



## **HALF YEARLY REPORT**

For the period Ended June 30, 2018

## DIRECTORS' REVIEW



We are pleased to present un-audited Financial Statements of the Company for six months ended June 30, 2018.

### FINANCIAL RESULTS

		Six Months Ended June 30	
		2018	2017
Net Sales	(Rs. Million)	14,271	13,248
Net Income after Tax	(Rs. Million)	2,133	2,129
Earnings per Share	(Rupees)	230.89	230.50

The country continued to face difficult financial and economic conditions. The uncertain political situation, devaluation of Pak Rupee, rising energy price in international market, upward inflationary trend and depressed economic fundamentals have posed multifarious challenges for the Company. Further to the above, there has also been a significant increase in the corn cost that is our main raw material. Despite these difficult conditions, your Company has managed to grow the net sales by 7.7% over same period last year, while the net income remained flat during the same period comparing last year.

### BUSINESS REVIEW

The rise in input costs and utilities prices due to upward inflationary trend along with depressed economic environment and prevailing uncertainty in the country continued to pose challenges for the industrial production in the country. Textile operations remained mixed as export-oriented units have shown sign of improvement after picking up the external demand for denim, towel, bed linen and grey fabrics while business of downstream textile units showed soft trend on account of prevailing adverse business conditions; especially abnormal rise in yarn and cotton prices. Other major consuming segments including paper and corrugation operated relatively at better pace.

Despite difficult market conditions, the food ingredients business managed to maintain its sale volumes against last year primarily due to stable demand from consuming industries for liquid glucose, dextrose and food grade starches. Steady demand for liquid glucose was noted from confectionery industry due to consistent demand for confectionery and favorable sugar prices.

The animal nutrition ingredients business continued to suffer due to availability of other substitute ingredients at lower prices.

### OUTLOOK

Due to adverse economic conditions, political instability, vulnerable exchange rates and inflationary trend, outlook for rest of the year remains challenging and may have significant pressure on business performance.

However, Pakistan's economy has always shown resilience during unfavorable business environment and there are a few positive takeaways like signs of recovery in manufacturing sector mainly textile exports, mixed growth in the agriculture and service sector and increase in domestic consumers' demand.

While we keep pace with market realities, your Company will strive to maintain its growth through progressive market approach. We have firm belief in our efforts, management skills and capabilities to cope with all the challenges. We remain confident about positive prospects of the Company and motivated to deliver shareholders' value through customer focused approach and high quality of our personnel and business processes.

## DIRECTORS' REVIEW

### ACKNOWLEDGEMENT

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

August 10, 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 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](http://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](http://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, 2017 have been placed on the Company's website [www.rafhanmaize.com](http://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](http://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.

### **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.rafhanmaize.com](http://www.rafhanmaize.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.

## IMPORTANT NOTES TO SHAREHOLDERS

### **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)

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.

## IMPORTANT NOTES TO SHAREHOLDERS

### 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:

Company Contact:

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

Shares Registrar:

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

## Independent Auditor's Report on Review of Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Rafhan Maize Products Company Limited ("the Company") as at 30 June 2018 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### Scope of review

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

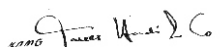
### Conclusion

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

### Other matter

The figures for the quarters ended 30 June 2018 and 30 June 2017 in the condensed interim statement of profit or loss and other comprehensive income have not been reviewed by us and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent auditor's report is Kamran Iqbal Yousafi.



KPMG Taseer Hadi & Company  
Chartered Accountants  
(Kamran Iqbal Yousafi)

Lahore:  
August 10, 2018

## CONDENSED INTERIM BALANCE SHEET

As at June 30, 2018 (Un-audited)

