



Rafhan Maize

PRODUCTS CO LTD



HALF YEARLY REPORT
For the period Ended June 30, 2023

DIRECTORS' REVIEW

We are pleased to present un-audited financial results of the Company for six months ended June 30, 2023.

FINANCIAL RESULTS

		<u>Six Months ended June 30</u>	
		<u>2023</u>	<u>2022</u>
Net Sales	(Rs. Million)	33,892	26,380
Net Income after Tax	(Rs. Million)	4,216	3,247
Earnings per Share	(Rupees)	456.47	351.60

Pakistan is facing severe challenges rooted in long-standing structural weaknesses. Throughout the period under review, the political instability has contributed to an environment of uncertainty which, in turn, fueled fluctuations in foreign exchange rates, an unprecedented surge in inflation, accompanied by persistently high interest rates and inflated costs related to fuel and electricity. Consequently, these factors had a profound impact on the performance of the industrial sector.

Pakistan has recently implemented short term measures, in line with IMF program, however, it is critical for Pakistan to transition from short-term measures to a comprehensive, sustainable strategy to navigate current challenges and fortify its economic future.

Despite these difficulties, the company performed well during HI 2023, attributed to effective cost savings measures, strategic corn purchasing, improved operational efficiencies, and price rationalization. The company remains steadfast in overcoming external challenges and sustaining growth by focusing on enhancing sales mix, customer service, and cost efficiencies

BUSINESS REVIEW

In Q2 2023, the industry showed a modest recovery compared to Q1 2023. The major challenge was the significant inflation, adversely affecting demand and profitability. The textile industry continued to face slowdown due to reduced export orders, higher manufacturing costs and interest rates. Similarly, the paper and corrugation sectors struggled to maintain momentum due to declining demand from their respective industries and packaging consumption.

While high inflation initially impacted food ingredient demand and consumption patterns, companies successfully adapted to the changing market conditions. By employing proactive strategies, expanding their customer base, and capitalizing on emerging trends in food processing, such as mayonnaise, ketchups, and dairy products, the food ingredient business witnessed improvements.

On a positive note, the animal nutrition business performed impressively and made significant progress, driven by substantial demand from various consumer segments due to limited availability of soyabean. Though there was a slight softening in demand from the poultry sector, the prompt implementation of price rationalization, improved execution, consistent supplies to dairy farms, and extensive geographical coverage effectively boosted the sales of animal feed ingredients.

DIRECTORS' REVIEW

Future Outlook

The outlook for 2023 poses challenges. The industrial sector may face subdued performance, contingent on improvements in macroeconomic indicators, normalized supply chains and international market demand recovery.

Despite these challenges, we remain committed to maximizing shareholder value. Our focus revolves around steady growth and taking a proactive approach. To achieve this, we will implement cost optimization measures, foster differentiation, drive innovation with new products, expand into new export markets, and uphold excellence in all aspects of our business operations.

Our determination to enhance stakeholder value through operational efficiencies and exceptional customer service remains unwavering, and we have faith that, Inshaa'Allah, we will succeed.

ACKNOWLEDGEMENT

The management would like to thank our esteemed 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 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



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director

August 17, 2023

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 Copy

Members are requested to submit a copy of their valid CNIC (only physical shareholders), if not already provided to the Shares Registrar of the Company. Corporate accountholders should submit National Tax Number, if not yet submitted. In case of non-submission of CNIC/NTN Certificate (copy), all future dividends will be withheld.

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 Through QR enabled code and weblink

Annual Financial Statements of the Company for the financial year ended December 31, 2022 have been placed on the Company's website www.rafhanmaize.com.

Securities & Exchange Commission of Pakistan (SECP) vide its SRO No.389(I)/2023 dated March 21,2023 has allowed companies to circulate the annual audited financial statements to its members through QR enabled code and weblink instead of through CD/DVD/USB. The notice of the meeting shall be dispatched to the members as per requirements of the Act, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements.

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 the 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. Limited/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), withholding 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 follow, otherwise it will be assumed that shares are equally held:

Company Name	Folio/CDS A/C #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC #	Shareholding Proportion (No. of Shares)	Name & CNIC #	Shareholding Proportion (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 Company name and their respective folio numbers.

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 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.

