

Heritage of Flavors

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Our Story





National Foods Limited (NFL), founded in 1970, is Pakistan's leading multi category foods company with over 250 different products in 12 categories. NFL holds ISO 9001, ISO 18001, ISO 22000 and HACCP certifications along with SAP Business Technology to drive its strong commitment to quality and management excellence.

In line with NFL's Vision 20/20 of becoming a Rs. 50 billion company, we are already on our way of being recognized as an internationally renowned brand in over 40 countries across 5 continents worldwide.

NFL is dedicated to improving the well-being of our society through continuous development of innovative food products and a wide range of Corporate Social Responsibility programs.



Company Information

Board of Directors

Mr. Abdul Majeed	Chairman
Mr. Abrar Hasan	Chief Executive Officer
Mr. Zahid Majeed	Director
Mr. Ebrahim Qassim	Director
Mrs. Noreen Hasan	Director
Mrs. Saadia Naveed	Director
Mr. Imran Ali Khan	Director

Audit Committee

Mr. Zahid Majeed	Chairman
Mr. Ebrahim Qassim	Member
Mrs. Saadia Naveed	Member
Mr. Imran Ali Khan	Member

Human Resource and Remuneration Committee

Mr. Zahid Majeed	Chairman
Mr. Ebrahim Qassim	Member
Mrs. Saadia Naveed	Member

Chief Financial Officer

Mr. Gabriel Cravero

Company Secretary

Mr. Fazal ur Rehman Hajano

Head of Internal Audit and Secretary Audit Committee

Mr. Shahid Hussain

Internal Auditors

Messrs. Ernst & Young Ford Rhodes Sidat Hyder & Co.	Chartered Accountants
-----------------------------------------------------	-----------------------

Company Management

Mr. Abrar hasan	Chief Executive Officer
Mr. Shakaib Arif	Chief Operating Officer
Mr. Gabriel Cravero	Chief Financial Officer
Mr. Fazal ur Rehman Hajano	Company Secretary & Manager Legal
Mr. Kamal Baig	Chief Operating Officer- International Division
Ms. Saira A. Khan	General Manager-HR, Admin & IR

Auditors

Messers. A.F. Ferguson & Co.

Chartered Accountants, State Life Building,
1-C, I.I. Chundrigar Road, Karachi

Share Registration Office

Central Depository Company of Pakistan Ltd.

CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400
Tel: (92-21) 111-111-500
Fax: (92-21) 34326031

Principal Bankers

Bank Al-Habib Limited

Main Branch, Karachi
S.I.T.E. Branch, Karachi
New Garden Town Branch, Lahore
Port Qasim Authority Branch, Karachi
S.I.T.E. Branch, Karachi
Clifton Branch, Karachi
16, Abdullah Haroon Road, Karachi
PNSC Building Branch, Karachi
S.I.T.E. Branch, Karachi
Main Branch, Karachi
Shaheen Complex Branch, Karachi
M.T. Khan Road Branch, Karachi
Main Branch, Karachi

Bank Al Falah Limited (Islamic Banking Group)
BankIslami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
National Bank of Pakistan
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
United Bank Limited

REGISTERED OFFICE

12/CL-6 Claremont Road, Civil Lines,
Karachi 75530 P.O. Box No. 15509
Phone: (92-21) 35662687,
35670540, 35670585, 35670793 & 35672268
Fax: (92-21) 35684870

SITE PLANT

F-160/ C, F-133, S.I.T.E., Karachi.
Landline # 021-3257-7707 – 10
Fax # 021-3257-2217
E-Mail Address: info@nfoods.com

PORT QASIM PLANT

A-13, North Western
Industrial Zone, Bin Qasim, Karachi
Landline # 021-3475-0373 – 7

MURIDKE PLANT

5-A/1, New Muslim Town, Lahore
Factory Address: G.T. Road, Manooabad
Meer Muridke.
Landline # 042-798-1427, 798-0808
Fax # 042-798-1427, 798-0808

GUJRANWALA PLANT

53-KM G.T. Road, Chainwala Mord
Amanabad, Gujranwala near Gujranwala
Kamoki Tool plaza
Landline # 055-3409560, 3409660

WEB PRESENCE: Updated company information and the latest Annual Report can be accessed at: www.nfoods.com

Directors' Report to the Shareholders

For the Quarter and Half year ended December 31, 2015

Fellow Shareholders,

The Directors of National Foods Limited are pleased to present the condensed interim financial statements of the Company for the half year ended December 31, 2015.

