




Rafhan Maize
PRODUCTS CO LTD

QUARTERLY REPORT
QUARTER ENDED SEPTEMBER 30, 2019

DIRECTORS' REVIEW



We are pleased to present un-audited financial results of the Company for the third quarter ended September 30, 2019.

FINANCIAL RESULTS

		Quarter Ended Sept 30	
		2019	2018
Net Sales	(Rs. Million)	8,188	6,987
Net Income after Tax	(Rs. Million)	1,445	1,210
Earnings per Share	(Rupees)	156.49	131.01

Economic condition during the quarter remained challenging. New tax measures by the Government, rising inflation, increase in input costs, declining industrial growth and weakening of the Pak Rupee affected the overall business environment. However, by the grace of Almighty Allah, despite the unfavorable business scenario, your Company has managed to improve its EPS by 19.4% through enhanced customer service, timely price adjustments and tight control over costs through cost smart initiatives.

BUSINESS REVIEW

Performance of Industrial Ingredients business remained mixed due to adverse effects on consuming industries on the back of dismal domestic demand and overall general slowdown in the economy. Textile industry, the largest consumer of industrial ingredients, continued to face stiff challenge of high manufacturing costs, strong global competition and burden of continuous escalation in utilities and interest rates. Textile downstream industry was the most affected segment which operated at low capacity. Paper and corrugation segments have also faced adverse effects of the economy.

Food business demonstrated overall slow growth due to tax related challenges at wholesale and retail ends. Hence, the demand for both liquid glucose and food grade starches for use in ketchup, premixes, condiments and other food applications remained lower than expectations. Surging energy and food prices are impacting consumers buying patterns and reducing purchasing power.

Animal Nutrition Ingredients business continued to perform well mainly attributable to strong demand from consuming segments of our products due to higher prices of other alternate ingredients.

BUSINESS RISKS, CHALLENGES AND FUTURE PROSPECTS

In coming days, business environment of the country is expected to remain extremely challenging. Tax related issues, continuous rising trend in raw materials prices, inflation, high interest rates, global recession, uncertain political environment and unprecedented devaluation of Pak Rupee are the major impediments to the economy and industry. Any reversal of this trend and improvement will, however, largely depend on economic policies of the government. The Company has also been facing major challenges of cost escalations and it is apprehended that any further devaluation of the Pak Rupee, inflation, all-time high prices of raw materials and energy costs, may result in erosion of profitability.

Your Company has a track record of overcoming tough business conditions. With strong corporate presence, we are ever-more prepared to meet these challenges. We recognize that our strength lies in confidence and trust of our customers and we are committed to provide them the best in terms of service and quality of our products.

DIRECTORS' REVIEW

ACKNOWLEDGEMENT

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 22, 2019

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 No.

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.

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

Annual Financial Statements of the Company for the financial year ended December 31, 2018 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 these notes.

Unclaimed Shares/Unpaid Dividend

In compliance of Section 244 of the Companies Act 2017, a Final Notice was given by the Company on March 27, 2018 that the shares of Rafhan Maize Products Co. Ltd./dividend declared by the Company, details whereof are appearing on the Company's website www.rafhanmaize.com have remained unclaimed or unpaid for a period of three years from the date these have become due and payable. In case of non-receipt of any claim by the respective shareholders to above referred Final Notice, the company shall proceed to deposit the unclaimed/unpaid amount with the Federal Government pursuant to the provisions of sub-section 2 of section 244 of the Companies Act, 2017.

IMPORTANT NOTES TO SHAREHOLDERS

Deduction of Income Tax from Dividend under Section 150

Pursuant to the provisions of the Finance Act, 2019, effective July 1, 2019, 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	30%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, 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 @ 30% 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)

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/ e-mail 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.

IMPORTANT NOTES TO SHAREHOLDERS

Centralized Cash Dividend Register (CCDR)

Central Depository Company (CDC) has developed Centralized Cash Dividend Register (CCDR), an e-Services 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 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://eservices.cdaccess.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 e-mail addresses.

