. We expect, however, that through our coordinated policy of corn buying that includes multiple streams and buying channels, our procurement teams will manage the situation.

OUTLOOK

There continue to be uncertainties on both political and economic fronts. Further devaluation and a rise in inflation may cause input costs to continue to rise. We anticipate margins to remain under pressure, however, we seek to counter these through exceptional customer service, investing in our R&D and technical support capabilities, better planning, cost optimization and value-added products for each potential sector of the business.

DIRECTORS' REVIEW

ACKNOWLEDGMENT

The management would like to thank our customers who are the most valued asset of the Company for their loyalty and trust. We also recognize the continued support of our shareholders, bankers and suppliers and our esteemed employees who always work with their full dedication and commitment to deliver exceptional and innovative services to all our business partners.

May Allah give us the courage to face the challenges ahead. A'meen!

On behalf of the Board



Usman Qayyum
Chief Executive &
Managing Director

October 15, 2018

IMPORTANT NOTES TO SHAREHOLDERS

Please go through the following notes. It will be appreciated if you please respond to your relevant portion at the earliest:

CNIC Number

Pursuant to the directives of the SECP, CNIC number is mandatorily required to be mentioned on dividend warrants. The Company is now unable to comply with SRO 831(1)/2012 dated 5 July 2012 of SECP and, therefore, constrained to withhold dispatch of dividend warrants of non-compliant shareholders. A list of such shareholders is available on Company's website www.rafhanmaize.com. Please submit a copy of your valid CNIC (only Physical Shareholders), if not already provided to the Shares Registrar of the Company. Corporate account holders should submit National Tax Number, if not yet submitted.

Dividend Mandate/E-Dividend

In accordance with the provisions of Section 242 of the Companies Act, 2017, a listed company is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Dividend Mandate Request Form available at Company's website www.rafhanmaize.com and send it duly signed along with copy of CNIC to the Shares Registrar of the Company, in case of physical shares. In case the shares are held in CDC, then the Form must be submitted directly to shareholder's broker/participant/CDC Account Services.

In case of non-receipt of the above information, the Company will be constrained to withhold payment of dividend to such shareholders

Centralized Cash Dividend Register (CCDR)

Central Depository Company (CDC) has developed Centralized Cash Dividend Register (CCDR), an eServices web portal which would incorporate details pertaining to cash dividends paid, unpaid or withheld by listed companies. The CCDR will help to maintain history of dividends paid to shareholders by listed companies. The CCDR will help to maintain history of dividends paid to shareholders by listed companies and access of all such information will be provided to the respective shareholders. The web portal will facilitate shareholders of listed companies in retrieving details of cash dividends from the centralized register and using the same for their record purposes.

You may access CCDR via <https://ecervices.cdcaccess.com.pk>. In addition, the Dividend / Zakat & Tax Deduction Report can also be obtained directly from your Participant (Stock broker) which has been provided to them on their CDS terminals. Moreover, you will also receive a copy of this report on your provided/registered email addresses.

Circulation of Annual Audited Financial Statements via CD/USB/DVD

Annual Financial Statements of the Company for the financial year ended December 31, 2017 have been placed on the Company's website www.rafhanmaize.com

Securities & Exchange Commission of Pakistan (SECP) vide its SRO No.470(1)/2016 dated May 31, 2016 has allowed companies to circulate the Annual Balance Sheet, Profit and Loss Account, Auditors' Report and Directors' Report etc. ("Annual Audited Financial Statements") along with notice of general meeting to its members through CD/DVD/USB at their registered addresses.

However, Shareholders who wish to receive the hard copy of Annual Audited Financial Statements along with notice of general meeting shall have to fill the request form which is available at Company's website www.rafhanmaize.com and send it to our Shares Registrar or Company Secretary at their respective mailing addresses given at the end of this notice.

IMPORTANT NOTES TO SHAREHOLDERS

Unclaimed Shares/Unpaid Dividend

As per the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the company which have remained unclaimed/unpaid for a period of three years from the date it was due and payable are required to be deposited with the Commission for credit of the Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the company which have remained unclaimed/unpaid for a period of three years from the date these have become due and payable are available on Company's website www.raffanmaize.com.