The economy continued its stalemate motion with a low inflation and discount rate status. The global slow down of economies with rock bottom prices of oil in the international market continue to affect the general economic environment of the country as well. Despite the same, the consumers have not been passed on the benefit of the reduced cost of utilities which has put pressure on the costs of doing business in the country.

With low inflation / deflation dominant in the economy, the Company focused on generating value through volume growth and creating economies of scales during this period. The growth at the revenue level of 19.6% has been achieved primarily through focus on generating volumes instead of price pass on which has negatively affected our gross margins by 81 bps vs same period last year.

The momentum in the volume growth was maintained through a competitive and aggressive marketing and trade activities conducted during the half year period . Various activations, airing and promotions were conducted for the key and top categories of the business. A new ad for Recipe category was aired this year focusing and embedding the essence of the brand and its relation with the consumers. The 3rd season of the successful series "National ka Pakistan" and an ATL creating awareness of "Made Easy" was also aired during the first half building a corporate image of the Company among the consumers while promoting the entire range of its categories. In the rural market, the 2nd National Jashn-e-Zaiqa mela was also conducted which generated a lot of trials and excitement in these areas re-enforcing the brand image in this segment of consumers as well.

With other key functions driving towards the common vision 20/20, the Company has been able to persist with its consistent growth in these challenging times as well.

The accomplishment of the Company in the half year 2015-16 are visible in the statistics below:

	Consolidated	
	July-Dec 2015-16 PKR Million	July-Dec 2014-15 PKR Million
Net sales	6,575	5,569
Gross profit	2,275	1,972
% of net sales	34.60	35.41
Operating profit	752	682
% of net sales	11.44	12.24
Net profit after tax	529	443
% of net sales	8.04	7.95
Earnings per share	5.10	4.28

All the key indicators above show a positive trend vs the last year. With a net sales growth of 18.06% and an EPS growth of 19.16%, the Company has delivered good numbers in the first half of the year. However, low inflationary environment, increase in certain key raw material rates and avoidance of fuel benefit pass on to the consumers has affected our gross margins and we foresee the pressure on the profits to continue in the second half of the year as well.

Future outlook:

Despite the pressures, your Company will continue to create value through investments, innovations and improvement of operations. We will continue to strive towards a volume based growth while working on creating and leveraging the economies of scales. The management is hopeful to counter the economic and competitive challenges and continue on the growth trajectory.



A. Majeed
Chairman

Karachi

February 15, 2016

Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of National Foods Limited as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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 information 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 information as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A.F.Ferguson & Co

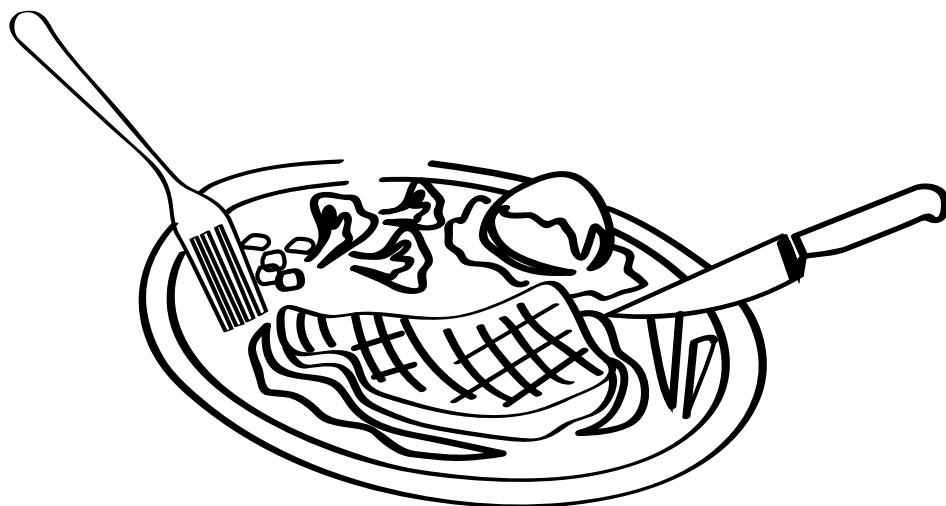
Chartered Accountants
Karachi

Date: February 19, 2016

Name of Engagement Partner: Farrukh Rehman

Unconsolidated Condensed Interim Financial Information

December 31, 2015



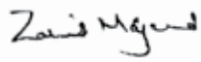
Unconsolidated Condensed Interim Balance Sheet

