National Foods Limited

12/CL-6 Claremont Road,
Civil Lines, Karachi.
Contact: +92 21 38402022
Website: www.nfoods.com

INSPIRING NEW TRADITIONS

Half Yearly Report December 2018

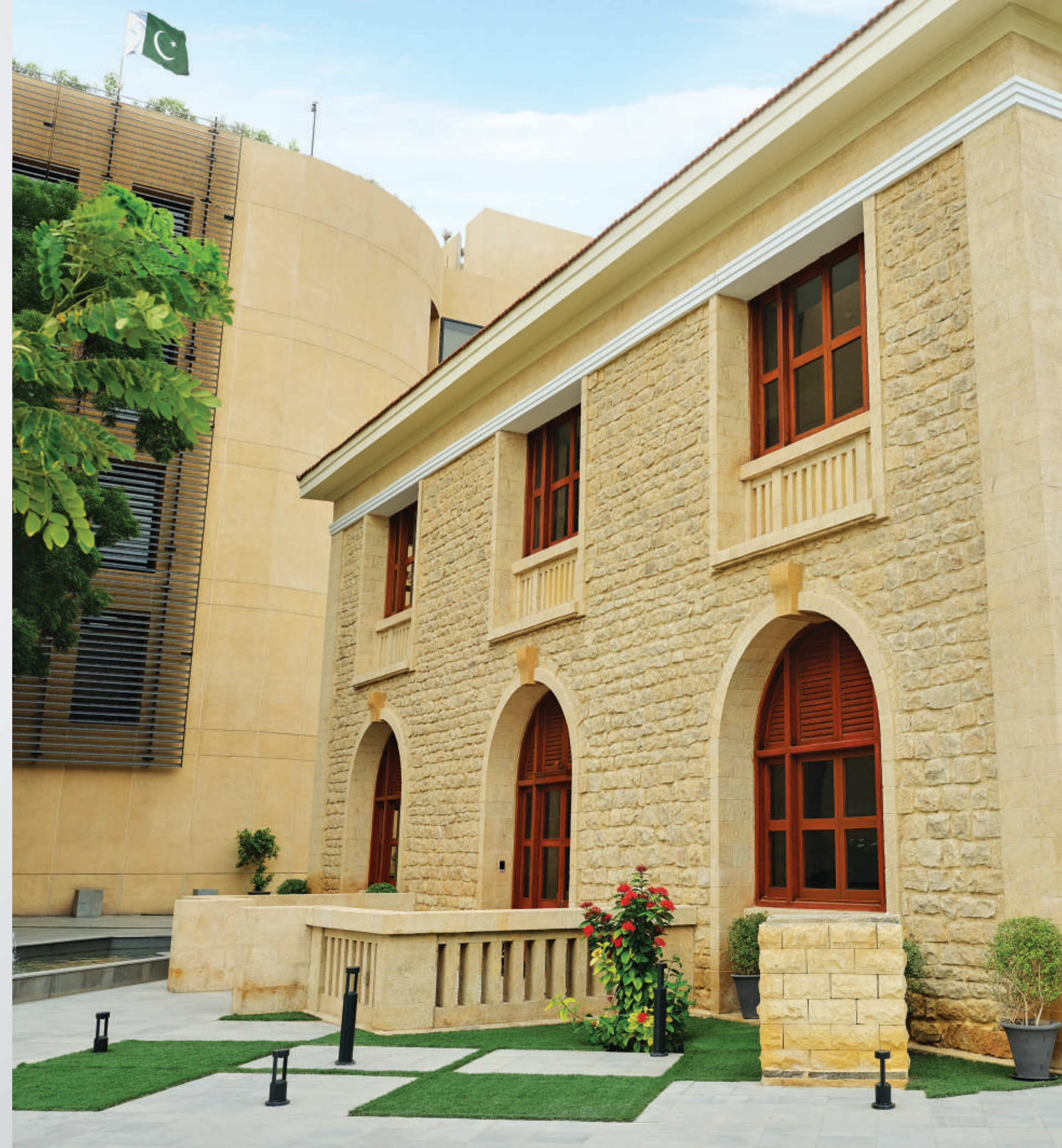


Table of Contents

02 Our Story
03 Vision and Mission
04 Company Information
06 Directors Report
09 Auditors Report
12 Unconsolidated Condensed Interim Balance Sheet
13 Unconsolidated Condensed Interim Profit and Loss Account
14 Unconsolidated Condensed Interim Changes in Equity
15 Unconsolidated Condensed Interim Cash Flow Statement
16 Notes to the Unconsolidated Condensed Interim Financial Information

30 Consolidated Condensed Interim Balance Sheet
31 Consolidated Condensed Interim Profit and Loss Account
32 Consolidated Condensed Interim Changes in Equity
33 Consolidated Condensed Interim Cash Flow Statement
34 Notes to the Consolidated Condensed Interim Financial Information

Our Story

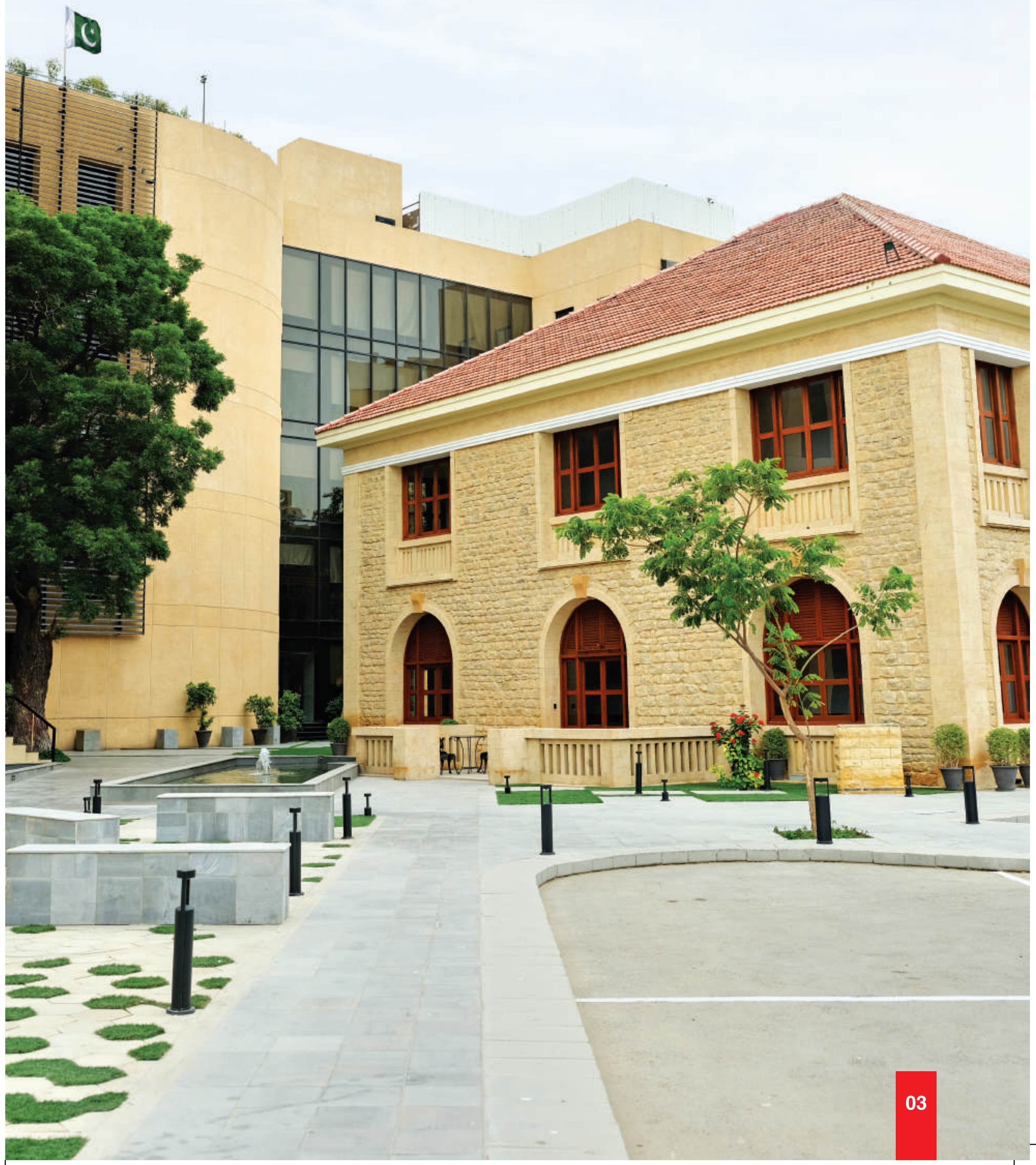
National Foods Limited (NFL), founded in 1970, is Pakistan's leading multicategory food company with over 250 different products, across 13 categories. NFL holds ISO 9001, ISO 18001, ISO 22000 and HACCP certifications coupled with SAP Business Technology to drive its strong commitment to quality and management excellence.

In alignment with NFL's Vision of becoming a Rs. 50 billion company, we constantly Inspire New Traditions and are already on our way to be recognized as an internationally renowned brand in over 37 countries across 5 continents worldwide. This has been facilitated with the aim of keeping traditions through new methods.

NFL is dedicated to improving the well-being of our society through continuous development of innovative food products and changing the way in which the modern household cooks food. We are also dedicated to infusing new initiatives into the society through our wide range of Corporate Social Responsibility programs.

Vision & Mission

To be a Rs. 50 billion food company in the convenience food segment by launching products and services in the domestic and international markets that enhance lifestyle and create value for our customers through management excellence at all levels.