IMPORTANT NOTES TO SHAREHOLDERS

Deposit of Physical Certificate in CDC Account

As per Section 72 of Companies Act, 2017, every listed company shall be required to replace its physical certificates with book-entry form in a manner as may be specified and from the date notified by the commission, within a period not exceeding four years from the commencement of this Act.

The Shareholder having physical shares are encouraged to open the CDC sub-account with any of the brokers or investor Account directly with CDC to place their physical certificates into scripless form.

Declaration for Zakat Exemption

To claim exemption from compulsory deduction of Zakat, shareholders are requested to submit a notarized copy of Zakat Declaration Form "CZ-50" on NJSP of Rs.50/- to the Share Registrar. In case shares are held in scripless form such Zakat Declaration Form (CZ -50) must be uploaded in the CDC account of the shareholder, through their participant / Investor Account Services. Further, Non-Muslim shareholders are also required to file Solemn Affirmation (on format available on Company's website) with the Share Registrar of the Company in case of shares are held in physical certificates or with CDC Participant / Investor Account Services in case shares are in scripless form. No exemption from deduction of zakat will be allowed unless the above documents

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. Limited holder of _____ Ordinary Shares as per Registered Folio No. _____ hereby opt for video conference facility at _____.

Signature of Member

Company Contact:

Mr. Mustafa Kamal Zuberi
Company Secretary & Head of Legal / Corporate Affairs,
Rafhan Maize Products Co. Limited,
Rakh Canal East Road, Faisalabad.
Tel. No. 041-8540121-23 Ext. 226 & 348
E-mail: corporate@rafhanmaize.com

Shares Registrar:

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
E-mail: info.shares@famco.com.pk

INDEPENDENT AUDITOR'S REVIEW REPORT
to the members of Rafhan Maize Products Company Limited
Report on review of 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 2023 and the related 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 and notes to the condensed interim 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 2023 and 30 June 2022 in the condensed interim statement of profit or loss and the condensed interim statement of 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 Fahad Bin Waheed.



KPMG Taseer Hadi & Company
Chartered Accountants

Lahore:

August 29, 2023

UDIN: RR20231008976pvNGJta

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (Un-audited)

As at June 30, 2023

	Notes	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
(Rupees in thousands)			
NON CURRENT ASSETS			
Property, plant and equipment	5	7,499,050	6,848,800
Employees retirement benefits		404,037	412,175
Long term loans		2,324	7,065
Long term deposits		40,008	37,108
		7,945,419	7,305,148
CURRENT ASSETS			
Stores and spares		1,760,888	1,466,489
Stock in trade		18,421,898	16,477,262
Trade debts		3,078,596	2,874,412
Loans and advances		421,191	225,719
Short term prepayments		607,160	72,708
Other receivables		261,290	28,474
Short term investments		-	3,380,436
Cash and bank balances		11,370,701	887,943
		35,921,724	25,413,443
CURRENT LIABILITIES			
Current portion of long term financing		20,417	11,934
Current portion of deferred income		7,639	7,497
Short term running finance - secured		3,221,722	2,058,297
Contract liabilities		637,828	681,271
Trade and other payables		12,396,721	7,349,619
Current portion of lease liability		1,740	5,119
Unpaid dividend		3,008,665	2,110,251
Unclaimed dividend		21,733	22,517
Mark-up accrued		53,954	55,986
Provision for taxation - net		1,263,833	287,842
		20,634,252	12,590,333
WORKING CAPITAL		15,287,472	12,823,110
TOTAL CAPITAL EMPLOYED		23,232,891	20,128,258
NON CURRENT LIABILITIES			
Long term financing		149,632	69,348
Deferred income		39,471	43,225
Deferred taxation		1,177,247	979,859
NET CAPITAL EMPLOYED		21,866,541	19,035,826
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital		92,364	92,364
Reserves		21,774,177	18,943,462
CONTINGENCIES AND COMMITMENTS	6	21,866,541	19,035,826

The annexed notes 1 to 17 form an integral part of these account.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)