As at December 31, 2015

	Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
(Rupees in thousands)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,709,046	1,518,286
Intangibles		32,373	39,089
Long term investment - subsidiary		31,719	31,719
Long term deposits		29,420	34,768
		1,802,558	1,623,862
Current Assets			
Stores, spare parts and loose tools		6,365	5,897
Stock in trade		2,788,906	2,254,723
Trade debts		983,350	1,150,666
Advances		139,767	50,404
Trade deposits and prepayments		40,746	29,736
Other receivables		12,563	13,452
Investments in mutual fund units - at fair value through profit or loss		-	389,245
Cash and bank balances		52,332	37,041
		4,024,029	3,931,164
		5,826,587	5,555,026
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		1,693,657	2,238,854
		2,211,691	2,756,888
NON-CURRENT LIABILITIES			
Deferred tax		74,388	93,414
Retirement benefits obligations		2,414	19,495
		76,802	112,909
CURRENT LIABILITIES			
Trade and other payables		1,451,542	1,672,683
Accrued interest / mark up		7,960	2,520
Short term borrowings	6	1,354,434	384,094
Taxation - Provision less payments		687,518	484,578
Sales tax payable		36,640	141,354
		3,538,094	2,685,229
		3,614,896	2,798,138
COMMITMENTS			
	7	5,826,587	5,555,026

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Chief Executive


Director

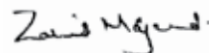
Unconsolidated Condensed Interim Profit and Loss Account

For the half year ended December 31, 2015 - Unaudited

	Note	Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		(Rupees in thousand)			
Sales	8	2,987,574	2,503,824	6,404,555	5,544,915
Cost of sales		(2,075,869)	(1,707,333)	(4,246,025)	(3,591,280)
Gross profit		911,705	796,491	2,158,530	1,953,635
Distribution costs		(501,996)	(466,770)	(1,172,794)	(1,024,643)
Administrative expenses		(121,919)	(93,350)	(257,102)	(226,346)
Other expenses		(21,663)	(25,165)	(54,132)	(59,297)
Other income		7,117	31,718	35,171	54,869
Operating profit		273,244	242,924	709,673	698,218
Finance costs		(13,806)	(4,512)	(18,874)	(21,759)
Profit before taxation		259,438	238,412	690,799	676,459
Taxation		(65,000)	(75,403)	(199,927)	(214,026)
Profit after taxation		194,438	163,009	490,872	462,433
Other comprehensive income		-	-	-	-
Total comprehensive income		194,438	163,009	490,872	462,433
Earnings per share - Basic and diluted (Rupees)	9	1.88	1.57	4.74	4.46

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Chief Executive


Director

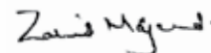
Unconsolidated Condensed Interim Statement of Cash Flows

For the half year ended December 31, 2015 - Unaudited

	Note	December 31, 2015	December 31, 2014
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	4,403	1,064,086
Finance cost paid		(13,434)	(30,823)
Retirement benefits obligation paid		(19,495)	-
Income tax (paid) / refund		(16,013)	73,041
Decrease / (increase) in long term deposits		5,348	(11,148)
Net cash (outflows) / inflows from operating activities		(39,191)	1,095,156
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(294,809)	(158,802)
Sale proceeds on disposal of property, plant and equipment		15,977	7,048
Purchase of open ended mutual fund units		(150,000)	-
Sale proceeds of open ended mutual fund units		546,048	105,243
Purchase of treasury bills		(147,810)	-
Sale proceeds of treasury bills		148,731	-
Purchase of intangible assets		(3,932)	(11,675)
Net cash inflows / (outflows) from investing activities		114,205	(58,186)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		1,000,000	200,000
Repayment of short term borrowings		(100,000)	(400,000)
Dividend paid		(1,030,063)	(411,060)
Net cash outflows from financing activities		(130,063)	(611,060)
Net (decrease) / increase in cash and cash equivalents		(55,049)	425,910
Cash and cash equivalents at beginning of the period		(247,053)	(475,345)
Cash and cash equivalents at end of the period	11	(302,102)	(49,435)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Chief Executive


Director

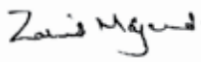
Unconsolidated Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2015 - Unaudited