Company Information

BOARD OF DIRECTORS

Mr. Abdul Majeed	Chairman
Mr. Abrar Hasan	Chief Executive Officer
Mr. Ehsan A. Malik	Director
Mr. Toufiq H. Chinoy	Member
Mrs. Noreen Hasan	Director
Mrs. Saadia Naveed	Director
Mr. Zahid Majeed	Director

AUDIT COMMITTEE

Mr. Ehsan A. Malik	Chairman
Mrs. Noreen Hasan	Member
Mrs. Saadia Naveed	Member
Mr. Zahid Majeed	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Ehsan A. Malik	Chairman
Mr. Abrar Hassan	Member
Mrs. Saadia Naveed	Member
Mr. Zahid Majeed	Member

DIRECTOR CORPORATE FINANCE / CHIEF FINANCIAL OFFICER

Mr. Syed Farhan Ali Rizvi

COMPANY SECRETARY

Mr. Fazal ur Rehman Hajano

HEAD OF INTERNAL AUDIT AND SECRETARY AUDIT COMMITTEE

Mr. Shahid Hussain

INTERNAL AUDITORS

Messrs EY Ford Rhodes & Co. Chartered Accountant

COMPANY MANAGEMENT

Mr. Abrar Hasan	Chief Executive Officer
Mr. Syed Farhan Ali Rizvi	Director Corporate Finance
Ms. Saira A. Khan	Director HR, Admin, IR & Security
Mr. Shakaib Arif	Director Integrated Supply Chain
Mr. Aejaz Abbas Basrai	Director Strategy & Marketing & Chief Operating Officer NF DMCC
Mr. Hasan Sarwat	Director Sales
Dr. Fayyaz Ashraf	Head of Innovations, Research & Development
Mr. Syed Zeeshan Ali	Head of Information Technology

AUDITORS

Messrs. KPMG Taseer Hadi & Co. Chartered Accountants	Shaikh Sultan Trust Building No. 2 Beaumont Road, Karachi.

SHARE REGISTRATION OFFICE

Central Depository Company of Pakistan Limited:	CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400. Tel: (92-21) 111-111-500 Fax: (92-21) 34326031

COMPANY BANKS

Bank Al Habib Limited	Meezan Bank Limited
Bank Alfalah Limited (Islamic Banking Group)	United Bank Limited
National Bank of Pakistan	Habib Bank AG Zurich
Habib Bank Limited	MCB Dubai
Habib Metropolitan Bank Limited	Toronto Dominion Canada Trust Bank
MCB Bank Limited	Bank of Montreal
	Business Development Bank of Canada

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. Phone: 021-3257-7707 – 10, Fax: 021-3257-2217 Email Address: info@nfoods.com
PORT QASIM PLANT	A-13, North Western Industrial Zone, Bin Qasim, Karachi. Phone: 021-3475-0373 – 7
MURIDKE PLANT	5-A/1, New Muslim Town, Lahore. Factory Address: G.T. Road, Manooabad Meer Muridke. Phone: 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. Phone: 055-3409560, 3409660
NOORIABAD PLANT	A 393 Nooriabad Industrial Estate, Nooriabad, Karachi. Phone: 03000335287

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

Director **Report**

The Directors of National Foods Limited are pleased to present the unaudited financial results of the Company, which include both stand-alone (subject to limited review by the external auditors) and consolidated financial statements, for the half year ended December 31, 2018.

Business Performance Overview

Operating and financial performance

The Company delivered strong topline and bottom-line H1. Net sales of the Group has continued its growth momentum posting a steady growth of 18% with core business posting growth of 9% (excluding the reclassification impacts mentioned below). This has been mainly a result of brand and consumer led initiatives carried forward with increased momentum in the current year in the Pakistan operations and partly due to the currency devaluation, which has positively impacted the results of International Division and A1 Cash & Carry.

Ignoring the impact of IFRS 15 mentioned in detail below, gross margins of the group and subsidiary improved by 120 bps and 200 bps respectively. The improvement has been a result of improved product mixes and price increases taken on the backdrop of inflationary & currency devaluation impacts on the cost to produce and sell.

Key financial numbers of the Group for the fiscal year are summarized below:

Amounts in PKR Million

Financial numbers without IFRS 15 reclassification *	Group			Core Business			A1 Bags & Suppliers Inc.	
	FY19	FY18	Change	**FY19**	FY18	Change	**FY19**	FY18
Net sales	**11,910**	10,112	18%	**8,431**	7,745	9%	**3,478**	2,367
Gross profit	**3,844**	3,146	22%	**3,157**	2,727	16%	**686**	419
as % of net sales	**32.3%**	31.1%	1%	**37.4%**	35.2%	2%	**19.7%**	17.7%

Reported numbers (FY 18 not reclassified)*)	Group			Core Business			A1 Bags & Suppliers Inc.	
	FY19	FY18	Change	**FY19**	FY18	Change	**FY19**	FY18
Net sales	**11,512**	10,112	14%	**8,034**	7,745	4%	**3,478**	2,367
Gross profit	**3,439**	3,146	9%	**2,753**	2,727	1%	**686**	419
as % of net sales	**29.9%**	31.1%	-1%	**34.3%**	35.2%	-1%	**19.7%**	17.7%
Operating profit	**1,156**	634	82%	**977**	532	84%	**184**	102
as % of net sales	**10.0%**	6.3%	4%	**12.2%**	6.9%	5%	**5.3%**	4.3%
Net profit after tax**	**808**	351	130%	**719**	295	144%	**94**	61
as % of net sales	**7.0%**	3.5%	4%	**9.0%**	3.8%	5%	**2.7%**	2.6%
EPS (Rupees)	**6.2**	2.6		**5.5**	2.2			

* Net sales for the current period incorporate the impact of first-time prospective application of IFRS 15 “Revenue from Contracts with Customers” resulting in reclassification of trade spend from distribution costs to net sales.

** This includes amoutisation of Rs. 5 million (2018: Rs. 5 million) on intangible recogonised on consolidation of A1 Bags & Suppliers Inc.

Marketing and Promotion

- A new Recipe Mixes campaign under the tag line “Nayi Soch ke Naye Zaiqe” was launched with multiple touch points focusing on empowering household women.
- The Always On model has been implemented with Recipe Mixes through the TV and Digital platforms to fuel create brand following and help drive volumes for season specific variants. The Thematic campaign airing was followed by Haleem campaign and Fish masala airing.
- A Back to School consumer promotion campaign was launched for Ketchup in August, in which free lunch boxes were given on the purchase of Tomato Ketchup.
- In the Sauces portfolio, we launched a new variant, Garlic Mayo, in Oct’18. The launch will be followed by a well-integrated marketing campaign including TV airing, planned to go live in Jan’19.

- We also launched three popular jam variants – Pineapple, Black Currant & Strawberry – in smaller 200g jars. The idea was to encourage trials by introducing a lower price proposition and to increase consumption of multiple variants.

- Furthermore, our Chinese range was converted to 800 ml PET bottles following the launch of same by the competition. Two of our variants, Chili Sauce and Soya Sauce were also introduced in 800 ml bottles, which were initially only available in smaller SKUs.

Other key accomplishments

- National Foods Limited has been awarded the 'Recognizing Gender Diversity at Workplace: Special Recognition, Local Industry' by the CFA Society Pakistan. National Foods Limited works actively to build an inclusive workforce at all levels of their organization, based on the UN SDG of Gender Equality. The award also evaluates the initiatives taken by NFL to empower the female population of the country. The Company has been running initiatives such as Project HOPE, Elevate and Aagahi Adult Literacy Program, through which over 80,000 women have been trained so far.

- A recent case study, 'Retaining Top Talent Through Family Friendly Policies' published by International Finance Corporation, a member of the World Bank Group, has identified National Foods Limited as having family friendly policies for their employees.

Future outlook

The management anticipates an impact of currency devaluation and inflationary pressure on its cost to produce in the second half of the fiscal year. However, adequate measures have already been taken and implemented to mitigate inflationary pressures – both in terms of pricing and cost control measures. The Company remains committed to drive the business fundamentals and improve / maintain its market leadership position in all major categories in the second half of the fiscal year as well. The management is confident of achieving its target for financial year 2019.

Acknowledgement

I would like to express the Board's sincerest gratitude to all internal and external stakeholders for their continued commitment and trust.

On behalf of Board of Directors

Chief Executive Officer

Director

Independent Auditor's Review Report

To the members of National Foods Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of National Foods Limited as at 31 December 2018 and the related condensed unconsolidated interim statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this 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 is 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 quarter ended 31 December 2018 and 31 December 2017 in the interim financial statements have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is **Moneeza Usman Butt.**

KPMG Taseer Hadi & Co.