For the six months period ended 30 June 2023

	Six months ended (Un-audited)		Three months ended (Un-audited)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Revenue	33,891,674	26,379,756	16,283,953	13,898,700
Cost of sales	(25,073,619)	(20,558,243)	(11,889,115)	(10,907,714)
Gross profit	8,818,055	5,821,513	4,394,838	2,990,986
Distribution expenses	(394,173)	(312,473)	(200,162)	(161,814)
Administrative expenses	(664,378)	(450,819)	(338,627)	(228,994)
Impairment (loss) / reversal on financial assets	(499)	2,869	9,117	595
Other income	904,300	528,672	656,833	359,288
Other expenses	(623,574)	(382,549)	(326,039)	(201,830)
	(778,324)	(614,300)	(198,878)	(232,755)
Operating profit	8,039,731	5,207,213	4,195,960	2,758,231
Finance cost	(125,683)	(31,633)	(52,906)	(20,910)
Profit before taxation	7,914,048	5,175,580	4,143,054	2,737,321
Taxation	(3,697,869)	(1,928,093)	(2,519,831)	(1,274,092)
Profit after taxation	4,216,179	3,247,487	1,623,223	1,463,229
Earnings per share-basic and diluted-(Rupees)	456.47	351.60	175.74	158.42

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)

For the six months period ended 30 June 2023

	Six months ended (Un-audited)		Three months ended (Un-audited)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	(Rupees in thousands)			
Profit for the period	4,216,179	3,247,487	1,623,223	1,463,229
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	4,216,179	3,247,487	1,623,223	1,463,229

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

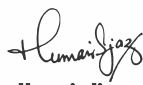
For the six months period ended 30 June 2023

	Share Capital	Capital Reserves		Revenue Reserves		Total
		Share Premium	Other	General	Unappropriated Profit	
		(Rupees in thousands)				
Balance as at 01 January 2022	92,364	36,946	941	207	15,749,429	15,879,887
Total comprehensive income for the period						
Profit for the period	-	-	-	-	3,247,487	3,247,487
Other comprehensive income	-	-	-	-	-	-
Transactions with owners of the Company recognised directly in equity	-	-	-	-	3,247,487	3,247,487
Final dividend 2021 (Rs. 150.00 per share)	-	-	-	-	(1,385,464)	(1,385,464)
1st interim dividend 2022 (Rs. 100.00 per share)	-	-	-	-	(923,643)	(923,643)
	-	-	-	-	(2,309,107)	(2,309,107)
Balance as at 30 June 2022	92,364	36,946	941	207	16,687,809	16,818,267
Balance as at 01 January 2023	92,364	36,946	941	207	18,905,368	19,035,826
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,216,179	4,216,179
Other comprehensive income	-	-	-	-	-	-
Transactions with owners of the Company recognised directly in equity	-	-	-	-	4,216,179	4,216,179
Final dividend 2022 (Rs. 75.00 per share)	-	-	-	-	(692,732)	(692,732)
1st interim dividend 2023 (Rs. 75.00 per share)	-	-	-	-	(692,732)	(692,732)
	-	-	-	-	(1,385,464)	(1,385,464)
Balance as at 30 June 2023	92,364	36,946	941	207	21,736,083	21,866,541


The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)

For the six months period ended 30 June 2023

		Six months ended (Un-audited)	
		30 June 2023	30 June 2022
	Note	(Rupees in thousands)	
Cash flows from operating activities			
Cash generated from operations			
	10	9,263,036	4,457,235
		(2,524,490)	(1,261,654)
		(22,560)	(40,363)
		(2,547,050)	(1,302,017)
NET CASH GENERATED FROM OPERATING ACTIVITIES			
		6,715,986	3,155,218
CASH FLOWS FROM INVESTING ACTIVITIES			
		(931,709)	(235,039)
		50,902	7,222
		539,985	368,590
		-	(4,400)
		7,780	2,816
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES			
		(333,042)	139,189
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
		-	(61,108)
		86,361	-
		(3,504)	(3,251)
		(401,721)	(1,705,635)
		(125,183)	(21,714)
NET CASH USED IN FINANCING ACTIVITIES			
		(444,047)	(1,791,708)
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		5,938,897	1,502,699
Cash and cash equivalents at the beginning of the period			
		2,210,082	4,005,616
Cash and cash equivalents at the end of the period			
		8,148,979	5,508,315

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Manno
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

For the six months period ended 30 June 2023

1. Corporate and general information

Rafhan Maize Products Company Limited ("the Company") was incorporated in Pakistan and was subsequently listed on Pakistan Stock Exchange Limited. Ingredient 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.