The Company issued notices to shareholders to lodge their claim within 90 days of notice to Company/Shares Registrar. The company has also given Final Notice in the newspapers, shareholders are requested to ensure that their claims for unclaimed shares/unpaid dividends are lodged timely. In case no claim is received within the given period the company will proceed to deposit the unclaimed/unpaid amount with the Federal Government pursuant to the provisions of sub-section 2 of section 244 of the Act.

Deduction of Income Tax from Dividend under Section 150

Pursuant to the provisions of the Finance Act, 2017, effective July 1, 2017, the rates of deduction of withholding tax from dividend payments under the Income Tax Ordinance have been revised as under:

For filers of income tax returns	15%
For non-filers of income tax returns	20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of any future cash dividend otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder (s) based on their shareholding proportions, in case of joint accounts.

In this regard, all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them, if not provided yet, to our Shares Registrar at the earliest, in writing as follows, otherwise it will be assumed that shares are equally held:

Company Name	Folio/ CDS A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC #	Share holding Propor- -tion (No. of Shares)	Name & CNIC #	Share holding Propor- -tion (No. of Shares)

IMPORTANT NOTES TO SHAREHOLDERS

In another clarification by Federal Board of Revenue, valid tax exemption certificate for claim of exemption U/S 150, 151 and 233 of the Income Tax Ordinance, 2001 is required where statutory exemption under Clause 47B of Part-IV of the Second Schedule is available. Such certificate U/S 159(1) of the Income Tax Ordinance, 2001 issued by concerned Commissioner of Inland Revenue is to be produced to avail tax exemption.

For any query/problem/information, the investors may contact the Company and/or the Shares Registrar at the phone numbers/email addresses given at the end of these notes.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Shares Registrar M/s FAMCO Associates (Pvt.) Ltd. The shareholders while sending NTN or NTN certificates, as the case may be, must quote the Company's name and their respective folio numbers.

Request Form for Hard Copy of Annual Audited Financial Statements

Date: _____

I/We _____ request that a hard copy of the Annual Financial Statements along with notice of general meetings be sent to me through post. My/our particulars in this respect are as follows:

Folio/CDC A/c No.	
Postal Address:	
Email Address:	
Contact No.:	
CNIC Number	
Signature	

The form may be sent directly to Shares Registrar or Company Secretary at the following addresses:

<u>Company Contact:</u> Mr. M. Yasin Anwar Company Secretary & Manager Corporate Affairs Rafhan Maize Products Co. Ltd. Rakh Canal East Road, Faisalabad. Tel. No. 041-8540121-23 Ext. 206 & 348 Email: corporate@rafhanmaize.com	<u>Shares Registrar:</u> Mr. Fakhar Abbasi M/s FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery Block-6, PECHS, Shahr-e-Faisal, Karachi. Tel. No. 021-34380101-05 Ext. 118 Email: info.shares@famco.com.pk
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CONDENSED INTERIM BALANCE SHEET

As at September 30, 2018 (Un-audited)

	Notes	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
(Rupees in thousands)			
NON CURRENT ASSETS			
Property, plant and equipment	4	6,834,925	7,027,104
Long term loans		10,987	9,817
Employees retirement benefits		178,980	178,980
		7,024,892	7,215,901
CURRENT ASSETS			
Stores and spares		747,327	620,944
Stock in trade		6,497,667	4,377,194
Trade debts		1,273,567	1,121,006
Loans and advances		116,134	98,162
Trade deposits and short term prepayments		174,132	136,000
Other receivables		1,568	25,372
Cash and bank balances		106,021	3,149,236
		8,916,416	9,527,914
CURRENT LIABILITIES			
Trade and other payables		2,358,584	3,461,555
Mark up accrued on short term running finances		10,111	-
Provision for taxation-net		135,369	125,568
		2,504,064	3,587,123
WORKING CAPITAL		6,412,352	5,940,791
TOTAL CAPITAL EMPLOYED		13,437,244	13,156,692
NON CURRENT LIABILITIES			
Deferred tax liabilities - net		794,174	854,513
NET CAPITAL EMPLOYED		12,643,070	12,302,179
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		92,364	92,364
Reserves		12,550,706	12,209,815
CONTINGENCIES AND COMMITMENTS	5	-	-
		12,643,070	12,302,179

The annexed notes 1 to 15 form an integral part of these accounts.