Chartered Accountants

Date: 19 February 2019

Karachi

Unconsolidated Condensed Interim Financial Information December 31, 2018

Condensed Interim Unconsolidated Statement of Financial Position (Unaudited)

As at 31 December 2018

	Note	31 Dec 2018 (Unaudited)	30 June 2018 (Audited)
		(Rupees in '000)	
ASSETS			
Non - current assets			
Property, plant and equipment	5	**4,474,604**	4,150,606
Intangibles		**71,166**	85,652
Long-term investment - subsidiary		**31,719**	31,719
Long-term deposits		**39,619**	40,473
		4,617,108	4,308,450
Current assets			
Stores, spare parts and loose tools		**55,387**	41,880
Stock in trade	6	**3,307,071**	3,072,291
Trade debts		**909,395**	889,385
Advances		**123,177**	102,144
Trade deposits and prepayments		**74,970**	36,863
Other receivables		**10,630**	5,764
Sales tax refundable		**-**	121,424
Cash and bank balances		**386,753**	229,728
		4,867,383	4,499,479
TOTAL ASSETS		**9,484,491**	8,807,929
EQUITY AND LIABILITIES			
Share Capital and reserves			
Authorised share capital			
1,000,000,000 (30 June 2017: 200,000,000) ordinary shares of Rs. 5 each		**5,000,000**	1,000,000
Share capital			
Issued, subscribed and paid-up capital		**621,644**	518,034
Revenue reserve			
Unappropriated profit		**3,316,401**	3,140,259
		3,938,045	3,658,293
Non - current liabilities			
Deferred taxation - net		**169,693**	117,010
Deferred liabilities		**47,048**	42,366
		216,741	159,376
Current liabilities			
Trade and other payables		**2,530,389**	2,330,786
Contract liabilities		**155,245**	-
Short term borrowings	7	**1,706,248**	2,148,720
Unclaimed dividend		**75,980**	18,323
Long-term finance classified as current - secured	8	**493,152**	193,152
Mark-up accrued		**11,183**	14,766
Taxation - net		**314,289**	284,513
Sales tax payable		**43,219**	-
		5,329,705	4,990,260
TOTAL EQUITY AND LIABILITIES		**9,484,491**	8,807,929
Commitments	9		

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

Chief Executive Officer **Chief Financial Officer** **Director**

Condensed Interim Unconsolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the quarter and six months period ended 31 December 2018

	Note	Quarter ended 31 December 2018	Quarter ended 31 December 2017	Six months ended 31 December 2018	Six months ended 31 December 2017
		(Rupees in '000)			
Sales	10	**3,598,312**	3,291,362	**7,914,001**	7,630,258
Cost of sales		**(2,464,493)**	(2,216,634)	**(5,298,488)**	(5,017,397)
Gross profit		**1,133,819**	1,074,728	**2,615,513**	2,612,861
Distribution costs		**(621,104)**	(716,981)	**(1,279,927)**	(1,605,270)
Administrative expenses		**(264,330)**	(257,536)	**(503,401)**	(407,277)
Impairment loss on trade debts		**(5,400)**	(50,000)	**(5,400)**	(50,000)
Other expenses		**(24,341)**	(11,692)	**(60,362)**	(46,780)
Other income		**134,295**	8,676	**148,413**	13,264
Operating profit		**352,939**	47,195	**914,836**	516,798
Finance costs		**(28,846)**	(28,378)	**(57,102)**	(49,164)
Profit before taxation		**324,093**	18,817	**857,734**	467,634
Taxation	11	**(73,059)**	(38,603)	**(189,456)**	(179,032)
Profit / (loss) after taxation		**251,034**	(19,786)	**668,278**	288,602
Other comprehensive income		**-**	-	**-**	-
Total comprehensive income / (loss) for the period		**251,034**	(19,786)	**668,278**	288,602
		(Rupees)			
Earnings per share - basic and diluted	12	**2.02**	(0.16)	**5.38**	2.32

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

Chief Executive Officer **Chief Financial Officer** **Director**

Consolidated Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2018

	Issued, subscribed and paid-up capital	Revenue reserve - unappropriated profit	Total
	(Rupees in '000)		
Balance as at 1 July 2017	518,034	2,661,655	3,179,689
Total comprehensive income for the six months period ended 31 December 2017			
- Profit for the six months period ended 31 December 2017	-	288,602	288,602
- Other comprehensive income for the six months period ended 31 December 2017	-	-	-
	-	288,602	288,602
Transactions with owners recorded directly in equity - distributions			
- Final dividend for the year ended 30 June 2017 at the rate of Rs. 4.25 per share	-	(440,329)	(440,329)
Balance as at 31 December 2017	518,034	2,509,928	3,027,962
Balance as at 1 July 2018	**518,034**	**3,140,259**	**3,658,293**
Total comprehensive income for the six months ended 31 December 2018			
- Profit for the six months period ended 31 December 2018	**-**	**668,278**	**668,278**
- Other comprehensive income for the six months period ended 31 December 2018	**-**	**-**	**-**
	-	**668,278**	**668,278**
Transactions with owners recorded directly in equity - distributions			
- 1 Ordinary shares for each 5 shares held - alloted as bonus shares for the year ended 30 June 2018	**103,610**	**(103,610)**	**-**
- Final dividend for the year ended 30 June 2018 at the rate of Rs. 3.75 per share	**-**	**(388,526)**	**(388,526)**
Balance as at 31 December 2018	**621,644**	**3,316,401**	**3,938,045**

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

Chief Executive Officer	Chief Financial Officer	Director

Condensed Interim Unconsolidated Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2018

	Note	Period ended 31 December 2018	Period ended 31 December 2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	**1,302,005**	1,076,640
Finance cost paid		**(60,685)**	(37,174)
Income taxes paid		**(106,997)**	(233,010)
Long term deposits - net		**854**	(500)
Net cash generated from operating activities		**1,135,177**	805,956
CASH FLOWS FROM INVESTING ACTIVITES			
Purchase of property, plant and equipment		**(551,784)**	(864,004)
Purchase of intangible assets		**(7,477)**	(45,342)
Proceeds from disposal of property, plant and equipment		**54,446**	6,821
Net cash used in investing activities		**(504,815)**	(902,525)
CASH FLOWS FROM FINANCING ACTIVITES			
Short term borrowings obtained		**-**	788,000
Proceeds from long term finance		**300,000**	929
Repayment of short term borrowings		**(250,000)**	(100,000)
Dividends paid		**(330,866)**	(431,577)
Net cash (used in) / generated from financing activities		**(280,866)**	257,352
Net increase in cash and cash equivalents		**349,496**	160,783
Cash and cash equivalents at beginning of the period		**(1,068,991)**	(897,240)
Cash and cash equivalents at end of the period	14	**(719,495)**	(736,457)

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

Chief Executive Officer	Chief Financial Officer	Director

1. **THE COMPANY AND ITS OPERATIONS**

1.1 National Foods Limited ("the Company") was incorporated in Pakistan on 19 February 1970 as a private limited company under the Companies Act, 1913 and subsequently converted into a public limited company under the repealed Companies Ordinance, 1984 by special resolution passed in the extraordinary general meeting held on 30 March 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 parent entity of the Company is Associated Textile Consultants (Private) Limited based on control model as provided under International Financial Reporting Standards 10 - 'Consolidated Financial Statements'.

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.

NF DMCC also has following two wholly owned subsidiaries:

a) **National Epicure Inc.**
National Epicure Inc. ("NEI") 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.

In February 2017, NF DMCC through its further subsidiary NEI acquired 60% shares in A-1 Bags & Supplies Inc. ("A-1 Bags"), based in Canada. A-1 Bags is principally engaged in distribution and wholesale of food products, disposables, janitorial and sanitation products. Its registered office is situated at 6400 Kennedy Road, Mississauga, Ontario, Canada.

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.

1.2 These condensed interim unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiary have been accounted for at cost less accumulated impairment losses, if any.

2. **BASIS OF PREPARATION 2.1 Statement of compliance**

These condensed interim unconsolidated financial statements 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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 The condensed interim unconsolidated financial statements do not include all the informations and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended 30 June 2018.

2.3 Basis of measurement
These condensed interim unconsolidated financial statements have been prepared under the historical cost convention, except for the Company's liability under its defined benefit plan which is reported on the basis of present value of defined benefit obligations as determined by an independent actuary.

2.4 Functional and presentation currency
The condensed interim unconsolidated financial statements is presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

3. **SIGNIFICANT ACCOUNTING POLICIES**

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of these condensed interim unconsolidated financial statements for the year ended 30 June 2018 except for the adoption of new standards effective as of 1 July 2018 as referred to in note 3.4 to these condensed interim unconsolidated financial statements.

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The Company has initially adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 July 2018. The impact of the adoption of these standards and the new accounting policies are disclosed in note 3.4 below.

The Company has early adopted IFRS 9 'Financial Instruments' from 1 July 2018 S.R.O. 229 (I)/2019 issued by the Securities Exchange Commission of Pakistan deferred the effective date of application of IFRS 9 from 1 July 2018 to reporting periods ending on or after 30 June 2019. However, earlier application is permitted and compiled with in these condensed interim unconsolidated financial statements.

A number of other pronouncements are effective from 1 July 2018 as detailed in Company's annual audited unconsolidated financial statements as at and for the year ended 30 June 2018, but they do not have a material effect on these condensed interim unconsolidated financial statements and therefore have not been detailed.

3.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

There are certain new standards, interpretations and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2019. However, currently management considers that these pronouncements will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim unconsolidated financial statements.

3.4 CHANGES IN ACCOUNTING POLICIES

Explained below is the impact of the adoption of IFRS 15 'Revenue from Contracts with Customers' and early adoption of IFRS 9 'Financial Instruments' on the Company's condensed interim unconsolidated financial statements and also discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods.

IFRS 15 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

IFRS 15 replaced IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for comparative period in these condensed interim unconsolidated financial statements have not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

Under IFRS 15, revenue is recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer. It also specifies the accounting for the costs directly related to fulfilling a contract. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognised on delivery of goods. Delivery occurs when the products have been shipped to / or and delivered to the customer's destination / specific location, the risks of loss have been transferred to the customer and the customer has accepted the product.

