

We Enrich Lives & Lifestyles



National Foods Limited
Quarterly Report 2023



National Foods Limited

12/CL-6, Claremont Road
Civil Lines, Karachi.

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www.nfoods.com

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Our Story

National Foods continues to spread happiness by offering authentic flavors, and re-uniting people with their longstanding Pakistani heritage.

250

Products

12

Categories

HACCP

Certified

We began our journey in 1970 as a spices company with a product that brought the idea of clean and healthy foods to life. Since then, we resolved to make hygienic food, reduce time spent in the kitchens, and foster good health. And on a daily basis, we strive to elevate our communities and create a better lifestyle for those around us.

Since inception in 1970, National Foods has evolved into a leading multi-category food company that produces 250 different products across 13 categories. We hold ISO 9001, ISO 45001, ISO 22000 and HACCP certifications along with SAP Business Technologies to ensure that our customers receive the highest quality products. With a strong commitment to quality and operational excellence, we are integrating our systems with SAP S/4HANA, the latest ERP business suite for large conglomerates.

We constantly Inspire New Traditions and have already successfully expanded our global footprint across 40 countries in 5 continents. At National Foods, we're creating food that enriches the lives of people everywhere.



Vision & Mission



Vision

Creating food that enriches the lives of people everywhere.

Mission

We will achieve our vision by designing and manufacturing food and related products, conforming to international standards and guidelines for nutrition, health, wellness and quality, bringing joy and happiness to people everywhere.



Core Values



Go Above and Beyond

- We love what we do
- We have the courage to question the status quo
- We think big and create new possibilities
- We bring positive energy to everything we do
- We are driven by new challenges and learning opportunities



Prioritize Customer Experience (Internal & External)

- We continuously seek to understand and identify customer needs
- We focus on providing convenience and value to our customers
- We listen to our customers and treat them with respect
- We are clear and transparent in our communication
- We consider all customer touchpoints to offer the best possible solution



Trust Each Other and Achieve Together

- We work collaboratively across organizational boundaries on common objectives
- We respect each other's ideas and opinions
- We give constructive and candid feedback
- We share knowledge and experiences to help each other develop
- We celebrate the wins together



Lead, Commit and Deliver the Best

- We set a clear direction for our deliverables
- We make decisions which result in increased productivity and efficiencies
- We develop proactive solutions to overcome current or potential challenges
- We work on continuous performance improvement and learning
- We strive to consistently add value to the business and the environment



Own It and Deliver It

- We lead by example
- We are responsible for all our actions and decisions
- We empower ourselves and take initiatives to meet business needs
- We own our growth and development
- We are responsible for the safety and well-being of ourselves and our community



Company Information

Board of Directors

Mr. Zahid Majeed	Chairman
Mr. Abrar Hasan	Chief Executive Officer
Mr. Ehsan Ali Malik	Director
Mr. Ali H. Shirazi	Director
Mr. Adam Fahy Majeed	Director
Mrs. Saadia Naveed	Director
Mrs. Noreen Hasan	Director

Audit Committee

Mr. Ehsan Ali Malik	Chairman
Mrs. Saadia Naveed	Member
Mrs. Noreen Hasan	Member

Human Resource and Remuneration Committee

Mr. Ali H. Shirazi	Chairman
Mrs. Noreen Hasan	Member
Mr. Ehsan Ali Malik	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

Ms. Quratulain Mamsa

Internal Auditors

EY Ford Rhodes

Company Management

Mr. Abrar Hasan	Chief Executive Officer
Mr. Aejaz Abbas Basrai	Chief Commercial Officer – Culinary
Mr. Ahmed Salman	Director Supply Chain
Dr. Fayyaz Ashraf	Director Quality, Research and Development
Mr. Hasan Sarwat	Chief Commercial Officer – Condiments
Mr. Saleem Khilji	Director Manufacturing
Mr. Shahid Saeed	Director Information Technology
Mr. Syed Farhan Ali Rizvi	Director Corporate Finance

Auditors

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

CDC Share Registrar Services 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
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Company Banks

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

Registered Office

12/CL-6 Claremont Road, Civil Lines, Karachi-75530
Phone: (92-21) 38402022 & 36490029
Fax: (92-21) 35670996

SITE Plant

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

Port Qasim Plant

A-13, North Western Industrial Zone, Bin Qasim, Karachi.
Phone: 021-3475-0373 – 7

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**

Directors’ Report

Fellow Shareholders,

The Directors of National Foods Limited are pleased to present the unaudited financial results of the Company, which includes both stand-alone and consolidated financial statements, for the three months period ended September 30, 2022.