Muhammad Asdaf
Chief Financial Officer

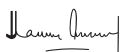

Usman Qayyum
Chief Executive &
Managing Director


Zulfikar Mannoo
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
For the nine months and quarter ended September 30, 2018 (Un-audited)

	Note	Nine Months Ended (Un-audited)		Three months ended (Un-audited)	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		(Rupees in thousands)			
Sales-Net	6	21,258,063	19,436,594	6,987,481	6,188,738
Cost of sales	7	(15,401,456)	(13,927,160)	(4,822,009)	(4,402,434)
Gross profit		5,856,607	5,509,434	2,165,472	1,786,304
Distribution expenses	8	(503,012)	(478,444)	(147,767)	(149,105)
Administrative expenses		(346,662)	(365,642)	(118,396)	(115,726)
Other income		134,529	134,848	24,731	42,153
Other operating expenses		(313,988)	(305,099)	(115,162)	(94,037)
		(1,029,133)	(1,014,337)	(356,594)	(316,715)
Operating profit		4,827,474	4,495,097	1,808,878	1,469,589
Finance cost		(19,125)	(11,888)	(10,982)	(3,617)
Profit before taxation		4,808,349	4,483,209	1,797,896	1,465,972
Taxation		(1,465,619)	(1,239,212)	(587,803)	(350,982)
Profit after taxation		3,342,730	3,243,997	1,210,093	1,114,990
Earnings per share-basic and diluted-(Rupees)		361.91	351.22	131.01	120.72

The annexed notes 1 to 15 form an integral part of these accounts.


Muhammad Asdaf
Chief Financial Officer


Usman Qayyum
Chief Executive &
Managing Director


Zulfikar Mannoo
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the nine months and quarter ended September 30, 2018 (Un-audited)

	Nine Months Ended (Un-audited)		Three months ended (Un-audited)	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Rupees in thousands)			
Profit for the period	3,342,730	3,243,997	1,210,093	1,114,990
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>3,342,730</u>	<u>3,243,997</u>	<u>1,210,093</u>	<u>1,114,990</u>

The annexed notes 1 to 15 form an integral part of these accounts.


Muhammad Asdaf
Chief Financial Officer


Usman Qayyum
Chief Executive &
Managing Director


Zulfikar Mannoo
Director

CONDENSED INTERIM CASH FLOW STATEMENT

For the nine months ended September 30, 2018 (Un-audited)

		Nine months ended	
		September 30, 2018	September 30, 2017
		(Rupees in thousands)	
	Note		
Cash generated from operations	9	2,476,768	3,482,157
Taxes paid		(1,516,157)	(1,290,564)
Employees retirement benefits paid		(32,298)	(24,006)
Interest received		99,098	83,403
		(1,449,357)	(1,231,167)
NET CASH GENERATED FROM OPERATING ACTIVITIES		1,027,411	2,250,991
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(149,262)	(623,861)
Sale proceeds of property, plant and equipment		8,052	7,632
Long term loans disbursed		(8,746)	(6,200)
Repayment from long term loans		5,842	6,016
NET CASH USED IN INVESTING ACTIVITIES		(144,114)	(616,414)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,917,498)	(3,881,876)
Finance cost paid		(9,014)	(11,818)
NET CASH USED IN FINANCING ACTIVITIES		(3,926,512)	(3,893,694)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,043,215)	(2,259,117)
Cash and cash equivalents at the beginning of the period		3,149,236	3,788,730
Cash and cash equivalents at the end of the period		106,021	1,529,613

The annexed notes I to 15 form an integral part of these accounts.