	Issued subscribed and paid up capital	Unappropriated Profit	Total
	(Rupees in thousand)		
Balance as at June 30, 2014	518,034	1,689,884	2,207,918
Final dividend for the year ended June 30, 2014 @ Rs 8.00 per share	-	(414,427)	(414,427)
Total comprehensive income for the half year ended December 31, 2014			
- Profit for the half year ended December 31, 2014	-	462,433	462,433
- Other comprehensive income for the half year ended December 31, 2014	-	-	-
	-	462,433	462,433
			-
Balance as at December 31, 2014	518,034	1,737,890	2,255,924
Balance as at June 30, 2015	518,034	2,238,854	2,756,888
Final dividend for the year ended June 30, 2015 @ Rs 10.00 per share	-	(1,036,069)	(1,036,069)
Total comprehensive income for the half year ended December 31, 2015			
- Profit for the half year ended December 31, 2015	-	490,872	490,872
- Other comprehensive income for the half year ended December 31, 2015	-	-	-
	-	490,872	490,872
Balance as at December 31, 2015	518,034	1,693,657	2,211,691

The annexed notes 1 to 13 form an integral part of this financial information.


Chief Executive


Director

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on February 19, 1970 as a private limited company under the Companies Act, 1913 and subsequently converted into a public limited company under the Companies Ordinance, 1984 by special resolution passed in the extra ordinary general meeting held on March 30, 1988. The Company is principally engaged in the manufacture and sale of convenience based food products. It is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

The Company has a wholly owned subsidiary named National Foods DMCC (NF DMCC). NF DMCC was registered on 7 November 2012 in Dubai Multi Commodities Centre ("DMCC") pursuant to Dubai (DMCC) Law No. 4 of 2001 and operates in the United Arab Emirates ("UAE") under a trade license issued by DMCC. The registered address of the company is Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. 01 Jumeirah Lakes Towers Dubai, United Arab Emirates.

The primary objective of NF DMCC is to boost export sales of its parent company through trading in food stuff and other services.

National Foods DMCC also has following two wholly owned subsidiaries:

a) National Epicure Inc.

National Epicure Inc. was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. The company is principally engaged in the trading of food products. The registered office of the company is situated at 193 Maxome Avenue, Toronto, Ontario, Canada. The company is a wholly owned subsidiary of National Foods DMCC.

b) National Foods Pakistan (UK) Limited

National Foods Pakistan (UK) Limited was incorporated in United Kingdom on 29 May 2013 as a private company under the Companies Act, 2006. The company is principally engaged in the trading of food products. The registered office of the company is situated at 27 Second Floor, Gloucester Place, London, United Kingdom. The company is a wholly owned subsidiary of National Foods DMCC.

2. BASIS OF PREPARATION

The unconsolidated condensed interim financial information of the Company for the half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This unconsolidated condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2015.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

2.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2015 and are considered to be relevant to the Company's operations.

IFRS 10, 'Consolidated financial statements' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidated and separate financial statements', and SIC-12, 'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statements', it continues to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The standard may not have impact on future consolidated financial statements of the Company.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The standard may not have impact on financial statements of the Company.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangement, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

Except as stated above, the new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this unconsolidated condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of this unconsolidated condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Operating assets - at net book value - Note 5.2

Capital work in progress - at cost

Civil work in progress

Plant and machinery

Office equipment

Advance against acquisition of land

(Unaudited) December 31, 2015	(Audited) June 30, 2015
(Rupees in thousand)	
1,204,880	1,210,693
188,211	93,856
229,986	145,084
7,332	1,697
78,637	66,956
1,709,046	1,518,286

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

5.2 Additions & Disposals during the period

Additions

	Half year ended December 31, 2015	December 31, 2014
	(Rupees in thousand)	
Leasehold Land	-	100
Building on Leasehold land	5,563	2,301
Plant & machinery	62,966	24,479
Motor vehicles - Owned	14,248	10,745
Furniture & fittings	791	1,539
Computers	8,645	14,376
Others	5,349	5,102
	97,562	58,642

Disposals - Net Book Value

Motor Vehicles	7,078	6,015
Computer equipment	-	61
	7,078	6,076

(Unaudited) December 31, 2015	(Audited) June 30, 2015
(Rupees in thousand)	

6. SHORT TERM BORROWINGS

Running finance under

mark up arrangements - note 6.1	354,434	284,094
Export re-finance - note 6.2	400,000	100,000
Short term loan - note 6.3	600,000	-
	1,354,434	384,094

6.1 The facilities available from various banks amount to Rs. 1.19 billion (June 30, 2015: Rs. 1.14 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's stock in trade, movables and trade debts. The rates of mark up range from one month KIBOR plus 0.4% to three months KIBOR plus 0.5% per annum (June 30, 2015: one month KIBOR plus 0.2% to three months KIBOR plus 0.5% per annum).

6.2 This carries markup at the rate of SBP refinance rate plus 0.75% per annum and is secured by way of pari-passu charge over Company's stocks and book debts.