	Notes	30, June 2018 (Un-audited)	December 31, 2017 (Audited)
		(Rupees in thousands)	
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	6,932,366	7,027,104
Long term loans		8,549	9,817
Employees retirement benefits		178,980	178,980
		7,119,895	7,215,901
<b>CURRENT ASSETS</b>			
Stores and spares		773,722	620,944
Stock in trade		5,906,363	4,377,194
Trade debts		1,232,731	1,121,006
Loans and advances		166,056	98,162
Trade deposits and short term prepayments		230,075	136,000
Other receivables		20,165	25,372
Cash and bank balances		2,202,062	3,149,236
		10,531,174	9,527,914
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,297,815	3,461,555
Provision for taxation-net		200,930	125,568
		4,498,745	3,587,123
<b>WORKING CAPITAL</b>		6,032,429	5,940,791
<b>TOTAL CAPITAL EMPLOYED</b>		13,152,324	13,156,692
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities - net		795,705	854,513
<b>NET CAPITAL EMPLOYED</b>		12,356,619	12,302,179
<b>REPRESENTED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		92,364	92,364
Reserves		12,264,255	12,209,815
<b>CONTINGENCIES AND COMMITMENTS</b>	5	12,356,619	12,302,179

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
**Muhammad Asdaf**  
 Chief Financial Officer

  
**Usman Qayyum**  
 Chief Executive &  
 Managing Director

  
**Zulfikar Mannoo**  
 Director



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

For the six months period ended 30 June 2018 (Un-audited)

	Note	Six months ended		Three months ended	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017
		(Rupees in thousands)			
<b>Sales-Net</b>	6	14,270,581	13,247,856	7,188,265	6,485,869
Cost of sales	7	(10,579,446)	(9,524,729)	(5,335,992)	(4,630,955)
<b>Gross profit</b>		3,691,135	3,723,127	1,852,273	1,854,914
Distribution expenses	8	(355,245)	(329,337)	(183,649)	(168,403)
Administrative expenses		(228,268)	(249,916)	(117,938)	(135,526)
Other income		109,798	92,695	52,600	30,024
Other expenses		(198,826)	(211,062)	(98,385)	(101,434)
		(672,541)	(697,620)	(347,372)	(375,339)
<b>Operating profit</b>		3,018,594	3,025,507	1,504,901	1,479,575
Finance costs		(8,143)	(8,270)	(2,778)	(4,564)
<b>Profit before taxation</b>		3,010,451	3,017,237	1,502,123	1,475,011
Taxation		(877,815)	(888,229)	(455,959)	(449,319)
<b>Profit after taxation</b>		2,132,636	2,129,008	1,046,164	1,025,692
<b>Earnings per share-basic and diluted-(Rupees)</b>		230.89	230.50	113.26	111.05

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
**Muhammad Asdaf**  
 Chief Financial Officer

  
**Usman Qayyum**  
 Chief Executive &  
 Managing Director

  
**Zulfikar Mannoo**  
 Director

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months period ended 30 June 2018 (Un-audited)

	Six months ended		Three months ended	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	(Rupees in thousands)			
<b>Profit for the period</b>	2,132,636	2,129,008	1,046,164	1,025,692
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<u>2,132,636</u>	<u>2,129,008</u>	<u>1,046,164</u>	<u>1,025,692</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
**Muhammad Asdaf**  
 Chief Financial Officer

  
**Usman Qayyum**  
 Chief Executive &  
 Managing Director

  
**Zulfikar Mannoo**  
 Director

## CONDENSED INTERIM CASH FLOW STATEMENT

For the six months period ended 30 June 2018 (Un-audited)

		Six months ended	
		30 June 2018	30 June 2017
		(Rupees in thousands)	
<b>Cash flows from operating activities</b>	Note		
<b>Cash generated from operations</b>	9	2,936,252	2,648,755
Taxes paid		(861,261)	(735,990)
Employees retirement benefits paid		(20,186)	(15,005)
Interest received		80,615	56,992
		(800,832)	(694,003)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>		2,135,420	1,954,752
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital Expenditure incurred		(132,568)	(523,787)
Sale proceeds of property, plant and equipment		7,079	6,980
Long term loans disbursed		(3,631)	(6,200)
Repayment from long term loans		4,039	4,445
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(125,081)	(518,562)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(2,949,515)	(3,663,833)
Finance cost paid		(7,998)	(7,954)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		(2,957,513)	(3,671,787)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(947,174)	(2,235,597)
<b>Cash and cash equivalents at the beginning of the period</b>		3,149,236	3,788,730
<b>Cash and cash equivalents at the end of the period</b>		2,202,062	1,553,133

The annexed notes I to 15 form an integral part of these condensed interim financial statements.