Muhammad Asdaf
 Chief Financial Officer


Usman Qayyum
 Chief Executive &
 Managing Director


Zulfikar Mannoo
 Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months ended September 30, 2018 (Un-audited)

1. REPORTING ENTITY

Rafhan Maize Products Company Limited ("the Company") was incorporated in Pakistan as a Public unlisted company under repealed Companies Ordinance, 1984 and was subsequently listed on the Pakistan Stock Exchange Limited. Ingredion Incorporated Chicago, U.S.A., holds the majority shares of the Company. The registered office of the Company is situated at Rakh Canal, East Road, Faisalabad. The Company uses maize as the basic raw material to manufacture and sell a number of industrial products, principal ones being industrial starches, liquid glucose, dextrose, dextrin and gluten meals.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

These condensed interim financial statements are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the Rule Book of Pakistan Stock Exchange Limited. These condensed interim financial statements do not include all the information required for complete set of annual financial statements and should be read in conjunction with audited financial statements of the Company for the year ended 31 December 2017.

The comparative statement of financial position presented in these condensed interim financial statements have been extracted from the audited financial statements of the Company for the year ended 31 December 2017, whereas comparative condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been extracted from the un-audited condensed interim financial statements for the nine months period ended 30 September 2017.

2.2 Use of judgements and estimates

In preparing these condensed interim financial statements, management makes judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, incomes and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2017.

2.3 Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is also the Company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Company for the year ended 31 December 2017.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 October 2018:

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months and quarter ended September 30, 2018 (Un-audited)

- IFRIC 23 'Uncertainty over Income Tax Treatments' is effective for annual periods beginning on or after 01 January 2019. The interpretation is not likely to have a material impact on the financial statements of the Company.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 July 2018 and 01 January 2019 respectively). The standard is likely to have an impact on the disclosures of the financial statements of the Company.
- IFRS 16 'Leases' (effective for annual period beginning on or after 01 January 2019). The standard is not likely to have a material impact on the financial statements of the Company.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 01 January 2019). The amendment is not likely to have an impact on the financial statements of the Company.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019). The amendment is not likely to have an impact on the financial statements of the Company.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business.
 - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
 - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 01 January 2019 and are not likely to have an impact on Company's financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	30 September 2018 (Un-audited)	31 December 2017 (Audited)
	(Rupees in thousands)	
Operating property, plant and equipment	4.1 6,776,819	6,521,945
Capital work-in-progress	4.2 58,106	505,159
	<u>6,834,925</u>	<u>7,027,104</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months and quarter ended September 30, 2018 (Un-audited)

- 4.1 This includes the cost of property, plant and equipment that have been added and disposed-off during the period, detail of which is as follows:

	Nine months ended (Un-audited)			
	30 September 2018		30 September 2017	
	Additions	Deletions	Additions	Deletions
	(Rupees in thousands)			
Factory building on freehold land	28,780	-	3,676	-
Plant and machinery	541,243	1,137	434,400	740
Laboratory equipment	7,987	-	70	3,058
Furniture and fittings	5,082	267	3,284	331
Vehicles	12,636	10,835	8,500	9,313
Office equipment	587	399	826	107
	<u>596,315</u>	<u>12,638</u>	<u>450,756</u>	<u>13,549</u>

4.2 CAPITAL WORK-IN-PROGRESS

The movement in capital work-in-progress is as follows:

	Nine months ended (Un-audited)	
	30 September 2018	30 September 2017
	(Rupees in thousands)	
Opening balance	505,159	1,305,729
Add: Additions during the period	149,262	623,861
	<u>654,421</u>	<u>1,929,590</u>
Less: Transfers during the period	(596,315)	(450,756)
Closing balance	<u>58,106</u>	<u>1,478,834</u>

5. CONTINGENCIES AND COMMITMENTS

There has been no change in the contingencies and commitments as compared to those disclosed in the audited annual financial statements of the Company for the year ended 31 December 2017, except for the following:

	(Un-audited)	(Audited)
	30 September 2018	31 December 2017
	(Rupees in thousands)	
Commitments		
A) Commitments in respect of capital expenditure	41,903	79,530
b) Commitments in respect of purchase of corn	1,565,654	3,610,238
c) Commitments in respect of forward exchange contracts	-	67,598

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the nine months and quarter ended September 30, 2018 (Un-audited)

	Nine months ended (Un-audited)		Three months ended (Un-audited)	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
6. Sales - net				
		(Rupees in thousands)		
Domestic	22,934,998	21,126,556	7,529,978	6,730,208
Exports	1,301,186	1,063,192	433,938	334,009
	24,236,184	22,189,748	7,963,916	7,064,217
Less:				
Sales tax	(2,970,764)	(2,745,595)	(974,485)	(872,351)
Trade discount	(7,357)	(7,559)	(1,950)	(3,128)
	(2,978,121)	(2,753,154)	(976,435)	(875,479)
	<u>21,258,063</u>	<u>19,436,594</u>	<u>6,987,481</u>	<u>6,188,738</u>

	Nine months ended (Un-audited)		Three months ended (Un-audited)	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
7. Cost of Sales				
		(Rupees in thousands)		
Opening stock of finished goods	1,125,298	1,151,663	1,344,110	869,147
Cost of goods manufactured	16,040,385	13,704,965	5,294,510	4,528,170
	17,165,683	14,856,628	6,638,620	5,397,317
Less: closing stock of finished goods	(1,833,630)	(1,009,954)	(1,833,630)	(1,009,954)
Cost of goods Sold - own manufactured	15,332,053	13,846,674	4,804,990	4,387,363
Cost of goods Sold - purchased Products	69,403	80,486	17,019	15,071
Cost of goods sold	<u>15,401,456</u>	<u>13,927,160</u>	<u>4,822,009</u>	<u>4,402,434</u>

	Nine months ended (Un-audited)	
	September 30, 2018	September 30, 2017
8. Other income		
		(Rupees in thousands)
Income from financial assets:		
Mark up on staff loans and profit on bank deposits	87,352	75,440
Income from non-financial assets:		
Profit on sale of scrap	42,824	49,677
Profit on sale of property, plant and equipment	2,045	7,072
Miscellaneous income	2,308	2,659
	<u>134,529</u>	<u>134,848</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the nine months and quarter ended September 30, 2018 (Un-audited)

9. Cash Flows From Operating Activities

Profit before taxation

Adjustment for:

Depreciation of property, plant and equipment	335,435
Amortization of intangible assets	-
Provision for employees retirement benefits	36,335
(Reversal) / provision of doubtful debts	(914)
Provision for slow moving and obsolete items	10,419
Gain on disposal of property, plant and equipment	(2,045)
Interest income	(87,352)
Finance cost	19,125

Cash generated from operation before working capital changes

(Increase)/decrease in current assets:

Stores and spares	(124,059)
Stock in trade	(2,133,216)
Trade debts	(151,647)
Loans and advances	(16,239)
Trade deposits and short term prepayments	(38,132)
Other receivables	12,058

(Decrease) in current liabilities:

Trade and other payables	(191,349)
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Net (increase) in working capital

Cash generated from operations

Nine months ended (Un-audited)	
September 30, 2018	September 30, 2017
(Rupees in thousands)	
4,808,349	4,483,209
335,435	387,162
-	428
36,335	27,007
(914)	2,333
10,419	-
(2,045)	(7,072)
(87,352)	(75,440)
19,125	11,888
311,003	346,306
5,119,352	4,829,515
(124,059)	(50,708)
(2,133,216)	(1,076,990)
(151,647)	(131,702)
(16,239)	(51,371)
(38,132)	(19,464)
12,058	596
(2,451,235)	(1,329,639)
(191,349)	(17,718)
(2,642,584)	(1,347,357)
2,476,768	3,482,157

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months and quarter ended September 30, 2018 (Un-audited)

10. TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATES

The related parties comprise parent company, related group companies, local associated company, directors of the company, key management personnel and staff retirement funds. Details of transaction with related parties, other than those disclosed else where in these financial statements are as follows:

Name of Parties	Nature and description of related party transactions	Nine months ended (Un-Audited)		Three months ended (Un-Audited)		Closing balance (Un-Audited) Audited	
		Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2018	Sep. 30, 2017	Sep. 30, 2018	31 December 2017
		(Rupees in thousands)					
Parent Company							
Ingredion Inc. U.S.A.	Services received	70,169	67,428	20,873	26,078	(30,104)	(38,373)
Ingredion Inc. U.S.A.	Imports	51,914	18,868	22,497	1,839	(28,742)	(2,080)
Ingredion Inc. U.S.A.	Dividend	2,117,316	3,084,765	656,112	487,068	(6,102)	(888,900)
Associates							
Corn Products Development Inc.	Technical support fee	-	9,979	-	-	-	-
Unilever Pakistan Foods Ltd.	Sales	940,590	954,362	196,636	174,256	101,772	87,194
Ingredion Holding LLC Kenya	Export sales	326,929	274,523	117,828	67,113	101,758	53,516
Ingredion Holding LLC Kenya	Services provided	1,635	834	655	231	655	444
Ingredion Holding LLC Kenya	Imports	(2)	-	-	-	-	(62)
Ingredion Singapore Pte. Ltd.	Export sales	5,168	4,988	3,618	166	(8,266)	(7,197)
Ingredion Germany GMBH	Imports	8,951	35,670	-	4,576	-	-
Ingredion Germany GMBH	Services provided	258	-	42	-	(357)	(109)
National Starch & Chemical (Thailand) Ltd	Imports	14,554	8,012	6,778	1,109	(3,085)	(5,291)
National Starch & Chemical (Thailand) Ltd	Export sales	13,739	2,124	9,595	2,124	-	-
Ingredion Brasil Ingredients Industrial Ltd	Imports	-	(293)	-	-	-	-
Ingredion Philippines, Inc.	Export sales	22,620	6,394	3,821	3,639	1,602	1,913
Ingredion Malaysia Sdn Bhd.	Export sales	21,913	7,794	10,691	1,307	3,338	-
Ingredion China Limited	Export sales	-	2,626	-	-	-	-
PT Ingredion, Indonesia	Export sales	112,198	54,663	33,150	20,887	23,733	24,708
Ingredion India Pvt. Ltd.	Export sales	1,449	-	-	-	-	-
Other related parties							
Employees Benefits	Contribution to funds	70,200	59,272	23,553	19,926	(11,671)	(3,457)
Key Management Personnel	Remuneration	31,806	53,454	11,776	14,860	-	-

- The transactions were carried out at an arm's length basis, in accordance with the company's accounting policy.
- No buying and selling commission has been paid to any associated undertaking.

11. OPERATING SEGMENTS

- 11.1 These financial statements have been prepared on the basis of single reportable segment.
- 11.2 All non current assets of the Company as at 30 September 2018 are located in Pakistan.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months and quarter ended September 30, 2018 (Un-audited)

12. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in financial statements as at and for the year 31 December 2017.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (i.e. derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (i.e. unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30 September 2018						
	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)						
Financial assets - not measured at fair value							
Long term loans	19,972	-	19,972	-	-	-	-
Trade debts	1,273,567	-	1,273,567	-	-	-	-
Loans and advances	11,558	-	11,558	-	-	-	-
Trade deposits	34,709	-	34,709	-	-	-	-
Other receivables	1,568	-	1,568	-	-	-	-
Cash and bank balances	106,021	-	106,021	-	-	-	-
	1,447,395	-	1,447,395	-	-	-	-
Financial liabilities - not measured at fair value							
Trade and other payables	-	1,523,991	1,523,991	-	-	-	-
Mark up accrued on short term running finances	-	10,111	10,111	-	-	-	-
	-	1,534,102	1,534,102	-	-	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the nine months and quarter ended September 30, 2018 (Un-audited)