The geographical locations and addresses of the Company's business units, including production facilities are as under:

- Head office, Registered office and Plant 1: Rakh Canal, East Road, Faisalabad
- Regional office: Finlay House, I.I. Chundrigar Road, Karachi
- Plant 2: Cornwala Plant, 5-KM Jaranwala-Khurrianwala Road, Jaranwala
- Plant 3: Mehran Plant, K.B. Feeder Road, Kotri, Jamshoro

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.

The condensed interim financial statements does not include information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company for the year ended 31 December 2022.

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.

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 2022, 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 six months period ended 30 June 2022.

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

The accounting policies and methods of computation adopted in 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 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

For the six months period ended 30 June 2023

3.1 Newly effective requirements of IFRS effective from 01 January 2023:

During the period certain amendments to currently effective IFRS have become effective. However these have no significant impact on the condensed interim financial statements of the Company.

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

The following amendments to International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and interpretations thereto will be effective from the dates mentioned below against the respective amendment:

Standards or interpretation	Effective date (accounting periods beginning on or after)
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7	01 January 2024
- Classification of Liabilities as Current or Non-current — Amendments to IAS 1 Presentation of Financial Statements	01 January 2024
- Lease Liability in a Sale and Leaseback — Amendment to IFRS 16	01 January 2024
- International Tax Reform — Pillar Two Model Rules	01 January 2024

The above mentioned amendments are not likely to have a material impact effect on the Company's financial statements.

4. Accounting estimates, judgements and financial risk management

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by the management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements of the Company as at and for the year ended 31 December 2022.

5. Property, plant and equipment

Operating property, plant and equipment
Capital work-in-progress
Right-of-use-asset (building)

Note	30 June 2023 (Un-audited)	31 December 2022 (Audited)
	(Rupees in thousands)	
5.1	6,059,930	6,112,761
5.2	1,437,659	731,657
	1,461	4,382
	<u>7,499,050</u>	<u>6,848,800</u>

5.1 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 2023		30 June 2022	
	Additions	Disposals (Rupees in thousands)	Additions	Disposals
Factory building on freehold land	28,459	-	4,058	-
Plant and machinery	53,287	6,240	101,973	2,250
Laboratory equipment	-	2,816	13,419	-
Furniture and fittings	3,337	150	2,400	641
Vehicles	117,849	23,961	20,659	9,824
Office equipment	22,774	226	7,659	16,351
	<u>225,707</u>	<u>33,393</u>	<u>150,168</u>	<u>29,066</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

For the six months period ended 30 June 2023

5.2 Capital work-in-progress

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

	Six months ended (Un-audited)	
	30 June 2023 (Rupees in thousands)	30 June 2022 (Rupees in thousands)
Opening balance	731,657	202,708
Add: Additions during the period	931,709	235,038
	<u>1,663,366</u>	<u>437,746</u>
Less: Transfers during the period	(225,707)	(150,168)
Closing balance	<u>1,437,659</u>	<u>287,578</u>

6. Contingencies and commitments

6.1 Contingencies

There has been no significant change in the status of contingencies as set out in note 25 to the annual financial statements of the Company for the year ended 31 December 2022.

6.2 Commitments

- a) Commitments in respect of capital expenditure
- b) Commitments in respect of purchase of corn

	(Un-audited)	(Audited)
	30 June 2023 (Rupees in thousands)	31 December 2022 (Rupees in thousands)
	<u>1,200,375</u>	<u>1,262,277</u>
	<u>-</u>	<u>6,111,798</u>

7. Revenue - net

	Six months ended (Un-audited)		Three months ended (Un-audited)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	(Rupees in thousands)			
Domestic	36,150,759	27,906,112	17,223,146	14,654,762
Exports	3,546,980	2,589,849	1,833,022	1,434,363
	<u>39,697,739</u>	<u>30,495,961</u>	<u>19,056,168</u>	<u>16,089,125</u>
Less:				
Sales tax	(5,436,631)	(4,018,809)	(2,614,232)	(2,136,018)
Trade discount	(369,434)	(97,396)	(157,983)	(54,407)
	<u>(5,806,065)</u>	<u>(4,116,205)</u>	<u>(2,772,215)</u>	<u>(2,190,425)</u>
Revenue from contracts with customers	<u>33,891,674</u>	<u>26,379,756</u>	<u>16,283,953</u>	<u>13,898,700</u>