Business Performance Overview

Economic environment

Macro-Economic conditions remained strained during the first quarter of the fiscal year. A prolonged period of commodity super-cycle, current account deficit, interest rates and forex pressure slowed down GDP growth. The economy is projected to grow by 3.5% for 2023. Inflation has seen a slight cutback in the last month however, it remains quite high with additional pressures from a high food import bill due to the damage done by floods.

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

Amounts in PKR Million

	Group			Core Business			A1 Bags & Suppliers Inc.		
	Q1 FY23	Q1 FY22	Change	Q1 FY23	Q1 FY22	Change	Q1 FY23	Q1 FY22	Change
Net sales	13,128	9,977	32%	5,647	5,873	-4%	7,498	4,105	83%
Gross profit	3,509	2,890	21%	1,958	2,053	-5%	1,552	840	85%
Operating profit*	921	1,058	-13%	265	751	-65%	660	311	112%
Net profit after tax**	526	711	-25%	287	593	-52%	402	190	112%
Earnings per share (Rupees)	2.3	3.0	-	1.2	2.5	-	1.7	0.8	-
Gross profit***	26.7%	29.0%	-2.3%	34.7%	34.9%	-0.3%	20.7%	20.5%	0.2%
Operating profit***	7.0%	10.6%	-3.6%	4.7%	12.8%	-8.1%	8.8%	7.6%	1.2%
Profit after tax***	4.0%	7.1%	-3.1%	5.1%	10.1%	-5.0%	5.4%	4.6%	0.7%

* Excludes other income and other expenses.

** This includes amortization of Rs.2 million (2022: RS.2 million) on intangible recognized on consolidation of A1 Bags & Suppliers Inc.

*** As % of net sales

Operating and financial performance

Core business

Our business has remained depressed on the domestic front in this quarter. We have sustained our gross margins vs. prior year. International business also remained challenged given the global slow down in consumption and demand.

A1 Bags & Supplies Inc.

Net sales grew by 83% mainly in Packaging, Food, Protein and Wares category, despite increasing inflation rates in Canada. The business has shown significant growth in its profitability with the Operating Profit and Net Profitability increasing by 112%.

Marketing and Promotion

Recipe Masala

- ‘Aaj Rung Hai’ campaign airing was continued on leading TV channels & digital platforms to further drive the awareness of the new packaging change on recipe mixes
- Tourist Activity: To drive trial & engagement with consumers at tourist spots of KPK
- Mandi Activation: At the major wholesale markets across Pakistan to boost sales

Ketchup:

- Targeted campaigns for National Tomato Ketchup and National Chili Garlic were live on digital platforms with the objective of increasing top of mind awareness.
- A Back to School campaign was rolled out with customized pack for the younger audience, with the objective of creating a strong association with kids. This was supported through consumer centric digital bundles and offers on E-Commerce.

On behalf of Board of Directors


Chief Executive Officer

Crushed Pickle

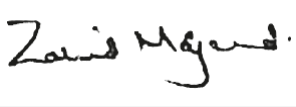
- Periodic deployment of awareness assets on social media for Crushed Pickle to build brand consumption.
- Digital content to capitalize on occasions like Independence Day, Monsoons, buying cycles etc. to stay relevant with consumers and build top of mind recall.

Future outlook

The management recognizes the uncertainty emanating from international commodity & oil inflation, increasing interest rates, current account deficit & resulting impact on exchange rate and overall economy. The management will continue to closely monitor the situation and strategize accordingly to drive business fundamentals and maintain its market leadership position in all major categories through contingency planning.