Consent for Video Conference Facility

Members can also avail video conference facility at Lahore and Karachi. In this regard, please fill the following request and submit to registered address of the Company 10 days before holding of general meeting.

If the company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, _____ of _____ being a member of Rafhan Maize Products Co. Ltd., holder of _____ Ordinary Shares as per Registered Folio No. _____ hereby opt for video conference facility at _____.

Signature of Member

Company Contact:

Mr. M. Yasin Anwar,
Company Secretary & Sr. Manager Corporate Affairs,
Rafhan Maize Products Co. Ltd.,
Rakh Canal East Road, Faisalabad.
Tel. No. 041-8540121-23 Ext. 206 & 348
E-mail: corporate@rafhanmaize.com

Shares Registrar:

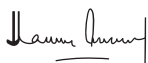
Mr. Fakhar Abbasi,
FAMCO Associates (Pvt.) Ltd.,
8-F, Next to Hotel Faran, Nursery,
Block-6, PECHS, Shahr-e-Faisal, Karachi.
Tel. No. 021-34380101-05 Ext. 118
E-mail: info.shares@famco.com.pk

CONDENSED INTERIM BALANCE SHEET

As at September 30, 2019 (Un-audited)

	Notes	September 30, 2019 (Un-audited)	December 31, 2018 (Audited)
(Rupees in thousands)			
NON CURRENT ASSETS			
Property, plant and equipment	4	6,674,070	6,764,602
Employees retirement benefits		161,551	161,551
Long term loans		7,237	9,872
Long term deposits		34,844	34,852
		6,877,702	6,970,877
CURRENT ASSETS			
Stores and spares		999,371	751,498
Stock in trade		8,108,708	3,422,783
Trade debts		1,568,850	1,234,886
Loans and advances		77,399	111,085
Prepayments and other receivables		105,323	147,950
Cash and bank balances		415,320	4,262,536
		11,274,971	9,930,738
CURRENT LIABILITIES			
Current portion of lease liabilities		4,555	-
Short term borrowings		269,259	-
Trade and other payables		2,961,593	2,696,764
Unpaid dividend		9,625	25,126
Unclaimed dividend		14,085	14,824
Mark up accrued on short term running finances		470	52
Provision for taxation-net		48,223	261,739
		3,307,810	2,998,505
WORKING CAPITAL		7,967,161	6,932,233
TOTAL CAPITAL EMPLOYED		14,844,863	13,903,110
NON CURRENT LIABILITIES			
Lease liability		1,728	-
Deferred taxation		908,371	758,830
NET CAPITAL EMPLOYED		13,934,764	13,144,279
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		92,364	92,364
Reserves		13,842,400	13,051,915
CONTINGENCIES AND COMMITMENTS	5	-	-
		13,934,764	13,144,279

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


Muhammad Asdaf
 Chief Financial Officer


Usman Qayyum
 Chief Executive &
 Managing Director

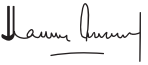

Zulfikar Manno
 Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the nine months period ended September 30, 2019 (Un-audited)

	Note	Nine Months Ended (Un-audited)		Three months ended (Un-audited)	
		September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
		(Rupees in thousands)			
Sales-Net	6	25,504,420	21,258,063	8,187,699	6,987,481
Cost of sales	7	(18,956,721)	(15,401,456)	(5,562,734)	(4,822,009)
Gross profit		6,547,699	5,856,607	2,624,965	2,165,472
Distribution expenses	8	(619,084)	(503,012)	(194,521)	(147,767)
Administrative expenses		(437,428)	(346,662)	(151,736)	(118,396)
Other income		278,646	145,920	53,868	27,034
Other operating expenses		(377,756)	(325,379)	(152,024)	(117,465)
		(1,155,622)	(1,029,133)	(444,413)	(356,594)
Operating profit		5,392,077	4,827,474	2,180,552	1,808,878
Finance cost		(15,650)	(19,125)	(5,572)	(10,982)
Profit before taxation		5,376,427	4,808,349	2,174,980	1,797,896
Taxation		(1,584,102)	(1,465,619)	(729,601)	(587,803)
Profit after taxation		3,792,324	3,342,730	1,445,379	1,210,093
Earnings per share-basic and diluted-(Rupees)		410.58	361.91	156.49	131.01