  
Muhammad Asdaf  
Chief Financial Officer

  
Usman Qayyum  
Chief Executive &  
Managing Director

  
Zulfikar Mannoo  
Director

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months period ended 30 June 2018 (Un-audited)

	Share Capital	Capital Reserves		Revenue Reserves		Total
		Share Premium	Other	General	Unappropriated Profit	
			(Rupees in thousands)			
<b>Balance as at 01 January 2017</b>	92,364	36,946	941	207	12,903,042	13,033,500
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	2,129,008	2,129,008
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	2,129,008	2,129,008
<b>Transactions with owners of the Company recognized directly in equity</b>						
Final dividend 2016 (Rs. 300.00 per share )	-	-	-	-	(2,770,927)	(2,770,927)
1st interim dividend 2017 (Rs. 100.00 per share)	-	-	-	-	(923,643)	(923,643)
	-	-	-	-	(3,694,570)	(3,694,570)
<b>Balance as at 30 June 2017</b>	92,364	36,946	941	207	11,337,480	11,467,938
<b>Balance as at 01 January 2018</b>	92,364	36,946	941	207	12,171,721	12,302,179
<b>Total comprehensive income</b>						
Profit for the period	-	-	-	-	2,132,636	2,132,636
Other comprehensive income	-	-	-	-	-	-
	-	-	-	-	2,132,636	2,132,636
<b>Transactions with owners of the Company Recognized directly in equity</b>						
Final dividend 2017 (Rs. 125.00 per share )	-	-	-	-	(1,154,553)	(1,154,553)
1st interim dividend 2018 (Rs. 100.00 per share)	-	-	-	-	(923,643)	(923,643)
	-	-	-	-	(2,078,196)	(2,078,196)
<b>Balance as at 30 June 2018</b>	92,364	36,946	941	207	12,226,161	12,356,619

The annexed notes I to 15 form an integral part of this condensed interim financial information.

  
Muhammad Asdaf  
Chief Financial Officer

  
Usman Qayyum  
Chief Executive &  
Managing Director

  
Zulfikar Mannoo  
Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### For the six months period ended 30 June 2018 (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 all the information required for complete set of annual financial statements and should be read in conjunction with audited annual 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 annual 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 six months period ended 30 June 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 audited annual 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 July 2018:

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### For the six months period ended 30 June 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 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 01 July 2018). The standard 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 a material impact on the Company's financial statements.

#### 4. PROPERTY, PLANT AND EQUIPMENT

		30 June 2018 (Un-audited)	31 December 2017 (Audited)
	Note	(Rupees in thousands)	
Operating property, plant and equipment	4.1	6,475,319	6,521,945
Capital work-in-progress	4.2	457,047	505,159
		<u>6,932,366</u>	<u>7,027,104</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### For the six months period ended 30 June 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:

	Six months ended (Un-audited)			
	30 June 2018		30 June 2017	
	Additions	Deletions (Rupees in thousands)	Additions	Deletions
Factory building on freehold land	28,780	-	333	-
Plant and machinery	131,676	153	18,175	740
Laboratory equipment	6,734	-	-	3,058
Furniture and fittings	4,676	267	2,209	304
Vehicles	8,342	9,283	8,500	11,028
Office equipment	472	399	224	-
	<u>180,680</u>	<u>10,102</u>	<u>29,441</u>	<u>15,130</u>

#### 4.2 CAPITAL WORK-IN-PROGRESS

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

	Six months ended (Un-audited)	
	30 June 2018 (Rupees in thousands)	30 June 2017 (Rupees in thousands)
Opening balance	505,159	1,305,729
Add: Additions during the period	132,568	523,787
	<u>637,727</u>	<u>1,829,516</u>
Less: Transfers during the period	(180,680)	(29,441)
Closing balance	<u>457,047</u>	<u>1,800,075</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 June 2018 (Rupees in thousands)	31 December 2017
<b>Commitments</b>	<b>51,092</b>	<b>79,530</b>
A) Commitments in respect of capital expenditure	-	3,610,238
b) Commitments in respect of purchase of corn	-	67,598
c) Commitments in respect of forward exchange contracts	-	-