The consideration which the Company receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. Revenue is measured based on the consideration specified in a contract with a customer, net of returns, amounts collected on behalf of third parties (sales taxes etc), pricing allowances, other trade discounts, volume rebates and couponing, price promotions to consumers / customers and any other consideration payable to customers. The level of discounts, allowances and promotional rebates are recognized, on estimated basis using historical experience and the specific terms of the arrangement, as a deduction from revenue at the time that the related sales are recognized or when such incentives are offered to the customer or consumer. Sales return provisions are recognized as deduction from revenue based on terms of the arrangements with the customer and are included in trade and other payables. No asset is recognized for returns as they are not anticipated to be resold. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company provides retrospective discounts to its customers on all products purchased by the customer once the quantity of products purchased during the period exceeds a threshold specified in the contract. A contract liability is recognised for expected discount payable to customers in relation to sales made until the end of the reporting period. Further the Company receives short term advances from its customers. Prior to adoption of IFRS 15, a provision for sales discounts and advance consideration received from customers was included in 'Trade and other payables' which now is reclassified in 'Contract liabilities' presented separately on statement of financial position. In addition, reclassification has been made from 'Trade and other payables' to 'Contract liabilities' for outstanding balance of advance from customers and sales discounts payable for prior year to provide comparison. Advances from customers amounting to Rs. 65.254 million represents advance consideration received from customers at the beginning of the period have been recognised as revenue for six months period ended 31 December 2018.

The above is generally consistent with the timing of revenue the Company recognised in accordance with the previous standard, IAS 18 and related interpretations. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition of the Company. However, the amount of revenue to be recognized was affected as it change the way Company accounts for consideration payable to customers, cost of fulfilling the service (performance obligation) to customer and certain payments to customers or consumers, all of which were previously shown as distribution expenses, to be shown as deductions from revenue or included in cost of sales.

The impact of adoption of IFRS 15 on the condensed interim unconsolidated statement of profit or loss and other comprehensive income for the six months period ended 31 December 2018 is as follows:

	As reported	Adjustments	Amounts without adoption of IFRS 15
	------------------	(Rupees in '000)	-----------------
Revenue	7,914,001	376,012	8,290,013
Cost of Sales	(5,298,488)	7,142	(5,291,346)
Distribution Costs	(1,279,927)	(383,160)	(1,663,087)

Had the Company applied IFRS 15 retrospectively, the impact on the condensed interim unconsolidated statement of profit or loss and other comprehensive income for the six months period ended 31 December 2017 would have been as follows:*

	As reported under IAS 18 and related interpretations	Adjustments	Amounts with adoption of IFRS 15
	------------------	(Rupees in '000)	-----------------
Revenue	7,630,258	(236,340)	7,393,918
Cost of Sales	(5,017,397)	(28,450)	(5,045,847)
Distribution Costs	(1,605,270)	264,790	(1,340,480)

*The above information has been disclosed for the purpose of comparison.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 replaces the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The IFRS 9 has been early adopted without restating comparative information as allowed under the standard.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

At present the Company has financial asset measured at amortized cost. Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. The classification and measurement under IFRS 9 does not have any impact on Company's accounting policy.

Trade receivable is initially measured at transaction price and are subsequently measured at amortised cost using the effective interest method, net of impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and other receivables.

For trade receivables, the Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Majority of debtors are regular customers of the Company and management uses actual historical credit loss experience, based on payment profile of credit sales over past year, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance. There is no significant impact from the new expected credit loss (ECL) impairment model under IFRS 9 on allowances and provisions for trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Impairment losses related to trade and other receivables are presented separately in the statement of profit or loss and other comprehensive income. As a result, the Company reclassified impairment losses amounting to Rs 50 million recognised under IAS 39 for comparative period, from 'distribution costs' to 'impairment loss on trade and other receivables in the statement of profit or loss and other comprehensive income.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

4.2 The significant judgements made by management in applying the Company's accounting policies and the key sources of estimating the uncertainty were the same as those that applied to the audited annual unconsolidated financial statements as at and for the year ended 30 June 2018 except for new significant judgements and key source of estimation uncertainty related to application of IFRS 15 and IFRS 9 as described in note 3.4 of these condensed interim unconsolidated financial statements.

4.3 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual unconsolidated financial statements as at and for the year ended 30 June 2018.

5. PROPERTY, PLANT AND EQUIPMENT

	31 December 2018 (Unaudited)	30 June 2018 (Audited)
	(Rupees in '000)	
Operating fixed assets	**3,915,894**	3,355,740
Capital work in progress	**558,710**	794,866
	4,474,604	4,150,606

5.1 Following are the additions and disposals of property, plant and equipment during the period:

	Six months ended	
	31 December 2018	31 December 2017
	(Rupees in '000)	
Additions / transfers from CWIP		
Building on leasehold land	**263,853**	792,649
Plant and machinery	**463,529**	157,188
Computer equipment	**26,754**	15,706
Vehicles	**11,302**	4,390
Furniture and fittings	**1,802**	65,737
Others	**12,656**	67,237
	779,896	1,102,907
Additions to operating fixed assets include transfers of Rs 659.588 million (31 December 2017: Rs. 589.01 million) from capital work in progress		
Net (transfer from) / addition to CWIP	**(236,156)**	(238,905)
Disposals - Net book value		
Vehicles [cost Rs. 64.34 million (31 December 2017: Rs. 4.35 million)]	**34,133**	2,643
Computer equipments [cost Rs. 41.22 million (31 December 2017: Rs. 0.12 million)]	**295**	-
Furniture and fittings [cost Rs. 0.028 million (31 December 2017: Rs. 2.81 million)]	**-**	-
Others [cost Rs. 3.42 million (31 December 2017: Rs. 0.12 million)]	**292**	30

5.2 All the non-current assets of the Company are located in Pakistan.

6. STOCK IN TRADE

Stock in trade includes finished goods costing Rs. 47.78 million (30 June 2018: Rs. 43.69 million) valued at net realisable value of Rs. 36.10 million (30 June 2018: Rs. 32.10 million).

7. SHORT TERM BORROWINGS

	31 December 2018 (Unaudited)	30 June 2018 (Audited)
	(Rupees in '000)	
Running finance under mark-up arrangements	**768,808**	935,671
Running finance under Musharakah	**337,440**	363,049
Export re-finance	**400,000**	400,000
Money market loan	**200,000**	450,000
	1,706,248	2,148,720

7.1 This includes running finance balance maintained with Islamic banks having balance of Rs. 337.440 million (30 June 2018: Rs. 363.049 million).

7.2 The facilities available from various banks amounts to Rs. 3.19 billion (30 June 2018: Rs. 3.19 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's stock in trade, movables and trade debts. The facilities expiring within one year are annual facilities subject to review at various dates during 2018.

7.3 The rates of mark up range from one month KIBOR plus 0.04% to three months KIBOR plus 0.50% per annum (30 June 2018: one month KIBOR plus 0.04% to three months KIBOR plus 0.5% per annum).

8. LONG-TERM FINANCE CLASSIFIED AS CURRENT - SECURED

The loan facility requires the Company to maintain a current ratio of 1.1:1 at all times till the settlement of loan. At period end, breach of such covenant took place primarily due to spike in the short term borrowing availed by the Company. According to the loan agreement in the event of breach of conditions the lender is entitled to demand immediate repayment of the outstanding loan amount. However, the lender has not requested early repayment of the loan as yet. In compliance with requirement of IAS 1 "Presentation of Financial Statements" the related facility has been classified as current liability. Management is in discussion with the lender to seek waiver of the covenant including relaxing the related requirement and is confident of a favourable response.

9. COMMITMENTS

9.1 Aggregate commitments for capital expenditure as at 31 December 2018 amount to Rs. 83.433 million (30 June 2018: Rs. 94.18 million).

9.2 The facilities for opening letters of credit amount to Rs. 1.6 billion (30 June 2018: Rs. 1.6 billion) and for letters of guarantee amount to Rs. 141 million (30 June 2018: Rs. 141 million) as at 31 December 2018 of which the amount remaining unutilised at period end were Rs. 1.34 billion (30 June 2018: Rs. 1.34 billion) and Rs. 101.26 million (30 June 2018: Rs. 104.26 million) respectively.

9.3 Aggregate commitments in respect of ujrah payments for ijarah financing of motor vehicles bearing mark up ranging from six months KIBOR + 0.6% to six months KIBOR + 0.9% (30 June 2018: six months KIBOR + 0.6% to six months KIBOR + 0.9%) per annum for rentals payable monthly as at 31 December 2018 amount to:

	31 December 2018 (Unaudited)	30 June 2018 (Audited)
	(Rupees in '000)	
Not later than one year	77,043	73,447
Later than one year but not later than five years	128,672	114,997
	205,715	188,444

10. SALES

	Six months ended	
	31 December 2018	31 December 2017
	(Unaudited)	
	(Rupees in '000)	
Local sales	11,389,121	10,195,319
Export sales	580,019	587,291
	11,969,140	10,782,610
Less: Sales tax	(1,579,653)	(1,384,641)
	10,389,487	9,397,969
Less:		
Discount, rebates and allowances	(2,326,128)	(1,695,331)
Sales return	(149,358)	(72,380)
	(2,475,486)	(1,767,711)
	7,914,001	7,630,258

10.1 Exports sales represents sales made to NF DMCC - a wholly owned subsidiary of the Company and other customers, in United Arab Emirates and Afghanistan.

10.2 Revenue is disaggregated by primary geographical market (above) and by product division. During the six months period ended 31 December 2018, revenue of the Foods Division was Rs. 4,118 million (31 December 2017: Rs. 4,002.09 million), Kitchen Division was Rs. 7,851.14 (31 December 2017: Rs. 6,780.52 million).

11. TAXATION

- Current	136,774	108,065
- Deferred	52,682	70,967
	189,456	179,032

Under section 5A of the Income Tax Ordinance, 2001 (as amended by the Finance Act, 2017), a tax shall be imposed at the rate of 5% of the accounting profit before tax on every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute at least 20% of its profits within six months of the end of the tax year through cash. The Board of Directors of the Company will consider this matter before the authorization of annual financial statements for the year ending 30 June 2019. Hence, no tax consequences applicable on undistributed profit are recognised in these condensed interim unconsolidated financial statements.

12. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders	668,278	288,602
	(Number of shares) (In '000')	
Weighted average number of ordinary shares outstanding during the period*	124,328	124,328
	(Rupees)	
Earnings per share - basic and diluted	5.38	2.32

*weighted average number of ordinary shares outstanding during the comparative period has been adjusted for issuance of bonus shares

13. CASH GENERATED FROM OPERATIONS

	Note	Six months ended 31 December 2018 (Unaudited)	Six months ended 31 December 2017 (Unaudited)
		(Rupees in '000)	
Profit before taxation		**857,734**	467,634
Adjustment for non-cash charges and other items			
Depreciation		**193,516**	149,618
Amortization		**21,963**	19,691
Retirement benefit expense		**4,682**	2,318
Gain on disposal of property, plant and equipment		**(20,175)**	(4,148)
Impairment loss on trade debts		**5,400**	50,000
(Reversal against) / provision for slow moving and obsolete stock		**(18,828)**	(12,503)
Finance cost		**57,102**	49,164
Working capital changes	*13.1*	**200,611**	354,866
		1,302,005	1,076,640

13.1 Working capital changes

	31 December 2018	31 December 2017
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	**(13,507)**	(26,281)
Stock in trade	**(215,952)**	78,262
Trade debts	**(25,410)**	63,431
Advances	**(21,033)**	33,281
Trade deposits and prepayments	**(38,107)**	(28,110)
Other receivables	**(4,866)**	68,685
Sales tax refundable	**121,424**	40,633
	(197,451)	229,901
Increase / (decrease) in current liabilities		
Trade and other payables	**199,598**	(10,412)
Contract Liability	**155,245**	-
Sales tax payable	**43,219**	135,377
	398,062	124,965
	200,611	354,866

14. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash and bank balances	**386,753**	125,173
Running finance under mark-up arrangement	**(1,106,248)**	(861,630)
Cash and cash equivalents at end of the period	**(719,495)**	(736,457)

15. TRANSACTIONS WITH RELATED PARTIES

Transaction with related parties, other than disclosed elsewhere are as follows:

15.1 At reporting date the trade debts include Rs. 465.62 million (30 June 2018: Rs. 541.96 million) receivable from National Foods DMCC (subsidiary company).

	Six months ended 31 December 2018	Six months ended 31 December 2017
	(Rupees in '000)	
Parent Company		
Rent payment	**-**	2,262
Rental income	**4,744**	2,400
Subsidiary Company		
Sale of goods - net	**580,019**	585,562
Associated Companies / Undertakings		
Sale of goods	**344,845**	773,486
Commission expense	**5,835**	31,091
Staff retirement funds		
Expense charged for defined contribution plan	**26,057**	21,840
Payment to defined contribution plan	**36,151**	49,378
Key Management Personnel:		
Salaries and other short-term employee benefits	**284,861**	199,956
Contribution to Provident Fund	**11,545**	8,914
Post retirement benefits of Executive Directors	**4,682**	2,319

16. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, where ever considered necessary, the effect of which is not material.

17. GENERAL

These condensed interim unconsolidated financial statements has been authorised for issue on 19th February 2019 by the Board of Directors of the Company.

Chief Executive Officer **Chief Financial Officer** **Director**

Consolidated Condensed Interim
Financial Information
December 31, 2018

Condensed Interim Consolidated Statement of Financial Position

As at 31 December 2018

	Note	(Unaudited) 31 December 2018	(Audited) 30 June 2018
		(Rupees in '000)	
ASSETS			
Non - current assets			
Property, plant and equipment	5	**4,883,398**	4,531,638
Intangibles and goodwill		**691,936**	659,555
Long term deposits		**40,708**	41,409
		5,616,042	5,232,602
Current assets			
Stores, spare parts and loose tools		**55,387**	41,880
Stock-in-trade	6	**4,039,720**	3,682,064
Trade debts		**886,554**	1,164,931
Advances		**132,187**	176,735
Trade deposits and prepayments		**193,422**	112,347
Other receivables		**231,357**	23,315
Sales tax refundable		**-**	121,424
Cash and bank balances		**460,173**	376,794
		5,998,800	5,699,490
TOTAL ASSETS		**11,614,842**	10,932,092
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital and reserves			
Authorised share capital			
1,000,000,000 (30 June 2017: 200,000,000) ordinary shares of Rs. 5 each		**5,000,000**	1,000,000
Share Capital			
Issued, subscribed and paid-up capital		**621,644**	518,034
Revenue Reserves			
Unappropriated profit		**3,515,157**	3,233,729
Foreign exchange translation reserve		**102,687**	56,176
Equity attributable to owners of the Company		**4,239,488**	3,807,939
Non-controlling interest		**231,301**	196,293
Total equity		**4,470,789**	4,004,232
Non - current liabilities			
Long term finance		**534,980**	199,259
Liabilities against assets subject to finance lease		**46,778**	34,470
Long term deposits		**3,531**	3,235
Deferred liabilities		**50,190**	45,065
Deferred rent		**31,949**	25,003
Deferred taxation - net		**169,693**	111,913
		837,121	418,945
Current liabilities			
Trade and other payables		**3,106,130**	3,232,678
Unclaimed Dividend		**75,980**	18,323
Contract Liability		**210,777**	-
Mark-up accrued		**11,183**	17,605
Short-term borrowings - secured	7	**1,817,198**	2,204,869
Long-term finance classified as current - secured		**493,152**	193,152
Current maturity of long term finance - secured		**196,312**	333,750
Current maturity of deferred consideration		**-**	188,128
Current maturity of liabilities against assets subject to finance lease		**7,210**	6,604
Taxation - net		**345,773**	313,806
Sales tax payable		**43,219**	-
		6,306,934	6,508,915
		7,144,055	6,927,860
TOTAL EQUITY AND LIABILITIES		**11,614,842**	10,932,092
Commitments	9		

The annexed notes 1 to 17 form an integral part of this consolidated interim financial information.

Chief Executive Officer | **Chief Financial Officer** | **Director**

Condensed Interim Consolidated Profit and Loss Account (Unaudited)

For the quarter and six months period ended 31 December 2018

	Note	Quarter ended 31 December 2018	Quarter ended 31 December 2017	Half year ended 31 December 2018	Half year ended 31 December 2017
		(Rupees in '000)		(Rupees in '000)	
Sales	10	**5,510,337**	4,538,121	**11,511,645**	10,111,962
Cost of sales		**(3,902,661)**	(3,195,543)	**(8,072,645)**	(6,965,121)
Gross profit		**1,607,676**	1,342,578	**3,439,000**	3,146,841
Distribution costs		**(873,722)**	(970,364)	**(1,771,083)**	(1,983,998)
Impairment loss on trade debts		**(5,400)**	-	**(5,400)**	-
Administrative expenses		**(328,355)**	(284,782)	**(595,670)**	(482,822)
Other expenses		**(12,944)**	(20,029)	**(54,917)**	(63,264)
Other income		**129,927**	10,974	**143,600**	17,517
Operating profit		**517,182**	78,377	**1,155,530**	634,274
Finance costs		**(56,054)**	(45,876)	**(112,681)**	(85,717)
Profit before taxation		**461,128**	32,501	**1,042,849**	548,557
Taxation - net	11	**(100,336)**	(42,013)	**(234,277)**	(197,406)
Profit after tax		**360,792**	(9,512)	**808,572**	351,151
Other comprehensive income					
Items that are or may be reclassified subsequently to profit and loss account:					
Foreign operations - foreign currency transalation differences		**50,248**	8,461	**46,511**	12,640
Total comprehensive income for the year		**411,040**	(1,051)	**855,083**	363,791
Profit attributable to:					
Owners of the Parent Company		**343,688**	(9,447)	**773,564**	328,871
Non-controlling interest		**22,200**	(65)	**35,008**	22,280
		360,792	(9,512)	**808,572**	351,151
Total comprehensive income attributable to:					
Owners of the Parent Company		**400,426**	(2,956)	**830,640**	338,336
Non-controlling interest		**15,710**	1,905	**24,442**	25,455
		411,040	(1,051)	**855,083**	363,791
		(Rupees)		**(Rupees)**	
Earnings per share (basic and diluted)	12	**2.76**	(0.08)	**6.22**	2.65

The annexed notes 1 to 17 form an integral part of this consolidated interim financial information.

Chief Executive Officer | **Chief Financial Officer** | **Director**

Condensed Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2018

	Attributable to shareholders of the Parent Company				Non controlling interest	Total equity
	Share capital	Retained earnings	Foreign currency translation reserve	Sub-total		
	(Rupees in '000)					
Balance as at 1 July 2017	518,034	2,686,892	7,283	3,212,209	179,196	3,391,405
Total comprehensive income for the six months ended 31 December 2017						
Profit for the six months ended 31 December 2017	-	328,871	-	328,871	22,280	351,151
Other comprehensive income for the six months ended 31 December 2017	-	-	9,465	9,465	3,175	12,640
	-	328,871	9,465	338,336	25,455	363,791
Transaction with owners in their capacity as owners directly recorded in equity						
Final dividend for the year ended 30 June 2017 @ Rs. 4.25 per share	-	(440,329)	-	(440,329)	-	(440,329)
Balance as at 31 December 2017	518,034	2,575,434	16,748	3,110,216	204,651	3,314,867
Balance as at 1 July 2018	**518,034**	**3,233,729**	**56,176**	**3,807,939**	**196,293**	**4,004,232**
Total comprehensive income for the six months ended 31 December 2018						
Profit for the six months ended 31 December 2018	**-**	**773,564**	**-**	**773,564**	**35,008**	**808,572**
Other comprehensive income for the six months ended 31 December 2018	**-**	**-**	**46,511**	**46,511**	**-**	**46,511**
	-	**773,564**	**46,511**	**820,075**	**35,008**	**855,083**
Transaction with owners in their capacity as owners directly recorded in equity						
Final dividend for the year ended 30 June 2018 @ Rs. 3.75 per share		**(388,526)**	**-**	**(388,526)**	**-**	**(388,526)**
1 Ordinary shares for each 5 shares held alloted as bonus shares	**103,610**	**(103,610)**	**-**	**-**	**-**	**-**
Balance as at 31 December 2018	**621,644**	**3,515,157**	**102,687**	**4,239,487**	**231,301**	**4,470,789**

The annexed notes 1 to 17 form an integral part of this consolidated interim financial information.