7.1 Revenue has been recognized at a point in time for both local and export sales made during the period.

8. Cost of sales

	Six months ended (Un-audited)		Three months ended (Un-audited)	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	(Rupees in thousands)			
Opening stock of finished goods	4,408,035	966,030	3,198,558	740,361
Cost of goods manufactured	23,235,439	19,785,789	11,670,986	10,655,966
	<u>27,643,474</u>	<u>20,751,819</u>	<u>14,869,544</u>	<u>11,396,327</u>
Less: closing stock of finished goods	(3,272,320)	(885,881)	(3,272,320)	(885,881)
Cost of goods Sold - own manufactured	<u>24,371,154</u>	<u>19,865,938</u>	<u>11,597,224</u>	<u>10,510,446</u>
Cost of goods Sold - purchased Products	146,493	121,209	62,215	76,786
Freight and distribution cost	555,972	571,096	229,676	320,482
Cost of goods sold	<u>25,073,619</u>	<u>20,558,243</u>	<u>11,889,115</u>	<u>10,907,714</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

For the six months period ended 30 June 2023

9. Other income

Mark-up on staff loans and profit on bank deposits
Profit on sale of scrap
Foreign exchange gain
Amortization of deferred income
Profit on sale of property, plant and equipment
Miscellaneous income

Six months ended (Un-audited)	
30 June 2023	30 June 2022
(Rupees in thousands)	
730,489	391,345
116,829	67,055
-	53,862
3,613	3,595
45,421	2,458
7,948	10,357
904,300	528,672

10. Cash Flows From Operating Activities

Profit before tax
Adjustments for:
Depreciation of property, plant and equipment
Provision for employees retirement benefits
Provision / (reversal) of impairment on financial assets
Unwinding of lease liability
Provision for slow moving and obsolete items
Gain on disposal of property, plant and equipment
Amortization of deferred income
Interest income
Finance cost

Six months ended (Un-audited)	
30 June 2023	30 June 2022
(Rupees in thousands)	
7,914,048	5,175,580
275,980	257,757
30,697	40,363
499	(2,869)
124	368
1,173	3,425
(45,421)	(2,458)
(3,613)	(3,595)
(730,489)	(391,345)
125,559	31,265
(345,491)	(67,089)
7,568,557	5,108,491
Cash generated from operations before working capital changes	
Effect on cash flow due to working capital changes	
(Increase) / decrease in current assets:	
(297,142)	(175,380)
(1,943,066)	(3,266,771)
(204,684)	(370,580)
(198,510)	(455,206)
(534,452)	(192,858)
(2,900)	-
(42,312)	(13,888)
(3,223,066)	(4,474,683)
Increase / (decrease) in current liabilities:	
(43,443)	32,801
4,960,988	3,790,626
4,917,545	3,823,427
Net increase / (decrease) in working capital	
1,694,479	(651,256)
Cash generated from operations	
9,263,036	4,457,235

11. Cash and cash equivalents

Cash and bank balances
Short term investments
Short term running finance

(Un-audited)	(Audited)
30 June 2023	31 December 2022
(Rupees in thousands)	
11,370,701	887,943
-	3,380,436
(3,221,722)	(2,058,297)
8,148,979	2,210,082