Acknowledgement

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


Director

Unconsolidated Condensed Interim Financial Statements

September 30, 2022



Financial report

Balance sheet

Assets	1,734,826
Current assets	88,905
Non-current assets	1,645,921
Liabilities	166,630
Current liabilities	110,327
Non-current liabilities	56,303
Equity	74,393
Paid-in capital	72,921
Retained earnings	1,472

Equity statement

Current year	1,774,576
Comprehensive income	15,897
Issue of share capital	88,905
Dividends	23,853
Previous year	166,630
Comprehensive income	110,327
Issue of share capital	56,303
Dividends	67,676

Cash flow statement

Operations	12,978,516
Net earnings	12,873,892
Depreciation	104,624
Investing	6,372,535
Real estate	1,385,395
Equipment	4,439,118
Financing	6,505,981
Notes payable	6,505,981

Income statement

Revenue	12,978,516
Cost of sales	12,873,892
Gross profit	104,624
Operating expenses	6,372,535
Operating income	1,385,395
Other income	4,439,118
Net income	548,022
Net loss	6,505,981

BUSINESS DASHBOARD

Evolution Metric	Actual	Target	Actual	Target
Revenue	\$3.4M	\$3.4M	82.0%	82.0%
Profit	\$1.2M	\$1.2M	108.7%	108.7%
Avg. Order-Size	\$850.3	\$850.3	71.0%	71.0%
On Time Delivery	98.0%	98.0%	98.0%	98.0%
New Customers	15432	15432	145.0%	145.0%
Cust. Satisfaction	98.3%	98.3%	105.1%	105.1%
Market Share	48.9%	48.9%	88.3%	88.3%

Top 10 products

#14430	10
#48963	8
#33983	7
#00254	6
#03417	5
#94021	4
#21389	3
#02489	2
#11388	1
#11103	0

Condensed Interim Unconsolidated

Statement of Financial Position (Unaudited)

As at September 30, 2022

	Note	30 September 2022 (Unaudited)	30 June 2022 (Audited)
(Rupees in thousand)			
ASSETS			
Non - current assets			
Property, plant and equipment	5	7,496,678	7,067,013
Intangibles		69,524	73,943
Long-term investments		45,935	45,935
Long-term deposits		45,676	38,444
Deferred assets		53,656	53,656
		7,711,469	7,278,991
Current assets			
Stores, spare parts and loose tools		174,635	168,050
Stock-in-trade	6	7,144,053	6,628,926
Trade debts		750,297	1,948,605
Advances		1,099,485	732,502
Deposits and prepayments		118,594	66,005
Sales tax refundable		323,499	-
Short-term investments at FVTPL	7	554,171	1,324,795
Cash and bank balances		1,915,384	712,989
		12,080,119	11,581,872
TOTAL ASSETS		19,791,588	18,860,863
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
1,000,000,000 (30 June 2022: 1,000,000,000) ordinary shares of Rs. 5 each		5,000,000	5,000,000
Share Capital			
Issued, subscribed and paid-up capital		1,165,576	1,165,576
Revenue Reserves			
Unappropriated profit		5,612,024	5,343,575
		6,777,600	6,509,151
Non - current liabilities			
Long-term finance and deferred income	8	232,079	255,976
Lease liabilities		14,057	16,671
Deferred taxation - net		209,911	208,878
Long term provisions		18,307	22,461
		474,353	503,986
Current liabilities			
Trade and other payables		5,439,817	5,738,658
Contract liability		119,460	93,076
Short-term borrowings	9	5,514,755	4,269,883
Unclaimed dividend		22,542	23,161
Long-term finance and deferred income classified as current - secured	8	196,546	416,215
Mark-up accrued on bank borrowings		131,202	80,072
Taxation - net		1,115,312	1,226,661
		12,539,635	11,847,726
TOTAL EQUITY AND LIABILITIES		19,791,588	18,860,863
Contingencies and Commitments	10		

The annexed notes 1 to 19 form an integral part of these 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 three months period ended September 30, 2022