Chief Executive Officer | **Chief Financial Officer** | **Director**

Consolidated Condensed Interim Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2018

	Note	(Unaudited) 31 December 2018	(Unaudited) 31 December 2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	**1,381,062**	1,060,376
Finance cost paid		**(116,264)**	(70,999)
Income tax paid		**(146,936)**	(245,109)
Deferred rent		**4,470**	8,164
Retirement benefits obligations paid		**-**	-
Long term deposits		**854**	(492)
Net cash generated from operating activities		**1,123,186**	751,940
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(584,769)**	(1,055,107)
Sale proceeds from disposal of property, plant and equipment		**54,446**	6,821
Purchase of intangible assets		**(7,477)**	(45,763)
Deferred consideration paid		**(196,894)**	(142,709)
Net cash used in investing activities		**(734,694)**	(1,236,758)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings		**-**	788,000
Proceeds from long term finance		**503,622**	252,154
Repayment of long term finance		**(90,282)**	-
Repayment of short term borrowings		**(250,000)**	(100,000)
Dividend paid		**(330,866)**	(431,577)
Net cash (used in) / generated from financing activities		**(167,526)**	508,577
Net increase / (decrease) in cash and cash equivalents		**220,966**	23,759
Cash and cash equivalents at beginning of the year		**(978,074)**	(623,506)
Currency translation difference on cash and cash equivalents		**83**	3,477
Cash and cash equivalents at end of the year	*14*	**(757,025)**	(596,270)

The annexed notes 1 to 17 form an integral part of this consolidated interim financial information.

Chief Executive Officer | **Chief Financial Officer** | **Director**

1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

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

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 extraordinary 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 parent entity of the Company is Associated Textile Consultants (Private) Limited based on control model as provided under International Financial Reporting Standards 10 - 'Consolidated Financial Statements'.

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. 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.

NF DMCC also has following two wholly owned subsidiaries:

a) 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.

b) National Epicure Inc.

National Epicure Inc. (NEI) 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.

NEI also has the following subsidiary:

a) A-1 Bags & Supplies Inc.

A-1 Bags & Supplies Inc., is incorporated in Canada on 14 March 2001, under the Canada Business Corporations Act. The company is principally engaged in distribution and wholesale of food products,

disposables, janitorial and sanitation products. The registered office of the company is situated at 6400 Kennedy Road, Mississauga, Ontario, Canada.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim consolidated financial statements 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; 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim consolidated financial statements do not include all the informations and disclosures required for annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company as at and for the year ended 30 June 2018.

2.3 Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention, except for the Company's liability under its defined benefit plan which is reported on the basis of present value of defined benefit obligations as determined by an independent actuary.

2.4 **Functional and presentation currency**

The condensed interim financial information is presented in Pakistan Rupees which is also the Group's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand Rupee except where stated otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of these condensed interim consolidated financial statements for the year ended 30 June 2018 except for the adoption of new standards effective as of 1 July 2018 as referred to in note 3.4 to these condensed interim unconsolidated financial statements.

3.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE COMPANY

The Company has initially adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 July 2018. The impact of the adoption of these standards and the new accounting policies are disclosed in note 3.4 below.

A number of other pronouncements are effective from 1 July 2018 as detailed in Company's annual audited consolidated financial statements as at and for the year ended 30 June 2018, but they do not have a material effect on these financial statements and therefore have not been detailed.

3.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

There are certain new standards, interpretations and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after 1 July 2019. However, currently management considers that these pronouncements will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim consolidated financial statements.

3.4 CHANGES IN ACCOUNTING POLICIES

The below explains the impact of the adoption of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' on the Company's condensed interim consolidated financial statements and also discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods.

IFRS 15 'REVENUE FROM CONTRACTS WITH CUSTOMERS'

IFRS 15 replaced IAS 18 'Revenue', IAS 11 'Construction Contracts' and related interpretations. The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Accordingly, the information presented for comparative period in these condensed interim unconsolidated financial statements have not been restated i.e. it is presented, as previously reported under IAS 18 and related interpretations.

Under IFRS 15, revenue is recognized when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control over the promised goods and services to the customer. It also specifies the accounting for the costs directly related to fulfilling a contract. Management has concluded that revenue from sale of goods be recognised at the point in time when control of the product has transferred, being when the products are delivered to the customer. Invoices are generated and revenue is recognised on delivery of goods. Delivery occurs when the products have been shipped to / or and delivered to the customer's destination / specific location, the risks of loss have been transferred to the customer and the customer has accepted the product.

The consideration which the Company receives in exchange for its goods or services may be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur. Revenue is measured based on the consideration specified in a contract with a customer, net of returns, amounts collected on behalf of third parties (sales taxes etc), pricing allowances, other trade discounts, volume rebates and couponing, price promotions to consumers / customers and any other consideration payable to customers. The level of discounts, allowances and promotional rebates are recognized, on estimated basis using historical experience and the specific terms of the arrangement, as a deduction from revenue at the time that the related sales are recognized or when such incentives are offered to the customer or consumer. Sales return provisions are recognized as deduction from revenue based on terms of the arrangements with the customer and are included in trade and other payables. No asset is recognized for returns as they are not anticipated to be resold. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Company provides retrospective discounts to its customers on all products purchased by the customer once the quantity of products purchased during the period exceeds a threshold specified in the contract. A contract liability is recognised for expected discount payable to customers in relation to sales made until the end of the reporting period. Further the Company receives short term advances from its customers. Prior to adoption of IFRS 15, a provision for sales discounts and advance consideration received from customers was included in 'Trade and other payables' which now is reclassified in 'Contract liabilities' presented separately on statement of financial position. In addition, reclassification has been made from 'Trade and other payables' to 'Contract liabilities' for outstanding balance of advance from customers and sales discounts payable for prior year to provide comparison. Advances from customers amounting to Rs. 65.254 million represents advance consideration received from customers at the beginning of the period have been recognised as revenue for six months period ended 31 December 2018.

The above is generally consistent with the timing of revenue the Company recognised in accordance with the previous standard, IAS 18 and related interpretations. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition of the Company. However, the amount of revenue to be recognized was affected as it changes the way Company accounts for consideration payable to customers, cost of fulfilling the service (performance obligation) to customer and certain payments to customers or consumers, all of which were previously shown as distribution expenses, to be shown as deductions from revenue or included in cost of sales.

The impact of adoption of IFRS 15 on the condensed interim consolidated statement of profit or loss and other comprehensive income for the six months period ended 31 December 2018 is as follows:

	As reported	**Adjustments**	**Amounts without adoption of IFRS 15**
Revenue	11,511,645	398,147	11,909,792
Cost of Sales	(8,072,645)	7,142	(8,065,503)
Distribution Costs	(1,771,083)	(405,289)	(2,176,372)

Had the Company applied IFRS 15 retrospectively, the impact on the condensed interim consolidated statement of profit or loss and other comprehensive income for the six months period ended 31 December 2017 would have been as follows:*

	As reported under IAS 18 and related interpretations	**Adjustments**	**Amounts with adoption of IFRS 15**
Revenue	10,111,962	(280,412)	9,831,550
Cost of Sales	(6,965,121)	(28,450)	(6,993,571)
Distribution Costs	(1,983,998)	308,862	(1,675,136)

*The above information has been disclosed for the purpose of comparison.

Further contract liability as at 30 June 2018 amounting to Rs. 70 million would have been separately reported on statement of financial position which is included in trade and other payables. Apart from these changes, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company for the reasons described above. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 replaces the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. IFRS 9 largely retainsthe existing requirements in IAS 39 for classification and measurement of financial liabilities. The IFRS 9 has been adopted without restating comparative information as allowed under the standard.

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

At present the Company has financial asset measured at amortized cost. Trade and other receivables and cash and cash equivalents that were classified as loans and receivables under IAS 39 are now classified at amortised cost. The classification and measurement under IFRS 9 does not have any impact on Company's accounting policy.

Trade receivable is initially measured at transaction price and are subsequently measured at amortised cost using the effective interest method, net of impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and other receivables. For trade receivables, the Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Majority of debtors are regular customers of the Company and management uses actual historical credit loss experience, based on payment profile of credit sales over past year, adjusted for forward-looking factors specific to the debtors and the economic environment to determine lifetime expected loss allowance. There is no significant impact from the new expected credit loss (ECL) impairment model under IFRS 9 on allowances and provisions for trade receivables. Trade receivables are written off when there is no reasonable expectation of recovery.

Impairment losses related to trade and other receivables are presented separately in the statement of profit or loss and other comprehensive income. As a result, the Company reclassified impairment losses amounting to Rs 50 million recognised under IAS 39, from 'other expenses' to 'impairment loss on trade and other receivables in the statement of profit or loss and other comprehensive income.

3.5 Basis of consolidation

The consolidated financial statements of the Parent Company and its subsidiary companies are prepared up to the same reporting date and are combined on a line-by-line basis.