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


Muhammad Asdaf
 Chief Financial Officer

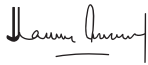

Usman Qayyum
 Chief Executive &
 Managing Director


Zulfikar Manno
 Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the nine months period ended September 30, 2019 (Un-audited)

	Nine Months Ended (Un-audited)		Three months ended (Un-audited)	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	(Rupees in thousands)			
Profit for the period	3,792,324	3,342,730	1,445,379	1,210,094
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>3,792,324</u>	<u>3,342,730</u>	<u>1,445,379</u>	<u>1,210,094</u>

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


Muhammad Asdaf
Chief Financial Officer

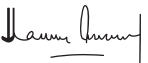

Usman Qayyum
Chief Executive &
Managing Director


Zulfikar Manno
Director

CONDENSED INTERIM CASH FLOW STATEMENT
For the nine months period ended September 30, 2019 (Un-audited)

	Note	Nine months ended	
		September 30, 2019	September 30, 2018
		(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
CASH GENERATED FROM OPERATIONS	9	647,296	2,476,768
Taxes paid		(1,648,077)	(1,516,157)
Employees retirement benefits paid		(45,186)	(32,298)
Interest received		200,064	99,098
		(1,493,198)	(1,449,357)
NET CASH GENERATED FROM OPERATING ACTIVITIES		(845,903)	1,027,411
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(258,924)	(149,262)
Sale proceeds of property, plant and equipment		20,878	8,052
Long term loans disbursed		(3,400)	(8,746)
Repayment from long term loans		7,314	5,842
NET CASH USED IN INVESTING ACTIVITIES		(234,132)	(144,114)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,018,079)	(3,917,498)
Short term running finances - Secured		269,259	-
Repayment of lease liability		(3,723)	-
Finance cost paid		(14,638)	(9,014)
NET CASH USED IN FINANCING ACTIVITIES		(2,767,181)	(3,926,512)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,847,216)	(3,043,215)
Cash and cash equivalents at the beginning of the period		4,262,536	3,149,236
Cash and cash equivalents at the end of the period		415,320	106,021

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 Manno
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION For the nine months period ended September 30, 2019 (Un-audited)

1. REPORTING ENTITY

Rafhan Maize Products Company Limited ("the Company") was incorporated in Pakistan and was subsequently listed on Pakistan Stock Exchange Limited. Ingredion Incorporated Chicago, U.S.A., holds 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

These 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 information required for full annual financial statements and should be read in conjunction with audited financial statements of the Company for the year ended 31 December 2018.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended 31 December 2018, whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements of the Company for the nine months period ended 30 September 2018.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain employee retirement benefits and lease liabilities which are stated at present value.

2.3 Functional and presentation currency

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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 financial statements of the Company for the year ended 31 December 2018, except for those disclosed in note 3.2 of the condensed interim financial statements.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months period ended September 30, 2019 (Un-audited)

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 October 2019:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements. The amendment is not likely to have an impact on the financial statements of the Company.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. The amendment is not likely to have an impact on the financial statements of the Company.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately. It contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process — this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

4. PROPERTY, PLANT AND EQUIPMENT

		30 September 2019 (Un-audited)	31 December 2018 (Audited)
	Note	(Rupees in thousands)	
Operating property, plant and equipment	4.1	6,469,538	6,706,841
Capital work-in-progress	4.2	198,649	57,761
Righr-of-use-assets		5,883	-
		6,674,070	6,764,602