	Note	Three months ended	
		30 September 2022 (Unaudited)	30 September 2021
(Rupees in thousand)			
Sales - net	11	5,575,911	5,784,847
Cost of sales		(3,678,255)	(3,817,121)
Gross profit		1,897,655	1,967,726
Distribution costs		(1,214,980)	(942,411)
Impairment loss on trade debts		-	(21)
Administrative expenses		(442,620)	(327,564)
Other expenses		(27,559)	(52,193)
Other income	12	214,729	135,137
		427,226	780,674
Finance costs		(77,421)	(39,430)
Profit before taxation		349,804	741,244
Taxation - net	13	(81,355)	(196,539)
Profit for the period		268,449	544,705
Other comprehensive income for the period		-	-
Total comprehensive income for the period		268,449	544,705
Earnings per share - basic and diluted	14	1.15	2.34

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Condensed Interim Unconsolidated

Statement of Changes in Equity (Unaudited)

For the three months period ended September 30, 2022

	Issued, subscribed and paid-up share capital	Revenue reserve - unappropriated profit	Total
	(Rupees in thousand)		
Balance as at 1 July 2021	932,461	4,543,794	5,476,255
Total comprehensive income for the three months ended 30 September 2021			
- Profit for the period	-	544,705	544,705
- Other comprehensive income	-	-	-
	-	544,705	544,705
Balance as at 30 September 2021	932,461	5,088,499	6,020,960
Total comprehensive income for the nine months ended 30 June 2022			
- Profit for the period	-	1,420,373	1,420,373
- Other comprehensive income - actuarial gain on defined benefit plan - net of tax	-	280	280
	-	1,420,653	1,420,653
Transactions with owners			
- 1 ordinary share for each 4 shares held - allotted as bonus shares for the year ended 30 June 2021	233,115	(233,115)	-
- Final dividend for the year ended 30 June 2021 @ Rs. 5 per share	-	(932,462)	(932,462)
Balance as at 30 June 2022	1,165,576	5,343,575	6,509,151
Total comprehensive income for the period ended 30 September 2022			
- Profit for the period	-	268,449	268,449
- Other comprehensive income for the period	-	-	-
	-	268,449	268,449
Balance as at September 30, 2022	1,165,576	5,612,024	6,777,600

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Condensed Interim Unconsolidated

Statement of Cash Flows (Unaudited)

For the three months period ended September 30, 2022

	Note	Period ended 30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	15	247,526	793,634
Finance cost paid		(26,291)	(36,581)
Taxes paid		(191,671)	(14,089)
Retirement benefits paid		(316)	10,660
Net cash flows from operating activities		29,248	753,625
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(645,067)	(215,687)
Purchase of intangible assets		-	(3,112)
Purchase of short term investment - net		770,624	(658,801)
Proceeds from disposal of operating fixed assets		51,406	-
Net cash generated / (used) in investing activities		176,963	(877,601)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) / proceeds from short term borrowings - net		(450,000)	200,000
Lease rental paid		(4,504)	-
Repayment of long term finance		(243,566)	(129,442)
Dividends paid		(619)	(53)
Net cash (used in) / generated from financing activities		(698,689)	70,505
Net decrease in cash and cash equivalents		(492,478)	(53,471)
Cash and cash equivalents at beginning of the period		(2,306,894)	508,131
Cash and cash equivalents at end of the period	16	(2,799,372)	454,660

The annexed notes 1 to 19 form an integral part of these condensed interim unconsolidated financial statements.


Chief Executive Officer


Chief Financial Officer


Director

Notes to the Condensed Interim

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

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 (now Companies Act, 2017) by a special resolution passed in the extra ordinary general meeting held on 30 March 1988. The Company is principally engaged in the manufacture and sale of convenience based food products. The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.
- 1.2 The ultimate parent entity of the Company is ATC Holdings (Private) Limited based on control model as provided under IFRS 10 - 'Consolidated Financial Statements'.
- These financial statements are separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements of the company are prepared separately.