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

For the six months period ended 30 June 2023

12. Transactions with related parties

The related parties comprise of parent company, related group companies, local associated company, directors of the Company, key management personnel and staff retirement funds. Details of transactions 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 / association	Nature and description of related party transaction	Six months ended			Three months ended			Closing balance (asset/ liability) as at		
				(Un-Audited)		(Un-Audited)	(Un-Audited)		(Un-Audited)	(Un-Audited)		(Audited)
				June 30 2023	June 30 2022	June 30 2023	June 30 2022	June 30 2023	June 30 2022	December 31 2022		
(Rupees in thousands)												
Parent company												
Ingestion Inc. U.S.A.	Holding Company	Shareholding of 71.04% shares	Services received	196,902	163,271	163,271	101,992	101,992	(560,077)	(560,077)	235,975	(238,621)
Ingestion Inc. U.S.A.	-0-	-0-	Dividend	1,440,279	984,168	984,168	658,112	658,112	(2,993,510)	(2,993,510)	2,400	(2,095,657)
Ingestion Inc. U.S.A.	-0-	-0-	Imports	55,110	62,096	5,122	32,776	32,776	(128,467)	(128,467)	78,636	(66,947)
Ingestion Inc. U.S.A.	-0-	-0-	Services provided	84,336	67,988	9,766	66,811	66,811	9,816	9,816	1,309	1,309
Group companies												
Ingestion Holding LLC Kenya	Associate	Subsidiary of the parent company	Export sales	599,740	261,352	304,243	190,250	190,250	471,213	471,213	3,663	3,663
Ingestion Holding LLC Kenya	-0-	-0-	Services provided	3,554	1,230	3,023	584	584	(23,067)	(23,067)	(18,352)	(18,352)
Ingestion Singapore Pte. Ltd.	-0-	-0-	Export sales	-	4,737	-	2,509	2,509	(32,627)	(32,627)	52,507	52,507
Ingestion Germany GmbH	-0-	-0-	Imports	28,468	23,254	24,316	15,342	15,342	120,882	120,882	(2,049)	(2,049)
Ingestion Germany GmbH	-0-	-0-	Export sales	218,522	246,474	100,144	-	-	-	-	(2,478)	(2,478)
Ingestion Germany GmbH	-0-	-0-	Services received	-	-	-	-	-	-	-	9,901	9,901
National Starco & Chemical Thailand	-0-	-0-	Imports	71,340	45,652	57,796	22,025	22,025	(2,478)	(2,478)	38,799	38,799
National Starco & Chemical Thailand	-0-	-0-	Export sales	46,247	34,792	24,190	8,431	8,431	13,365	13,365	48,308	48,308
PT Ingestion, Indonesia	-0-	-0-	Export sales	104,885	14,856	49,365	12,795	12,795	-	-	-	-
PT Ingestion, Indonesia	-0-	-0-	Export sales	129,814	67,218	43,787	34,930	34,930	30,753	30,753	93,065	93,065
Ingestion South Africa (PTY) Ltd.	-0-	-0-	Export sales	141,149	147,426	48,070	22,920	22,920	-	-	340	340
Ingestion South Africa (PTY) Ltd.	-0-	-0-	Services provided	-	298	-	298	298	-	-	-	-
Other Related Parties												
Unilever Pakistan Foods Ltd.	Associate	Common directorship	Sales	2,119,359	1,416,371	778,476	656,957	656,957	112,163	112,163	414,712	414,712
Pakistan Oxygen Limited	-0-	-0-	Purchases	168	192	73	72	72	488	488	419	419
Pakistan Mobile Communication (Pvt) Ltd.	-0-	-0-	Services received	1,998	919	756	414	414	-	-	-	-
Fengrow Private Limited	-0-	-0-	Sales	1,800	-	600	-	-	1,000	1,000	-	-
Foundation Solar Energy Ltd.	-0-	-0-	Purchases	137,316	-	137,316	-	-	88,822	88,822	132,003	132,003
Kolmanor Textile Mills Limited	-0-	-0-	Sales	67,972	40,404	41,547	19,231	19,231	402	402	(17,681)	(17,681)
Employee Benefits	Other	Employee retirement fund	Contribution to funds	62,479	71,410	38,348	36,339	36,339	-	-	-	-
Key Management Personnel	-0-	Key management personnel	Remuneration	377,657	264,695	243,113	164,593	164,593	-	-	-	-

- No buying and selling commission has been paid to any related party.

13 Operating segments

13.1 These financial statements have been prepared on the basis of single reportable segment.

13.2 All non current assets of the Company as at 30 June 2023 are located in Pakistan.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

For the six months period ended 30 June 2023

14. 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 2022.

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 June 2023						
	Carrying amount			Fair value			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)						
<u>Financial assets - not measured at fair value</u>							
Long term loans	5,095	-	5,095	-	-	-	-
Trade debts	3,078,596	-	3,078,596	-	-	-	-
Long term deposits	40,008	-	40,008	-	-	-	-
Other receivables	261,290	-	261,290	-	-	-	-
Cash and bank balances	11,370,701	-	11,370,701	-	-	-	-
	14,755,690	-	14,755,690	-	-	-	-
<u>Financial liabilities - not measured at fair value</u>							
Long term financing	-	170,049	170,049	-	-	-	-
Trade and other payables	-	11,583,909	11,583,909	-	-	-	-
Mark-up-accrued	-	53,954	53,954	-	-	-	-
Short term finance	-	3,221,722	3,221,722	-	-	-	-
Unpaid dividend	-	3,008,665	3,008,665	-	-	-	-
Unclaimed dividend	-	21,733	21,733	-	-	-	-
Lease liability	-	1,740	1,740	-	-	-	-
	-	18,061,772	18,061,772	-	-	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
For the six months period ended 30 June 2023