6.3 During the period, the Company has utilised running musharika and istisna facilities from banks carrying markup at the rate of one month KIBOR plus 0.1% per annum and six months KIBOR plus 0.1% per annum respectively. The arrangements are secured by way of pari-passu charge over Company's stocks and book debts.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

7. COMMITMENTS

Aggregate commitments for capital expenditure as at December 31, 2015 amounted to Rs 120.5 million (June 30, 2015: Rs 188.6 million).

8. SALES

Manufactured goods

Gross sales

Local sales

Export sales

Sales tax

Less:

Discount, rebates and allowances

Sales return

Half year ended	
December 31, 2015	December 31, 2014
(Rupees in thousand)	
8,579,906	7,209,287
507,630	518,079
9,087,536	7,727,366
(1,163,501)	(956,724)
7,924,035	6,770,642
1,431,267	1,155,812
88,213	69,915
1,519,480	1,225,727
6,404,555	5,544,915

9. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholder

Weighted average number of shares in issue during the period (in thousand)

Earnings per share - Basic and diluted (Rupees)

490,872	462,433
103,607	103,607
4.74	4.46

9.1 There were no convertible dilutive potential ordinary shares in issue as at December 31, 2015 and 2014.

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

10. CASH GENERATED FROM OPERATIONS

	Half year ended	
	December 31, 2015	December 31, 2014
	(Rupees in thousand)	
Profit before taxation	690,799	676,459
Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	96,297	84,345
Deferred liability - Retirement benefits	2,414	4,997
Amortisation of intangibles	11,322	8,335
Gain on re-measurement of fair value of open ended mutual fund units	-	(16,818)
Gain on sale of investments	(7,724)	(890)
Gain on disposal of property, plant and equipment	(8,899)	(972)
Property, plant and equipment written off	-	261
Exchange gain	(13,916)	(7,933)
Finance cost	18,874	21,759
	98,368	93,084
Profit before working capital changes	789,167	769,543
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	(468)	117
Stock in trade	(534,183)	36,998
Trade debts	181,232	230,757
Advances	(89,363)	(17,600)
Deposits and prepayments	(11,010)	(8,954)
Other receivables	889	7,618
	(452,903)	248,936
(Decrease) / increase in current liabilities		
Trade and other payables	(227,147)	67,414
Due to the government	(104,714)	(21,807)
	4,403	1,064,086

11. CASH AND CASH EQUIVALENTS

Cash and bank balances	52,332	140,810
Running finance under mark up arrangements	(354,434)	(190,245)
	(302,102)	(49,435)

Notes to and Forming Part of the Unconsolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

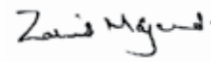
12. TRANSACTIONS WITH RELATED PARTIES

TRANSACTIONS WITH RELATED PARTIES		Half year ended	
		December 31, 2015	December 31, 2014
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
i) Subsidiary Company	Commission expense	-	25,139
	Sale of goods	507,630	192,760
ii) Associated Companies / Undertakings	Sale of goods	741,642	452,287
	Rent payment	4,359	4,113
	Commission expense	14,287	-
iii) Staff retirement funds	Expense charged for defined contribution plan	16,580	13,446
	Payments to defined contribution plan	43,154	34,847
iv) Directors	Technical advisory services	4,788	4,830
v) Key Management Personnel	Salaries and other short-term employee benefits	103,484	78,765
	Contribution to Provident Fund	3,530	3,394
	Post retirement benefits of Executive Directors	2,414	4,997

13. DATE OF AUTHORISATION OF ISSUE

This unconsolidated condensed interim financial information was authorised for issue by the Board of Directors of the Company on February 15, 2016.