Non-controlling interests

Non-controlling interest (NCI) is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition, as adjusted for proportionate share in profit and loss of the acquiree after the acquisition date.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimating the uncertainty were the same as those that applied to the audited annual unconsolidated financial statements as at and for the year ended 30 June 2018 except for new significant judgements and key source of estimation uncertainty related to application of IFRS 15 and IFRS 9 as described in note 3.4 of these condensed interim consolidated financial statements.

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2018.

	(Unaudited) 31 December 2018	(Audited) 30 June 2018
	(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	**4,324,688**	3,736,771
Capital Work in Progress	**558,710**	794,866
	4,883,398	4,531,637

5.1 Following are the additions and disposals of property, plant and equipment:

	31 December 2018	31 December 2017
	(Rupees in '000)	
Additions/ transfer from CWIP		
Leasehold Land	**-**	-
Building on Leasehold land	**269,993**	800,611
Plant & machinery	**463,529**	157,188
Computers	**32,532**	15,706
Motor vehicles - Owned	**12,279**	4,390
Furniture & fittings	**22,431**	91,465
Others	**13,725**	67,301
	814,489	1,136,661
Net (transfer from) / addition to CWIP	**(236,156)**	(238,905)
Disposals - Net book value		
Vehicles [cost Rs. 64.34 million (31 December 2017: Rs. 4.35 million)]	**34,133**	2,643
Computer equipments [cost Rs. 41.22 million (31 December 2017: Rs. 0.12 million)]	**295**	-
Furniture and fittings [cost Rs. 0.028 million (31 December 2017: Rs. 2.81 million)]	**-**	-
Others [cost Rs. 3.42 million (31 December 2017: Rs. 0.12 million)]	**292**	30

6. STOCK IN TRADE

Stock in trade includes finished goods costing Rs. 47.78 million (30 June 2018: Rs. 43.69 million) valued at net realisable value of Rs. 36.10 million (30 June 2018: Rs. 32.10 million).

7. **SHORT TERM BORROWINGS**

	(Unaudited) 31 December 2018	(Audited) June 30, 2018
	(Rupees in '000)	
Running finance under mark up arrangements	879,758	991,820
Running finance under Musharika	337,440	363,049
Export re-finance	400,000	400,000
Money Market Loan	200,000	450,000
	1,817,198	2,204,869

7.1. This includes running finance balance maintained with Islamic banks having balance of Rs.337.440 million (30 June 2018: Rs. 363.049 million).

7.2 The facilities available from various banks amounts to Rs. 3.19 billion (30 June 2018: Rs. 3.19 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's stock in trade, movables and trade debts. The facilities expiring within one year are annual facilities subject to review at various dates during 2018.

7.3 The rates of mark up range from one month KIBOR plus 0.04% to three months KIBOR plus 0.50% per annum (30 June 2018: one month KIBOR plus 0.04% to three months KIBOR plus 0.5% per annum).

7.4 This includes facilities obtained by A-1 Bags and Supplies Inc. from commercial bank amounting to CAD2.50 million. This facility is secured by a general security agreement, an assignment of insurance and postponement of related party loans, and is guaranteed by shareholders. It bears interest rates at the bank's prime lending rate plus 1.0% per annum.

8. **Long-term finance classified as current - secured**

The loan facility requires the Company to maintain a current ratio of 1.1:1 at all times till the settlement of loan. At period end, breach of such covenant took place primarily due to spike in the short term borrowing availed by the Company. According to the loan agreement in the event of breach of conditions the lender is entitled to demand immediate repayment of the outstanding loan amount. However, the lender has not requested early repayment of the loan as yet. In compliance with requirement of IAS 1 "Presentation of Financial Statements" the related facility has been classified as current liability. Management is in discussion with the lender to seek waiver of the covenant including relaxing the related requirement and is confident of a favourable response.

9. **COMMITMENTS**

9.1 Aggregate commitments for capital expenditure as at 31 December 2018 amount to Rs.83.433 million (30 June 2018: Rs. 94.18 million).

9.2 The facilities for opening letters of credit amount to Rs. 1.6 billion (30 June 2018: Rs. 1.6 billion) and for letters of guarantee amount to Rs. 141 million (30 June 2018: Rs. 141 million) as at 31 December 2018 of which the amount remaining unutilised at period end were Rs. 1.34 billion (30 June 2018: Rs. 1.34 billion) and Rs. 101.26 million (30 June 2018: Rs. 104.26 million) respectively.

9.3 Aggregate commitments in respect of ujrah payments for ijarah financing of motor vehicles bearing mark up ranging from six months KIBOR+ 0.6% to six months KIBOR+ 0.9% (30 June 2018: six months KIBOR+ 0.6% to six months KIBOR + 0.9%) per annum for rentals payable monthly as at 31 December 2018 amount to:

	(Unaudited) 31 December 2018	(Audited) 30 June 2018
	(Rupees in '000)	
Payable within one year	242,842	239,246
Payable over one to five years	655,770	642,095
Payable after five years	264,357	264,357
	1,162,969	1,145,698

10. **SALES**

	31 December 2018	31 December 2017
	(Rupees in '000)	
Gross sales		
Local sales	11,389,121	10,195,319
Export sales	4,404,197	3,242,418
	15,793,317	13,437,737
Less: Sales tax	(1,753,972)	(1,500,860)
	14,039,345	11,936,877
Less:		
Discount rebates and allowances	(2,378,117)	(1,723,674)
Sales return	(149,584)	(101,241)
	(2,527,701)	(1,824,915)
	11,511,645	10,111,962

10.1 Exports sales represents sales made to NF DMCC - a wholly owned subsidiary of the Company and other customers in United Arab Emirates and Afghanistan.

10.2 Revenue is disaggregated by primary geographical market.

10.3 Management reviews revenue and other financial results based on product division. During the six months period ended 31 December 2018, revenue of the foods division was Rs. 4,121.53 million (2017 : Rs. 3,961.28 million) and Kitchen Division was Rs. 8,019.40 million (2017 : Rs. 7,006.60 million). Revenue from A1 amounted to Rs. 3,651.86 million (2017: 2,469.92 million)

11. **TAXATION**

	Half year ended 31 December 2018	31 December 2017
	(Unaudited)	
	(Rupees in '000)	
- Current	181,595	113,114
- Deferred	52,682	84,292
	234,277	197,406

Under section 5A of the Income Tax Ordinance, 2001 (as amended by the Finance Act, 2017), a tax shall be imposed at the rate of 5% of the accounting profit before tax on every public company, other than schedule bank or modaraba, that drives profit for a tax year but does not distribute at least 20% of its profits within six months of the end of the tax year through cash. The Board of Directors of the Holding Company will consider this matter before the authorization of annual financial statements for the year ending 30 June 2019. Hence, no tax consequences applicable on undistributed profit are recognised in these condensed interim unconsolidated financial statements.

12. **EARNINGS PER SHARE**

	Half year ended 31 December 2018	31 December 2017
	(Rupees in '000)	
Profit after taxation attributable to ordinary shareholders	773,564	328,871
	Number of shares	
Weighted average number of ordinary shares outstanding during the period*	124,328,227	124,328,227
	Rupees	
Earning per share - basic and diluted	6.22	2.65

*weighted average number of ordinary shares outstanding during the comparative period has been adjusted for issuance of bonus shares

	Note	31 December 2018	31 December 2017
		(Rupees in '000)	
13. CASH FLOWS FROM OPERATIONS			
Profit before taxation		**1,042,848**	548,557
Adjustments for non-cash charges and other items			
Depreciation on property, plant and equipment		**233,287**	165,676
Amortization on intangibles		**27,322**	24,483
Finance cost		**112,681**	85,717
Gain on disposal of property, plant and equipment		**(20,175)**	(4,148)
(Reversal against) / provision for slow moving and obsolete stock		**(18,828)**	(12,503)
Unrealised foreign exchange gains - net		**-**	12,640
Retirement benefits expense		**4,682**	2,427
Provision for doubtful debts		**5,400**	50,000
Working capital changes	13.1	**(6,154)**	187,528
		338,214	511,819
Cash generated from operations		**1,381,062**	1,060,376

13.1 Effect on cash flows due to working capital changes

	31 December 2018	31 December 2017
(Increase) / Decrease in current assets		
Stores, spares and loose tools	**(13,507)**	(26,291)
Stock in trade	**(280,797)**	(172,288)
Trade debts	**860,649**	20,726
Advances	**51,342**	(34,658)
Deposits and prepayments	**(38,107)**	5,200
Other receivables	**(61,342)**	84,770
Sales tax refundable	**121,424**	40,633
	639,663	(81,908)
(Decrease) / Increase in current liabilities		
Trade and other payables	**(844,281)**	134,061
Sales tax payable	**43,219**	135,375
Contract Liability	**155,245**	-
	(645,817)	269,436
	(6,154)	187,528

14. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Cash and bank balances	**460,173**	344,163
Running finance under mark up arrangements	**(1,217,198)**	(940,433)
	(757,025)	(596,270)

15. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Company	Nature of transaction	(Unaudited) 31 December 2018	(Unaudited) 31 December 2017
		(Rupees in '000)	
Associated Companies / Undertakings	Sale of goods	**344,845**	773,486
	Rent payment		2,262
	Rental income	**4,744**	2,400
	Commission expense	**5,835**	31,091
Staff retirement funds	Expense charged for defined contribution plan	**26,057**	21,840
	Payments to retirement contribution plan	**36,151**	49,378
Long term loan		**19,055**	47,637
Key management personnel compensation:			
Salaries and other short-term employee benefits		**300,477**	215,572
Retirement benefits		**11,545**	8,914
Post retirement benefits of Executive Directors		**4,682**	2,319
Eligible dividend		**7,549**	6,437

16. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, where ever considered necessary, the effect of which is not material.