	31 December 2022						
	Carrying amount			Fair value			
	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in thousands)						
<u>Financial assets - not measured at fair value</u>							
Long term loans	12,874	-	12,874	-	-	-	-
Trade debts	2,874,412	-	2,874,412	-	-	-	-
Long term deposits	37,108	-	37,108	-	-	-	-
Other receivables	28,474	-	28,474	-	-	-	-
Short term investments	3,380,436	-	3,380,436	-	-	-	-
Cash and bank balances	887,943	-	887,943	-	-	-	-
	<u>7,221,247</u>	<u>-</u>	<u>7,221,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Financial liabilities - not measured at fair value</u>							
Long term financing	-	81,282	81,282	-	-	-	-
Trade and other payables	-	6,297,974	6,297,974	-	-	-	-
Mark-up accrued	-	55,986	55,986	-	-	-	-
Short term finance	-	2,058,297	2,058,297	-	-	-	-
Unpaid dividend	-	2,110,251	2,110,251	-	-	-	-
Unclaimed dividend	-	22,517	22,517	-	-	-	-
Lease liability	-	5,119	5,119	-	-	-	-
	<u>-</u>	<u>10,631,426</u>	<u>10,631,426</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15. Date of authorization for issue

These un-audited condensed interim financial statements were authorized for issue by the Board of Directors on August 17, 2023.

16. Subsequent event - dividend

The Directors in their meeting held on August 17, 2023 have proposed second interim cash dividend for the period ended 30 June 2023 of Rs. 75 per share, amounting to Rs. 692,732 thousands. These condensed interim financial statements for the period ended 30 June 2023 do not include the effect of the above interim cash dividend which will be accounted for in the period in which it is declared.

17. General

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



Adil Saeed Khan
Chief Financial Officer



Humair Ijaz
Chief Executive &
Managing Director



Zulfikar Mannoo
Director

COMPANY INFORMATION

Board Of Directors

Chairman

Mr. Michael F. O'Riordan Non-Executive

Chief Executive & Managing Director

Mr. Humair Ijaz Executive

Members

Mr. James D. Gray Non-Executive

Mr. Marcel Hergett Non-Executive

Ms. Tanya Jaeger de Foras Non-Executive

Mr. Zulfikar Mannoo Non-Executive

Mian M. Adil Mannoo Non-Executive

Mr. Wisal A. Mannoo Non-Executive

Mr. Adil Saeed Khan Executive

Mr. Tahir Jawaid Independent & Non-Executive

Mr. Kamran Yousuf Mirza Independent & Non-Executive

Chief Financial Officer

Mr. Adil Saeed Khan

Company Secretary

Mr. Mustafa Kamal Zuberi

Audit Committee

Mr. Kamran Yousuf Mirza Chairman

Mr. James D. Gray Member

Mr. Marcel Hergett Member

Ms. Tanya Jaeger de Foras Member

Mr. Zulfikar Mannoo Member

Mr. Kamran Anjum Secretary

Human Resource & Remuneration Committee

Mr. Tahir Jawaid Chairman

Mr. Michael F. O'Riordan Member

Ms. Tanya Jaeger de Foras Member

Mr. Humair Ijaz Member

Mian M. Adil Mannoo Member

Mr. Mehwish Iftikhar Secretary

Operations Committee

Mr. Michael F. O'Riordan Chairman

Ms. Tanya Jaeger de Foras Member

Mr. Tahir Jawaid Member

Mr. Humair Ijaz Member

Mr. Wisal A. Mannoo Member

Mr. M. Saeed Akhter Secretary

Shares Transfer Committee

Mr. Humair Ijaz Chairman

Mr. Adil Saeed Khan Member

Mr. Mustafa Kamal Zuberi Secretary

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.

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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.

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Fax: (92-41) 8711016 - 8502197

Website: www.rafranmaize.com

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Plants:

Rakh Canal Plant

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Fax: (92-41) 8711016 - 8502197

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Ph: (92-41) 4710121 & 23-27

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