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 2019		30 September 2018	
	Additions	Deletions (Rupees in thousands)	Additions	Deletions
Factory building on freehold land	-	2,192	28,780	-
Plant and machinery	82,776	18,426	541,243	1,137
Laboratory equipment	-	1,661	7,987	-
Furniture and fittings	3,296	7,084	5,082	267
Vehicles	24,607	28,752	12,636	10,835
Office equipment	7,357	3,890	587	399
	118,036	62,005	596,315	12,638

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months period ended September 30, 2019 (Un-audited)

4.2 CAPITAL WORK-IN-PROGRESS

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

Opening balance
Add: Additions during the period

Less: Transfers during the period
Closing balance

Nine months ended (Un-audited)	
30 September 2019	30 September 2018
(Rupees in thousands)	
57,761	505,159
258,924	149,262
<u>316,685</u>	<u>654,421</u>
(118,036)	(596,315)
<u>198,649</u>	<u>58,106</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 2018, except for the following:

Contingencies

Counter guarantees

Commitments

Commitments in respect of capital expenditure
Commitments in respect of purchase of corn
Commitments in respect of forward exchange contracts

	(Un-audited)	(Audited)
	30 September 2019	31 December 2018
	(Rupees in thousands)	
	294,810	288,630
	18,913	96,445
	5,508,716	6,536,019
	45,497	-

6. Sales - net

Domestic
Exports

Less:
Sales tax
Trade discount

Revenue from contracts with customers

	Nine months ended (Un-audited)		Three months ended (Un-audited)	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	(Rupees in thousands)			
	27,289,481	22,934,998	8,732,656	7,529,978
	1,767,184	1,301,186	596,139	433,938
	<u>29,056,665</u>	<u>24,236,184</u>	<u>9,328,795</u>	<u>7,963,916</u>
	(3,540,750)	(2,970,764)	(1,139,035)	(974,485)
	(11,495)	(7,357)	(2,061)	(1,950)
	<u>(3,552,245)</u>	<u>(2,978,121)</u>	<u>(1,141,096)</u>	<u>(976,435)</u>
	<u>25,504,420</u>	<u>21,258,063</u>	<u>8,187,699</u>	<u>6,987,481</u>

7. Cost of Sales

Opening stock of finished goods
Cost of goods manufactured

Less: closing stock of finished goods

Cost of goods Sold - own manufactured

Cost of goods Sold - purchased products

Cost of goods sold

	Nine months ended (Un-audited)		Three months ended (Un-audited)	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	(Rupees in thousands)			
	1,451,585	1,125,298	1,318,739	1,344,110
	19,599,493	16,040,385	6,411,678	5,294,510
	<u>21,051,078</u>	<u>17,165,683</u>	<u>7,730,417</u>	<u>6,638,620</u>
	(2,191,159)	(1,833,630)	(2,191,159)	(1,833,630)
	<u>18,859,919</u>	<u>15,332,053</u>	<u>5,539,258</u>	<u>4,804,990</u>
	96,802	69,403	23,476	17,019
	<u>18,956,721</u>	<u>15,401,456</u>	<u>5,562,734</u>	<u>4,822,009</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months period ended September 30, 2019 (Un-audited)

8. Other income

Income from financial assets:

Mark up on staff loans and profit on bank deposits

Income from non-financial assets:

Profit on sale of scrap

Profit on sale of property, plant and equipment

Miscellaneous income

Foreign exchange gain

Nine months ended (Un-audited)	
September 30, 2019	September 30, 2018
(Rupees in thousands)	
180,420	87,352
44,927	42,824
17,908	2,045
6,984	2,308
28,407	11,391
278,646	145,920

9. Cash Flows From Operating Activities

Profit before taxation

Adjustment for:

Depreciation of property, plant and equipment

Provision for employees retirement benefits

(Reversal) of doubtful debts provision

Unwinding of lease liability

Provision for slow moving and obsolete items

Gain on disposal of property, plant and equipment

Interest Income

Finance cost

Cash generated from operation before working capital changes

(Increase) / decrease in current assets:

Stores and spares

Stock in trade

Trade debts

Loans and advances

Long term deposits

prepayments and other receivables

Increase / (decrease) in current liabilities:

Trade and other payables

Net increase in working capital

Cash generated from operations

Nine months ended (Un-audited)	
September 30, 2019	September 30, 2018
(Rupees in thousands)	
5,376,427	4,808,349
355,899	335,435
50,834	36,335
(9)	(914)
593	-
14,570	10,419
(17,908)	(2,045)
(180,420)	(87,352)
15,057	19,125
238,617	311,003
5,615,043	5,119,352
(259,836)	(124,059)
(4,688,533)	(2,133,216)
(333,956)	(151,647)
32,407	(16,239)
7	(265)
22,983	(25,809)
(5,226,929)	(2,451,235)
259,181	(191,349)
(4,967,748)	(2,642,584)
647,296	2,476,768

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months period ended September 30, 2019 (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 of relationship	Basis of relationship	Nature and description of related party transactions	Nine months ended (Un-Audited)		Three months ended (Un-Audited)		Closing balance [asset liability]	
				Sep. 30, 2019	Sep. 30, 2018	Sep. 30, 2019	Sep. 30, 2018	Sep. 30, 2019	31 Dec. 2018
				(Rupees in thousands)					
Parent Company									
Ingredion Inc. U.S.A.	Holding Company	Shareholding of 71.04% shares	Services received	135,880	70,169	58,978	20,873	(39,417)	(45,862)
Ingredion Inc. U.S.A.	-do-	-do-	Dividend	2,132,363	2,117,316	656,112	656,112	-	(12,205)
Ingredion Inc. U.S.A.	-do-	-do-	Imports	61,790	51,914	6,584	22,497	(20,552)	(23,806)
Ingredion Inc. U.S.A.	-do-	-do-	Services provided	2,447	-	696	-	696	-
Associates									
Unilever Pakistan Foods Ltd.	Associate	Common directorship	Sales	949,021	940,590	206,933	196,636	95,391	116,332
Ingredion Holding LLC Kenya	-do-	-do-	Export sales	520,059	326,929	145,181	117,828	193,874	146,669
Ingredion Holding LLC Kenya	-do-	-do-	Services provided	2,892	1,635	605	655	605	1,566
Ingredion Holding LLC Kenya	-do-	-do-	Imports	-	(2)	-	-	-	-
Ingredion Singapore Pte. Ltd.	-do-	-do-	Export sales	8,096	5,168	3,953	3,618	(12,620)	(6,978)
Ingredion Germany GMBH	-do-	-do-	Imports	2,060	8,951	-	-	-	(2,079)
Ingredion Germany GMBH	-do-	-do-	Services received	146	258	40	42	(645)	(457)
Ingredion Germany GMBH	-do-	-do-	Export sales	30,996	-	25,983	-	10,971	-
National Starch & Chemical Thailand	-do-	-do-	Imports	15,533	14,554	2,073	6,778	(2,005)	(2,082)
National Starch & Chemical Thailand	-do-	-do-	Export sales	56,191	13,739	15,971	9,595	4,597	3,419
National Starch & Chemical Thailand	-do-	-do-	Services provided	879	-	879	-	879	-
Ingredion Philippines, Inc	-do-	-do-	Export sales	-	22,620	-	3,821	-	-
Ingredion Malaysia Sdn. Bhd.	-do-	-do-	Export sales	29,644	21,913	16,829	10,691	4,649	5,404
Ingredion China Limited	-do-	-do-	Export sales	-	-	-	-	-	4,056
Ingredion India (Pvt) Limited	-do-	-do-	Export sales	-	1,449	-	-	-	-
PT Ingredion, Indonesia	-do-	-do-	Export sales	82,495	112,198	25,509	33,150	25,179	12,967
Ingredion South Africa (Pvt) Ltd	-do-	-do-	Export sales	4,149	-	4,149	-	4,138	-
Other related parties									
Employees Benefits	-do-	Employee retirement fund	Contribution to funds	90,202	70,200	29,806	23,553	(14,177)	(12,699)
Key Management Personnel	Other Related Parties	Key management personnel	Remuneration	53,687	31,806	16,167	11,776	-	-