- 1.3 The manufacturing facilities and sales offices of the Company are situated at the following locations:

Factories:

- Unit F-160/ C, F- 133, S.I.T.E., Karachi;
- Office A-13, North Western Industrial Zone, Bin Qasim, Karachi;
- 53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala;
- A-393, Nooriabad Industrial Estate, Nooriabad; and
- Plot No. 346 & 347 Phase - 2, M-3 Industrial City, Faisalabad. (Not Operational)

Sales offices:

- Office No.107, 1st Floor Parsa Tower, Sharah-e-Faisal, Karachi;
- 2nd Floor, Mall 2 Plaza Main Boulevard Kohinoor City, Jaranwala Road, Faisalabad;
- 18-CCA (Commercial Area), Phase VIII, DHA Lahore, Cantt;
- Plot No. 25, Din Plaza, Canal Road, Main Gate Canal View Housing Society, Gujranwala; and
- 1st Floor, Bilal Complex, Main PWD Road, Sector O-9, Islamabad.

2. BASIS OF PREPARATION

2.1 Statement of compliance

- These unconsolidated condensed interim 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 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 (the Act);
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Act; and
 - Provisions of and directives issued under the Act

Notes to the Condensed Interim

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

Where provisions of and directives issued under the Act differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except as stated otherwise.

2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless 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 the financial statements of the Company for the year ended 30 June 2022.
- 3.2 A number of other pronouncements are effective from 1 July 2022, but they do not have a material effect on these condensed interim unconsolidated financial statements.
- 3.3 The International Financial Reporting Standards (IFRS Standards) as notified under the Act and the amendments and interpretations thereto will be effective for accounting periods beginning on or after July 2022, but they do not have a material effect on these condensed interim unconsolidated financial statements.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The significant estimates and 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 financial statements as at and for the year ended 30 June 2022.
- 4.2 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2022.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	30 September 2022 (Unaudited)	30 June 2022 (Audited)
(Rupees in thousand)			
Operating fixed assets	5.1	4,791,150	4,888,725
Capital work in progress	5.2	2,679,219	2,147,899
Right-of-use assets		26,309	30,389
		7,496,678	7,067,013

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

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

	Three months ended	
	30 September 2022	30 September 2021
	(Rupees in thousand)	
<i>Additions / transfers from CWIP</i>		
Building on leasehold land	17,415	8,882
Plant and machinery	16,552	26,596
Computer equipment	1,369	22,867
Vehicles	53,196	18,194
Furniture and fittings	9,731	790
Others	12,062	4,009
	110,326	81,338

Additions to operating fixed assets include transfers of Rs. 32.05 million (30 September 2021: Rs. 11.06 million) from capital work in progress.

	Three months ended	
	30 September 2022	30 September 2021
	(Rupees in thousand)	
Net addition to CWIP	531,320	83,520
<i>Disposals - Net book value</i>		
Vehicles [cost Rs. 52 million] (30 September 2021: Rs. Nil)	41,854	-

5.2 This includes civil works of Rs. 2,413 million (30 June 2022: Rs.1,908 million) and Plant and Machinery and Other Equipments of Rs. 266 million (30 June 2022: Rs. 240 million).

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

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

6 STOCK-IN-TRADE

	30 September 2022 (Unaudited)	30 June 2022 (Audited)
	(Rupees in thousand)	
Raw materials	3,160,823	3,185,293
Provision for obsolescence	(61,214)	(78,559)
	3,099,608	3,106,734
Packing materials	1,071,607	749,519
Provision for obsolescence	(85,662)	(170,659)
	985,945	578,860
Work in process	1,889,175	1,689,635
Provision for obsolescence	(80,115)	(72,348)
	1,809,060	1,617,287
Finished goods	1,301,671	1,373,441
Provision for obsolescence	(52,231)	(47,395)
	1,249,440	1,326,047
	7,144,053	6,628,926

6.1 During the period, the Company has charged provision for obsolescence of Rs. 279.22 million (30 June 2022: Rs. 355.77 million).