Chief Executive


Director

Consolidated Condensed Interim Financial Information

December 31, 2015



Consolidated Condensed Interim Balance Sheet

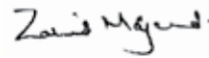
As at December 31, 2015

	Note	(Unaudited) December 31, 2015	(Audited) June 30, 2015
(Rupees in thousand)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,709,156	1,518,435
Intangibles		32,373	39,089
Long term deposits		30,222	34,768
		1,771,751	1,592,292
Current Assets			
Stores, spare parts and loose tools		6,365	5,897
Stock in trade		2,801,835	2,269,636
Trade debts		925,699	1,072,111
Advances		243,193	50,651
Trade deposits and prepayments		40,746	30,517
Other receivables		12,994	11,017
Investments in mutual fund units - at fair value through profit or loss		-	389,245
Cash and bank balances		218,812	174,547
		4,249,644	4,003,621
		6,021,395	5,595,913
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		1,765,133	2,272,475
Exchange revaluation reserve		2,977	939
		2,286,144	2,791,448
NON-CURRENT LIABILITIES			
Deferred tax		74,388	93,414
Retirement benefits obligations		2,414	19,495
		76,802	112,909
CURRENT LIABILITIES			
Trade and other payables		1,571,897	1,679,010
Accrued interest / mark up		7,960	2,520
Short term borrowings	6	1,354,434	384,094
Taxation - Provision less payments		687,518	484,578
Sales tax payable		36,640	141,354
		3,658,449	2,691,556
		3,735,251	2,804,465
COMMITMENTS			
	7	6,021,395	5,595,913

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Executive



Director

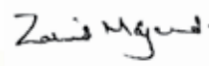
Consolidated Condensed Interim Profit and Loss Account

For the half year ended December 31, 2015 - Unaudited

	Note	Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		(Rupees in thousand)			
Net sales	8	3,101,076	2,523,626	6,575,114	5,568,556
Cost of sales		(2,125,698)	(1,710,342)	(4,300,078)	(3,596,757)
Gross profit		975,378	813,284	2,275,036	1,971,799
Distribution cost		(536,027)	(486,407)	(1,247,278)	(1,059,092)
Administrative expenses		(121,917)	(93,350)	(257,102)	(226,346)
Other expenses		(22,599)	(24,783)	(54,132)	(59,297)
Other income		5,499	31,718	35,171	54,869
Operating profit		300,334	240,462	751,695	681,933
Finance costs		(16,356)	(5,140)	(23,042)	(24,608)
Profit before taxation		283,978	235,322	728,654	657,325
Taxation		(65,000)	(75,403)	(199,927)	(214,026)
Profit after taxation		218,978	159,919	528,727	443,299
Other comprehensive income:					
Items that will not be reclassified to Profit or Loss		-	-	-	-
Items that may be subsequently reclassified to Profit or Loss					
Exchange differences on translation of foreign operations		219	(837)	2,038	1,350
Total comprehensive income		219,197	159,082	530,764	444,649
Earnings per share - Basic and diluted (Rupees)	9	2.11	1.54	5.10	4.28

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.


Chief Executive


Director

Consolidated Condensed Interim Statement of Cash Flows

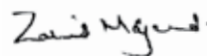
For the half year ended December 31, 2015 - Unaudited

	Note	December 31, 2015	December 31, 2014
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	39,708	1,085,288
Finance cost paid		(17,602)	(33,672)
Income tax (paid) / refund		(16,013)	73,041
Retirement benefit obligation paid		(19,495)	-
Decrease / (increase) in long term deposits		4,546	(11,923)
Net cash (outflows) / inflows from operating activities		(8,856)	1,112,734
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(296,171)	(158,870)
Sale proceeds on disposal of property, plant and equipment		15,977	7,048
Sale proceeds of treasury bills		148,731	-
Purchase of treasury bills		(147,810)	105,243
Purchase of open ended mutual fund units		(150,000)	-
Sale proceeds of open ended mutual fund units		546,048	-
Purchase of intangible assets		(3,932)	(11,675)
Net cash inflows / (outflows) from investing activities		112,843	(58,254)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		1,000,000	200,000
Repayment of short term borrowings		(100,000)	(400,000)
Dividend paid		(1,030,062)	(411,060)
Net cash outflows from financing activities		(130,062)	(611,060)
Net (decrease) / increase in cash and cash equivalents		(26,075)	443,420
Cash and cash equivalents at beginning of the period		(109,547)	(456,467)
Cash and cash equivalents at end of the period	11	(135,622)	(13,047)

The annexed notes 1 to 13 form an integral part of this condensed interim financial information.



Chief Executive



Director

Consolidated Condensed Interim Statement of Changes in Equity

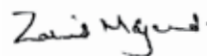
For the half year ended December 31, 2015 - Unaudited