- The transactions were carried out at an arm's length basis,
- All non current assets of the company as at 30 September 2019 are located in Pakistan.

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 2019 are located in Pakistan.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the nine months period ended September 30, 2019 (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 ended 31 December 2018.

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 2019								
Carrying amount				Fair value				
Derivatives	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
(Rupees in thousands)								
Financial assets - measured at fair value								
Forward exchange contract	79	-	-	79	-	79	-	79
Financial assets - not measured at fair value								
Long term loans	-	14,525	-	14,525	-	-	-	-
Trade debts	-	1,568,850	-	1,568,850	-	-	-	-
Loans and advances	-	9,582	-	9,582	-	-	-	-
Deposits	-	34,844	-	34,844	-	-	-	-
Other receivables	-	10,569	-	10,569	-	-	-	-
Cash and bank balances	-	415,320	-	415,320	-	-	-	-
	-	2,053,690	-	2,053,690	-	-	-	-
Financial liabilities - not measured at fair value								
Trade and other payables	-	-	2,125,830	2,125,830	-	-	-	-
Mark up accrued on short term running finances	-	-	470	470	-	-	-	-
Unpaid dividend	-	-	9,625	9,625	-	-	-	-
Unclaimed dividend	-	-	14,085	14,085	-	-	-	-
	-	-	2,010,846	2,010,846	-	-	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
For the nine months period ended September 30, 2019 (Un-audited)

31 December 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	18,439	-	18,439	-	-	-
Trade debts	1,234,886	-	1,234,886	-	-	-
Loans and advances	4,889	-	4,889	-	-	-
Deposits	34,852	-	34,852	-	-	-
Other receivables	36,466	-	36,466	-	-	-
Cash and bank balances	4,262,536	-	4,262,536	-	-	-
	5,592,068	-	5,592,068	-	-	-
Financial liabilities - not measured at fair value						
Trade and other payables	-	1,648,111	1,648,111	-	-	-
Mark up accrued on short term running finances	-	52	52	-	-	-
Unpaid dividend	-	25,126	25,126	-	-	-
Unclaimed dividend	-	14,824	14,824	-	-	-
	-	1,688,113	1,688,113	-	-	-

13. DATE OF AUTHORIZATION FOR ISSUE


This un-audited condensed interim financial information was authorized for issue by the Board of Directors on October 22, 2019

14. SUBSEQUENT EVENT - DIVIDEND

The Directors in their meeting held on 22 October 2019 have proposed third interim cash dividend for the period ended 30 September 2019 of Rs. 100 per share, amounting to Rs. 923,643 thousands (2018: Rs. 100 per share amounting to Rs. 923,643 thousands). These condensed interim financial statements for the period ended 30 September 2019 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 Manno
Director

COMPANY INFORMATION

Board of Directors

Pierre Perez y Landazuri Non-Executive
Chairman

Usman Qayyum Executive
Chief Executive & Managing Director

Members:

James D. Gray Non-Executive
Janet M. Bawcom 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
Janet M. Bawcom Member
Marcel Hergett Member
Zulfikar Mannoo Member

Human Resource & Remuneration Committee

Tahir Jawaid Chairman
Pierre Perez y Landazuri Member
Janet M. Bawcom Member
Usman Qayyum 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 Seena
C/o Surridge & Beecheno, Karachi-74000

Shares Registrar

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