17. GENERAL

This condensed interim financial information has been authorised for issue on 19 February 2019, by the Board of Directors of the Parent Company.

Chief Executive Officer	Chief Financial Officer	Director

مارکیٹنگ اور تشہیر:

۔''نئی سوچ کے نئے ذائقے'' کی ٹیگ لائن کے ساتھ ایک نئی ریسیپی مکس کی مہم کا آغاز کیا گیا جس میں گھریلو خاتون کو با اختیار بنانے پر توجہ مرکوز کرتے ہوئے کئی اور حساس نکات پر توجہ دی گئی ہے۔

۔ٹی وی اور ڈیجیٹل پلیٹ فارمز کے ذریعے برانڈ فولوونگ (following) بناتے ہوئے اور مخصوص ومتعدد سلسلے (seasons) میں ریسیپی مکس کے ساتھ اس کے ماڈل پر ہمیشہ کی طرح عمل کیا گیا ہے۔ یہ موضوعاتی مہم حلیم مہم اور فش مصالحہ کی صورت میں نشر کی گئیں۔

۔اگست میں صارفین کے لیے مہم 'بیک ٹو اسکول' کیچپ کے فروغ کے لیے شروع کی گئی، جس میں ٹماٹر کیچپ کی خریداری پر مفت لنچ بکس فراہم کیے گئے۔

۔اکتوبر 2018 میں، سوسز پورٹ فولیو کے تناظر میں، ہم نے منفرد ذائقے والا'' گارلک میو (Garlic mayo)'' متعارف کروایا۔ یہ لانچ ایک مربوط مارکیٹنگ مہم بشمول ٹی وی نشریات کے جنوری 2019 میں براہ راست نشریات کی منصوبہ بندی کے ساتھ کی گئی۔

۔اس کے ساتھ ہی ہم نے تین مشہور مختلف جیم، پائن ایپل، بلیک کرنٹ اور اسٹرابیری بھی 200 گرام کے چھوٹے جار میں متعارف کروائے ہیں۔ کم قیمتی ٹرائل پیکس کو متعارف کروا کے قیمتی حد بندی کی جا سکے اور ساتھ ہی مختلف فلیورز کے استعمال کو یقینی بنایا جا سکے۔

۔مزید یہ کہ مارکیٹ میں مقابل پروڈکٹس کی وجہ سے ہماری جا ئینز رینج کی PET بوتلز 800 ملی لیٹر کی پیکنگ میں متعارف کروائی گئی ہیں۔ ہمارے دو مختلف چلی سوس اور سویا سوس بھی 800 ملی لیٹر کی بوتل میں متعارف کروائے گئے ہیں جو کہ پہلے صرف SKUs میں دستیاب تھے۔

دیگر اہم کامیابیاں

۔CFA سوسائٹی پاکستان کی جانب سے نیشنل فوڈز لمیٹڈ کو "Recognizing Gender Diversity at workplace: Special Recognition, local industry" ایوارڈ سے نوازا گیا۔

UN SDG کے جینڈر ایکویٹی کی بنیاد پر نیشنل فوڈز لمیٹڈ ادارے کو تمام سطحوں پر مضبوط اور باضابطہ افرادی قوت کو بہتر انداز میں تعمیر کرتے ہوئے فعال طور پر کام کرتا ہے۔ یہ ایوارڈ نیشنل فوڈز کی جانب سے ملک کی خواتین کو با اختیار بنانے کے اقدامات کو سراہنے کے سلسلے کی ایک کڑی ہے۔ کمپنی کامیابی کے ساتھ Hope,Elevate, اور آگہی پروجیکٹس کے ذریعے تعلیم بالغاں پروگرامز کو جاری رکھے ہوئے ہے، جس کے ذریعے اب تک 80,000 سے زائد خواتین تربیت حاصل کر چکی ہیں۔

۔ ایک تازہ تحقیق کے مطابق جو ورلڈ بینک گروپ کے ایک ممبر نے "Retaining Top talent through family friends policies" کے نام سے شائع کی جس میں انہوں نے نیشنل فوڈز لمیٹڈ کی اپنے ملازمین کے لیے خاندانی دوستانہ پالیسیز رکھنے والے ایک مضبوط اور کامیاب ادارے کے طور پر نشاندہی کی ہے۔

مستقبل کا نقطہ نظر

یہ انتظام مالیاتی سال کے دوسرے حصے میں پیدا ہونے والی قیمت اور افراط زر کے دباؤ پر اثر انداز ہوتا ہے۔ تاہم، قیمتوں کے تعین اور افراط زر کے دباؤ کو کم کرنے کے لیے دونوں طرح یعنی قیمتوں کے تعین اور کنٹرول کے ذریعے پہلے ہی سے مناسب اقدامات کر لیے گئے ہیں۔ کمپنی کاروبار کو بنیادی اصولوں کے مطابق چلانے اور مالی سال کے نصف حصے میں تمام اہم شعبوں اور مارکیٹ میں اپنی قیادت کی حیثیت کو بہتر بنانے اور برقرار رکھنے کے لیے بھی پُرعزم ہے۔ انتظامیہ مالیاتی سال 2019 میں اپنا ہدف کامیابی سے حاصل کرنے کے لیے پُرعزم ہے۔

اعتراف

میں بورڈ کی جانب سے مخلصانہ طور پر اپنے تمام اندرونی اور بیرونی حصص داران کے مسلسل اعتماد اور پُرعزم ساتھ پر اُن کا شکریہ ادا کرنا چاہتا ہوں۔

بورڈ آف ڈائریکٹرز کی جانب سے

ڈائریکٹرز	چیف ایگزیکٹو آفیسر

معزز حصص داران!

نیشنل فوڈز لمیٹڈ کے ڈائریکٹرز بامسرت 31 دسمبر 2018 کو ختم ہونے والے مالیاتی سال کے حوالے سے کمپنی کی ششماہی کی غیر جانچ شدہ (unaudited) کے نتائج پیش کر رہے ہیں۔ جس میں دونوں یعنی علیحدہ اور مشترکہ آڈیٹڈ فنانشل اسٹیٹمنٹس شامل ہیں۔

کاروباری کارکردگی کا جائزہ

عملی اور مالیاتی کارکردگی

کمپنی نے ٹاپ لائن اور بوٹم لائن H1 کو مضبوط انداز میں فراہم کیا ہے۔ گروپ نے 9 فیصد بنیادی کاروبار سے ترقی کرتے ہوئے 18 فیصد کے ساتھ (مندرجہ ذیل دی گئی نئی درجہ بندی کے تاثر کے علاوہ) ترقی کے سفر کو مسلسل جاری رکھا ہوا ہے۔ موجودہ سال پاکستان میں ہونے والی ابتدائی عملی سرگرمیوں میں اضافہ اور مجموعی طور پر قیمت کے کم ہونے کی وجہ برانڈ اور صارفین کے تعاون کا نتیجہ ہے جس نے بین الاقوامی سطح پر AI کیش اینڈ کیری (cash and carry) کے نتائج کو مثبت طریقے سے متاثر کیا ہے۔

ذیل میں دی گئی IFRS 15 کے اثر کی تفصیلات سے قطع نظر، 120bps اور 200 bps کی شرح کے ساتھ گروپ کے مجموعی مارجنز اور ماتحت اداروں میں بہتری آئی ہے۔ قیمت میں کمی اور افراطِ زر کی شرح کے پس منظر پر بہتر ملی ہوئی مصنوعات اور قیمت میں اضافہ مصنوعات کے فروغ میں بہتری کا نتیجہ ہے۔

گروپ کے مالیاتی سال کا گوشوارہ درج ذیل ہے:

پاکستانی ملین

IFRS 15 کی بحالی کے بغیر فنانشل نمبرز*	گروپ			بنیادی کاروبار			A1 بیگز اور سپلائرز انکارپوریشن	
	FY19	FY18	تبدیلی	FY19	FY18	تبدیلی	FY19	FY18
خالص فروخت	11,910	10,112	18%	8,431	7,745	9%	3,478	2,367
مجموعی منافع	3,844	3,146	22%	3,157	2,727	16%	686	419
بطور خالص فروخت کی شرح	32.3%	31.1%	1%	37.4%	35.2%	2%	19.7%	17.7%

رپورٹڈ نمبرز (FY 18 کی بحالی کے بغیر)*	گروپ			بنیادی کاروبار			A1 بیگز اور سپلائرز انکارپوریشن	
	FY19	FY18	تبدیلی	FY19	FY18	تبدیلی	FY19	FY18
خالص فروخت	11,512	10,112	14%	8,034	7,745	4%	3,478	2,367
مجموعی منافع	3,439	3,146	9%	2,753	2,727	1%	686	419
بطور خالص فروخت کی شرح	29.9%	31.1%	-1%	34.3%	35.2%	-1%	19.7%	17.7%
عملی منافع	1,156	634	82%	977	532	84%	184	102
بطور خالص فروخت کی شرح	10.0%	6.3%	4%	12.2%	6.9%	5%	5.3	4.3%
خالص منافع بعد از ٹیکس**	808	351	130%	719	295	144%	94	61
بطور خالص فروخت کی شرح	7.0%	3.5%	4%	9.0	3.8%	5%	2.7%	2.6%
آمدنی فی حصص	6.2	2.6		5.5	2.2			

** موجودہ دور میں IFRS 15 کے اثر سے پہلی بار ممکنہ درخواست میں شامل خالص فروخت کو "کسٹمرز کے ساتھ معاہدے سے حاصل ہونے والی فی آمدنی" کے نتیجہ میں خالص فروخت سے تقسیم شدہ تجارت کی بحالی کی جاتی ہے۔