7 SHORT TERM INVESTMENTS AT FVTPL

	30 September 2022 (Unaudited)	30 June 2022 (Audited)
	(Rupees in thousand)	
Investments in Mutual Funds	554,171	1,324,795

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

8 LONG TERM FINANCE AND DEFERRED INCOME

	Note	30 September 2022 (Unaudited)	30 June 2022 (Audited)
(Rupees in thousand)			
LONG TERM FINANCE			
Secured long-term finances utilised under mark-up arrangements	8.1	428,625	670,154
Classified under current liability		(196,546)	(414,178)
		232,079	255,976
DEFERRED INCOME			
Deferred income - government grant	8.2	-	2,037
Current portion of deferred income - government grant		-	(2,037)
		-	-
		232,079	255,976

8.1 This represents original long term finance facilities of Rs. 600 million and salary refinance loan of 824.6 million obtained from a commercial bank. These finances carry markup at 3 month Kibor + 0.1%, + 0.4% & SBP rate + 1% & + 2%. The loan are secured by way of hypothecation of Company's present and future fixed assets. These loans are from 3 years to 10 years. These loans are fully repayable in equal quarterly installment of rupees 127 million between July 2022 to September 2029.

8.2 Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The company has obtained the said borrowing from Habib Bank Limited at subsidized rate of 2% on 25th June 2020 and 1% on 21st August 2020 which are repayable by October 2022 in 8 quarterly installments to HBL under the SBP scheme. Above balance shall be recognized in income by October 2022.

9 SHORT TERM BORROWINGS

	Note	30 September 2022 (Unaudited)	30 June 2022 (Audited)
(Rupees in thousand)			
<i>Conventional</i>			
Running finance under mark-up arrangements	9.1	2,099,972	1,828,359
Export re-finance	9.2	800,000	800,000
Money market loan		-	450,000
<i>Islamic</i>			
Running finance under Musharakah	9.3	2,614,783	1,191,524
		5,514,755	4,269,883

9.1 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The effective rates of mark-up on these finances range from 12.1% to 13.1% (30 June 2022: 9.77% to 10.30%) per annum. The facilities offer are valid upto 30 June 2022 to 31 May 2023.

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

9.2 The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The effective rate of mark-up on this facility is 10% (30 June 2022: 3%) per annum. The facilities offer are valid upto 30 June 2023

9.3 The Company has obtained facilities for short-term finance under Running Musharakah. The effective rate of profit is 15.66% to 15.86% (30 June 2022: 9.99% to 10.73%) per annum. This facility matures within twelve months and is renewable. The facilities offer are valid upto 30 June 2022 to 31 January 2023.

9.4 The facilities available from various banks amount to Rs. 5.2 billion (30 June 2022: Rs.4.2 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's current and future movable assets having aggregate charge amounting to Rs. 7.2 billion. These facilities offer are valid upto June 23.

9.5 As at 30 September 2022, the unavailed facilities from the above borrowings amounted to Rs. 0.5 billion (30 June 2022: Rs.1.9 billion).

10 CONTINGENCIES AND COMMITMENTS

10.1 There are cases against the company which are outstanding as at 30 September 2022. The management is confident that the decision will be in favor of the Company.

10.2 The facilities for opening letters of credit amount to Rs. 2.9 billion (30 June 2022: Rs. 4.3 billion) and for letters of guarantee amount to Rs. 471 million (30 June 2022: Rs. 515 million) as at 30 September 2022 of which the amount remaining unutilized at quarter end were Rs 2.6 billion (30 June 2022: Rs. 3.49 billion) & 102 million (30 June 2022: Rs. 136 million) respectively.

10.3 Aggregate commitments for capital expenditure as at 30 September 2022 amount to Rs. 2.8 billion (30 June 2022: Rs. 3.1 billion).

10.4 Aggregate commitments in respect of ujrah payments for ijarah financing of motor vehicles bearing from First Habib Modaraba ranging from three months KIBOR + 0.9% (30 June 2022: 3 months KIBOR + 0.75%) while Meezan Bank ranging from three to six months KIBOR + 1.25% respectively (30 June 2022: 3 to 6 months KIBOR + 1.25%) per annum for rentals payable monthly as at 30 Sep 2022 amount to:

	30 September 2022 (Unaudited)	30 June 2022 (Audited)
(Rupees in thousand)		
Not later than one year	360,597	330,443
Later than one year but not later than five years	823,168	755,640
	1,183,766	1,086,083