	Issued subscribed and paid up capital	Unappropriated profit	Exchange Revaluation Reserve	Total
(Rupees in thousand)				
Balance as at June 30, 2014	518,034	1,721,912	(1,129)	2,238,817
Final dividend for the year ended June 30, 2014 @ Rs 8.00 per share	-	(414,427)	-	(414,427)
Total comprehensive income for the half year ended December 31, 2014				
- Other comprehensive income for the half year ended December 31, 2014	-	-	1,350	1,350
- Profit for the half year ended December 31, 2014	-	443,299	-	443,299
	-	443,299	1,350	444,649
Balance as at December 31, 2014	<u>518,034</u>	<u>1,750,784</u>	<u>221</u>	<u>2,269,039</u>
Balance as at June 30, 2015	518,034	2,272,475	939	2,791,448
Final dividend for the year ended June 30, 2015 @ Rs 10.00 per share	-	(1,036,069)	-	(1,036,069)
Total comprehensive income for the half year ended December 31, 2015				
- Other comprehensive income for the half year ended December 31, 2015	-	-	2,038	2,038
- Profit for the half year ended December 31, 2015	-	528,727	-	528,727
	-	528,727	2,038	530,764
Balance as at December 31, 2015	<u>518,034</u>	<u>1,765,133</u>	<u>2,977</u>	<u>2,286,144</u>

The annexed notes 1 to 13 form an integral part of this financial information.



Chief Executive



Director

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

- i) Holding Company - National Foods Limited
- ii) Subsidiary Company - National Foods DMCC, Dubai

National Foods Limited

National Foods Limited was incorporated in Pakistan on February 19, 1970 as a private limited company under the Companies Act, 1913 and subsequently converted into a public limited company under the Companies Ordinance, 1984 by special resolution passed in the extra ordinary general meeting held on March 30, 1988. The company is principally engaged in the manufacture and sale of convenience based food products. It is listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

National Foods DMCC

National Foods DMCC was registered on 7 November 2012 in Dubai Multi Commodities Centre ("DMCC") pursuant to Dubai (DMCC) Law No. 4 of 2001 and operates in the United Arab Emirates ("UAE") under a trade license issued by DMCC. The registered address of the company is Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. O1 Jumeirah Lakes Towers Dubai, United Arab Emirates. The company is a wholly owned subsidiary of National Foods Limited, Pakistan.

The company's primary objective is to boost export sales of its parent company through trading in food stuff and other services.

National Foods DMCC also has following two wholly owned subsidiaries:

a) National Epicure Inc.

National Epicure Inc. was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. The company is principally engaged in the trading of food products. The registered office of the company is situated at 193 Maxome Avenue, Toronto, Ontario, Canada. The company is a wholly owned subsidiary of National Foods DMCC.

b) National Foods Pakistan (UK) Limited

National Foods Pakistan (UK) Limited was incorporated in United Kingdom on 29 May 2013 as a private company under the Companies Act, 2006. The company is principally engaged in the trading of food products. The registered office of the company is situated at 27 Second Floor, Gloucester Place, London, United Kingdom. The company is a wholly owned subsidiary of National Foods DMCC.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of National Foods Limited and National Foods DMCC, Dubai, UAE. The financial statements of the subsidiary company have been consolidated on a line by line basis.

All inter-company balances and transactions have been eliminated.

2. BASIS OF PREPARATION

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standards No. 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2015.

2.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

Following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after January 1, 2015 and are considered to be relevant to the Group's financial statements.

IFRS 10, 'Consolidated financial statement' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidation and separate financial statement', and SIC-12, 'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statement', it continue to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The standard will have impact on the consolidated financial statements of the Group.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The standard may not have impact on financial statements of the Group.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangement, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Group.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Group.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

Except as stated above, the new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for Group's financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Group's financial statements and hence have not been detailed here.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2015.

The group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

		(Unaudited) December 31, 2015	(Audited) June 30, 2015
		(Rupees in thousand)	
5.	PROPERTY, PLANT AND EQUIPMENT		
5.1	Operating assets - at net book value - Note 5.2	1,204,990	1,210,842
	Capital work in progress - at cost		
	Civil work in progress	188,211	93,856
	Plant and machinery	229,986	145,084
	Office equipment	7,332	1,697
	Advance against acquisition of land	78,637	66,956
		1,709,156	1,518,435
		Half year ended December 31, 2015	December 31, 2014
		(Rupees in thousand)	
5.2	Additions and Disposals during the period		
	Additions		
	Leasehold land	-	100
	Building on leasehold land	5,563	2,301
	Plant & machinery	62,966	24,479
	Motor vehicles - Owned	14,248	10,745
	Furniture & fittings	791	1,539
	Computers	8,645	14,455
	Others	5,349	5,102
		97,562	58,721
	Disposals - Net Book Value		
	Motor vehicles	7,078	6,015
	Computer equipment	-	61
		7,078	6,076
		(Unaudited) December 31, 2015	(Audited) June 30, 2015
		(Rupees in thousand)	
6.	SHORT TERM BORROWINGS		
	Running finance under mark up arrangements - note 6.1	354,434	284,094
	Export re-finance - note 6.2	400,000	100,000
	Short term loan - note 6.3	600,000	-
		1,354,434	384,094