	31 December 2017							
	Carrying amount				Fair value			
	Derivatives	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)							
Financial assets - not measured at fair value								
Long term loans	-	17,069	-	17,069	-	-	-	-
Trade debts	-	1,121,006	-	1,121,006	-	-	-	-
Loans and advances	-	6,778	-	6,778	-	-	-	-
Trade deposits	-	34,444	-	34,444	-	-	-	-
Other receivables	-	25,372	-	25,372	-	-	-	-
Cash and bank balances	-	3,149,236	-	3,149,236	-	-	-	-
	-	4,353,905	-	4,353,905	-	-	-	-
Financial liabilities - measured at fair value								
Forward exchange contract	2,932	-	-	2,932	-	2,932	-	2,932
Financial liabilities-not measured at fair value								
Trade and other payables	-	-	2,475,368	2,475,368	-	-	-	-
	-	-	2,475,368	2,475,368	-	-	-	-

13. DATE OF AUTHORIZATION FOR ISSUE

This un-audited condensed interim financial information was authorized for issue by the Board of Directors on October 15, 2018.

14. SUBSEQUENT EVENT - DIVIDEND

The Directors in their meeting held on October 15, 2018 have proposed third interim cash dividend for the period ended 30 September 2018 of Rs. 100 per share, amounting to Rs. 923,643 thousands (2017: Rs. 75 per share amounting to Rs. 692,732 thousands). These condensed interim financial statements for the period ended 30 September 2018 does not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

15. GENERAL

Figures in these accounts have been rounded off to the nearest thousand of rupees.


Muhammad Asdaf
Chief Financial Officer


Usman Qayyum
Chief Executive &
Managing Director


Zulfikar Mannoo
Director

COMPANY INFORMATION

BOOK POST (Under Certificate of Posting)



Plants:

Rakh Canal Plant

Rakh Canal East Road, Faisalabad-38860.
Ph: (92-41) 8540121-22-23
Fax: (92-41) 8711016 - 8502197

Cornwala Plant

5-Km Jaranwala-Khurrianwala Road,
Jaranwala - 37250.
Ph: (92-41) 8710121 & 23-27

Mehran Plant

K.B. Feeder Road, Kotri,
Jamshoro-76090.
Ph: (92-223) 870894-98

Board of Directors

Pierre Perez y Landazuri Non-Executive
Chairman

Usman Qayyum Executive
Chief Executive & Managing Director

Members:

James D. Gray Non-Executive
Christine M. Castellano Non-Executive
Marcel Hergett Non-Executive
Zulfikar Mannoo Non-Executive
Mian M. Adil Mannoo Non-Executive
Wisal A. Mannoo Non-Executive
Muhammad Asdaf Executive
Tabish Gauhar Independent & Non-Executive
Tahir Jawaid Independent & Non-Executive

Chief Financial Officer

Muhammad Asdaf

Secretary

M. Yasin Anwar

Audit Committee

Tabish Gauhar Chairman
James D. Gray Member
Marcel Hergett Member
Christine M. Castellano Member
Zulfikar Mannoo Member

Human Resource & Remuneration Committee

Tahir Jawaid Chairman
Pierre Perez y Landazuri Member
Usman Qayyum Member
Christine M. Castellano Member
Zulfikar Mannoo Member

Shares Transfer Committee

Usman Qayyum Chairman
Muhammad Asdaf Member

Bankers

Citibank, N.A.
Habib Bank Ltd.
Meezan Bank Ltd.
MCB Bank Ltd.
MCB Islamic Bank Ltd.
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Ltd.

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants
Lahore - Karachi

Legal Advisor

M. Ali Seenaa
C/o Surridge & Beecheno, Karachi-74000

Shares Registrar

FAMCO Associates (Pvt.) Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400
Tel: (92-21) 34380101-5
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E-mail: info.shares@famco.com.pk

Registered Office & Shares Department

Rakh Canal East Road, Faisalabad.
Ph: (92-41) 8540121-22-23
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Website: www.rafanmaize.com
E-mail: corporate@rafanmaize.com

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