#### 6. Sales - net

	Six months ended (Un-audited)		Three months ended (Un-audited)	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	(Rupees in thousands)			
Domestic	15,405,020	14,396,348	7,761,854	7,058,704
Exports	867,246	729,183	439,279	352,234
	<u>16,272,266</u>	<u>15,125,531</u>	<u>8,201,133</u>	<u>7,410,938</u>
Less:				
Sales tax	(1,996,279)	(1,873,244)	(1,010,192)	(921,748)
Trade discount	(5,406)	(4,431)	(2,676)	(3,321)
	<u>(2,001,685)</u>	<u>(1,877,675)</u>	<u>(1,012,868)</u>	<u>(925,069)</u>
	<u>14,270,581</u>	<u>13,247,856</u>	<u>7,188,265</u>	<u>6,485,869</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### For the six months period ended 30 June 2018 (Un-audited)

7. Cost of Sales	Six months ended (Un-audited)		Three months ended (Un-audited)	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
	(Rupees in thousands)			
Opening stock of finished goods	1,125,298	1,151,663	1,441,867	894,970
Cost of goods manufactured	10,745,874	9,176,798	5,207,171	4,579,540
	11,871,172	10,328,461	6,649,038	5,474,510
Less: closing stock of finished goods	(1,344,110)	(869,147)	(1,344,110)	(869,147)
Cost of goods Sold - own manufactured	10,527,062	9,459,314	5,304,928	4,605,363
Cost of goods Sold - purchased Products	52,384	65,415	31,064	25,592
<b>Cost of goods sold</b>	<b>10,579,446</b>	<b>9,524,729</b>	<b>5,335,992</b>	<b>4,630,955</b>

8. Other income	Six months ended (Un-audited)	
	30 June 2018	30 June 2017
	(Rupees in thousands)	
<b>Income from financial assets:</b>		
Mark up on staff loans and profit on bank deposits	80,875	50,401
<b>Income from non-financial assets:</b>		
Profit on sale of scrap	25,726	33,753
Profit on sale of property, plant and equipment	1,615	6,689
Miscellaneous income	1,582	1,852
	<b>109,798</b>	<b>92,695</b>

9. Cash Flows From Operating Activities	Six months ended (Un-audited)	
	30 June 2018	30 June 2017
	(Rupees in thousands)	
Profit before taxation	3,010,451	3,017,237
Adjustment for:		
Depreciation of property, plant and equipment	221,842	257,020
Amortization of intangible assets	-	367
Provision for employees retirement benefits	24,224	18,005
(Reversal) / provision of doubtful debts	(930)	1,386
Provision / (reversal) for slow moving and obsolete items	8,180	(853)
Gain on disposal of property, plant and equipment	(1,615)	(6,689)
Interest income	(80,875)	(50,401)
Finance cost	8,143	8,270
	<b>178,969</b>	<b>227,105</b>
<b>Cash generated from operation before working capital changes</b>	<b>3,189,420</b>	<b>3,244,342</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	(150,134)	(30,170)
Stock in trade	(1,539,993)	(237,677)
Trade debts	(110,795)	(236,815)
Loans and advances	(67,034)	(103,820)
Trade deposits and short term prepayments	(94,075)	(38,793)
Other receivables	5,466	(40,858)
	<b>(1,956,565)</b>	<b>(688,133)</b>
Increase in current liabilities:		
Trade and other payables	1,703,397	92,547
<b>Net increase in working capital</b>	<b>(253,168)</b>	<b>(595,586)</b>
<b>Cash generated from operations</b>	<b>2,936,252</b>	<b>2,648,755</b>



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### For the six months period ended 30 June 2018 (Un-audited)