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

- 6.1** The facilities available from various banks amount to Rs. 1.19 billion (June 30, 2015: Rs. 1.14 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's stock in trade, movables and trade debts. The rates of mark up range from one month KIBOR plus 0.4% to three months KIBOR plus 0.5% per annum (June 30, 2015: one month KIBOR plus 0.2% to three months KIBOR plus 0.5% per annum).
- 6.2** This carries markup at the rate of SBP refinance rate plus 0.75% per annum and is secured by way of pari-passu charge over Company's stocks and book debts.
- 6.3** During the period, the Company has utilised running musharika and istisna facilities from banks carrying markup at the rate of one month KIBOR plus 0.1% per annum and six months KIBOR plus 0.1% per annum respectively. The arrangements are secured by way of pari-passu charge over Company's stocks and book debts.

7. COMMITMENTS

Aggregate commitments for capital expenditure as at December 31, 2015 amounted to Rs 120.5 million (June 30, 2015: Rs 188.6 million).

8. SALES

Manufactured goods

Gross sales

Local sales

Export sales

Sales tax

Less:

Discount, rebates and allowances

Sales return

Half year ended	
December 31, 2015	December 31, 2014
(Rupees in thousand)	
8,581,412	7,223,958
676,683	532,621
9,258,095	7,756,579
(1,163,501)	(956,724)
8,094,594	6,799,855
1,431,267	1,161,384
88,213	69,915
1,519,480	1,231,299
6,575,114	5,568,556

9. EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholder

Weighted average number of shares in issue during the period (in thousand)

Earnings per share - Basic and diluted (Rupees)

528,727	443,299
103,607	103,607
5.10	4.28

There were no convertible dilutive potential ordinary shares in issue as at December 31, 2014 and 2015.

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

10. CASH GENERATED FROM OPERATIONS

Profit before taxation

728,654

657,325

Adjustments for non-cash charges and other items

Depreciation on property, plant and equipment

97,698

84,364

Retirement benefits expense

2,414

4,997

Amortisation of intangibles

11,322

8,335

Profit on disposal of property, plant and equipment

(8,899)

(972)

Property, plant and equipment written off

-

261

Income from Govt Securities

(921)

-

Gain on re-measurement of fair value of open ended mutual fund units

-

(16,818)

Gain on sale of investments

(6,803)

(890)

Unrealised foreign exchange gains - net

2,038

1,350

Exchange gain

(13,916)

(6,847)

Finance cost

23,042

24,608

105,975

98,388

Profit before working capital changes

834,629

755,713

EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

Decrease / (increase) in current assets

Stores, spare parts and loose tools

(468)

117

Stock in trade

(532,201)

40,137

Trade debts

160,328

231,374

Advances

(192,542)

(19,911)

Deposits and prepayments

(10,229)

(8,194)

Other receivables

(1,977)

5,333

(577,088)

248,856

(Decrease) / increase in current liabilities

Trade and other payables

(113,119)

102,526

Due to the government

(104,714)

(21,807)

39,708

1,085,288

Notes to and Forming Part of the Consolidated Condensed Interim Financial Information

For the half year ended December 31, 2015 - Unaudited

11. CASH AND CASH EQUIVALENTS

Cash and bank balances
Running finance under mark up arrangements

Half year ended	
December 31, 2015	December 31, 2014
(Rupees in thousand)	
218,812	215,883
(354,434)	(228,930)
(135,622)	(13,047)

12. TRANSACTIONS WITH RELATED PARTIES

Relationship with the group

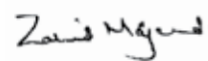
Nature of transactions

Half year ended	
December 31, 2015	December 31, 2014
(Rupees in thousand)	
i) Associated companies / Undertakings	
Sale of goods	482,399
Commission expense	-
Rent Payment	4,113
ii) Staff retirement fund	
Expense charged for defined contribution plan	13,446
Payments to retirement contribution plan	34,847
iii) Directors	
Technical advisory services	4,830
iv) Key management personnel	
Salaries and other short-term employee benefits	78,765
Contribution to Provident Fund	3,394
Post retirement benefits of Executive Directors	4,997

13. DATE OF AUTHORISATION OF ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors of the group on February 15, 2016.


Chief Executive


Director



National Foods Limited

12/CL-6 Claremont Road,
Civil Lines, Karachi.
UAN: 111-222-282
Email: info@nfoods.com
Website: www.nfoods.com