#### 10. TRANSACTIONS WITH RELATED PARTIES

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 transaction	Six months ended (Un-Audited)		Three months ended (Un-Audited)		Closing balance [asset/liability] as at (Un-Audited) Audited	
		30 June 2018	30 June 2017	30 June 2018	30 June 2017	30 June 2018	31 Dec. 2017
		(Rupees in thousands)					
Parent Company							
Ingredion Inc. U.S.A.	Services received	49,296	41,349	24,714	22,423	(33,904)	38,373
Ingredion Inc. U.S.A.	Imports	29,416	17,029	20,512	3,929	(27,524)	(2,080)
Ingredion Inc. U.S.A.	Dividend	1,461,205	2,597,697	649,424	649,424	-	(888,900)
Associates							
Corn Products Development Inc.	Technical support fee	-	9,979	-	5,354	-	-
Unilever Pakistan Foods Ltd.	Sales	743,954	780,105	341,282	357,560	111,909	87,194
Ingredion Holding LLC Kenya	Export sales	209,101	207,411	103,848	100,949	97,138	53,516
Ingredion Holding LLC Kenya	Services provided	980	603	664	140	980	444
Ingredion Holding LLC Kenya	Imports	(2)	-	(306)	-	-	(62)
Ingredion Singapore Pte. Ltd.	Export sales	1,551	4,822	1,551	2,709	(9,801)	(7,197)
Ingredion GMBH Germany	Imports	8,951	31,094	(42)	18,443	(4,733)	-
Ingredion GMBH Germany	Services provided	216	-	216	-	(316)	(109)
National Starch & Chemical Thailand	Imports	7,775	6,903	1,814	3,672	(1,910)	(5,291)
National Starch & Chemical Thailand	Export sales	4,144	-	1,495	-	-	-
Ingredion Brasil Ingredients Industrial Ltd	Imports	-	293	-	293	-	-
Ingredion Philippines, Inc.	Export sales	18,799	2,755	12,103	-	4,207	1,913
Ingredion Malaysia SDN BHD	Export sales	11,221	6,487	5,485	2,599	-	-
Ingredion China Limited	Export sales	-	2,626	-	2,626	-	-
PT Ingredion, Indonesia	Export sales	79,048	33,777	43,351	18,198	27,171	24,708
Ingredion India (Pvt) Ltd	Export sales	1,449	-	1,449	-	-	-
Other related parties							
Employees Retirement Benefits	Contribution to funds	46,647	39,345	23,485	21,099	(11,647)	(3,457)
Key Management Personnel	Remuneration	20,030	20,836	6,855	5,958	-	-

- 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 June 2018 are located in Pakistan.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### For the six months period ended 30 June 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.

As at 30 June 2018						
Carrying amount			Fair value			
Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in thousands)						
<b>Financial assets - not measured at fair value</b>						
Long term loans	16,661	-	16,661	-	-	-
Trade debts	1,232,731	-	1,232,731	-	-	-
Loans and advances	16,455	-	16,455	-	-	-
Trade deposits	34,709	-	34,709	-	-	-
Other receivables	20,165	-	20,165	-	-	-
Cash and bank balances	2,202,062	-	2,202,062	-	-	-
	3,522,783	-	3,522,783	-	-	-
<b>Financial liabilities - not measured at fair value</b>						
Trade and other payables	3,617,300	3,617,300	-	-	-	-
	-	3,617,300	-	-	-	-

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

For the six months period ended 30 June 2018 (Un-audited)

As at 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)							
<b>Financial assets - not measured at fair value</b>							
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	-	-	-
<b>Financial liabilities - measured at fair value</b>							
Forward exchange contract	2,932	-	-	2,932	-	2,932	-
<b>Financial assets - not measured at fair value</b>							
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 August 10, 2018.

### 14. SUBSEQUENT EVENT - DIVIDEND

The Directors in their meeting held on 10 August 2018 have proposed second interim cash dividend for the period ended 30 June 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 June 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) 4710121 & 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
Jorgen Kokke	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
Anis Ahmad Khan	Independent & Non-Executive

### Chief Financial Officer

Muhammad Asdaf

### Secretary

M. Yasin Anwar

### Audit Committee

Zulfikar Mannoo	Chairman
James D. Gray	Member
Christine M. Castellano	Member
Marcel Hergett	Member
Anis Ahmad Khan	Member

### Human Resource & Remuneration Committee

Jorgen Kokke	Chairman
Pierre Perez y Landazuri	Member
Usman Qayyum	Member
Zulfikar Mannoo	Member

### Shares Transfer Committee

Usman Qayyum	Chairman
Muhammad Asdaf	Member
Anis Ahmad Khan	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

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  
Fax: (92-21) 34380106  
E-mail: info.shares@famco.com.pk

### Registered Office & Shares Department

Rakh Canal East Road, Faisalabad.  
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Fax: (92-41) 8711016 - 8502197  
Website: www.rafhanmaize.com  
E-mail: corporate@rafhanmaize.com

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