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

11 SALES - NET

		Three months ended	
		30 September 2022	30 September 2021
		(Unaudited)	
		(Rupees in thousand)	
Local sales		7,719,171	7,963,581
Export sales	11.1	418,058	427,851
		8,137,229	8,391,432
Less: Sales tax		(1,032,895)	(1,077,930)
		7,104,334	7,313,502
Less:			
- Discount, rebates and allowances		(1,411,287)	(1,392,820)
- Sales return		(117,137)	(135,835)
		(1,528,424)	(1,528,655)
		5,575,911	5,784,847

11.1 Exports sales mainly represents sales made to NF DMCC Dubai - a wholly owned subsidiary of the Company.

11.2 Revenue is disaggregated by primary geographical market.

11.3 Management reviews revenue and other financial results based on major product division. During the three months period ended 30 September 2022, revenue of the Condiments division was Rs. 3,910 million (30 September 2021: Rs. 3,249 million), and Culinary division was Rs. 4,227 million (30 September 2021: Rs. 5,142 million).

11.4 The Company's customer base is diverse with no single customer accounting for more than 10% of net sales. Sales to domestic customers in Pakistan are 94.86% (30 September 2021: 94.90%) and to customer outside Pakistan are 5.14% (30 September 2021: 5.10%) of the revenue.

12 OTHER INCOME

This includes gain on foreign currency translation relating to export sales amounting to Rs. 150.3 million (30 September 2021: Rs.113.2 million).

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

13 TAXATION - NET

		Three months ended	
		30 September 2022	30 September 2021
		(Unaudited)	
		(Rupees in thousand)	
Current		80,322	185,469
Deferred		1,033	11,070
		81,355	196,539

14 EARNINGS PER SHARE - BASIC AND DILUTED

		Three months ended	
		30 September 2022	30 September 2021
		(Rupees in thousand)	
Profit after taxation attributable to ordinary shareholders		268,449	544,705
		(Number of shares)	
		(In thousand)	
Weighted average number of ordinary shares outstanding during the period*		233,115	233,115
		(Rupees)	
Earnings per share - basic and diluted		1.15	2.34

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

Notes to the Condensed Interim

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

15 CASH GENERATED FROM OPERATIONS

Three months ended	
30 September 2022	30 September 2021
(Unaudited)	
(Rupees in thousand)	
Profit before taxation	349,804741,244
Adjustment for non-cash charges and other items	
Depreciation	169,468142,547
Amortisation	4,4197,312
Gain on disposal of property, plant and equipment	(9,552)-
Amortisation of government grant	- (10,114)
Provision for slow moving stock	(41,157)(85,220)
Finance cost	77,42139,430
Retirement benefits expense	3161,022
	200,91594,977
Working capital changes	550,719836,221
(Increase) / decrease in current assets	
Stores, spare parts and loose tools	(6,585)(6,536)
Stock-in-trade	(515,127)(98,493)
Trade debts	1,198,308455,355
Advances	(366,983)(149,325)
Deposits and prepayments	(52,589)(11,222)
Other receivables	- 10,699
Sales tax refundable	(323,499)(84,145)
	(66,475)116,333
Increase in current liabilities	
Trade and other payables	(314,232)168,742
Markup accrued	51,130(7,265)
Contract liability	26,384(320,397)
	(236,718)(158,920)
	247,526793,634

16 CASH AND CASH EQUIVALENTS

Three months ended	
30 September 2022	30 September 2021
(Unaudited)	
(Rupees in thousand)	
Cash and bank balances	1,915,3841,639,351
Running finance	(4,714,755)(1,184,691)
	(2,799,372)454,660

Notes to the Condensed Interim

Unconsolidated Financial Statements (Unaudited)

For the three months period ended September 30, 2022

17 TRANSACTIONS WITH RELATED PARTIES

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

17.1 At reporting date the trade debts include Rs. 492.8 million (30 June 2022: Rs. 655.69 million) receivable from National Foods DMCC (subsidiary company).

17.2 Other transactions are as follows:

Parent company:

Rental income
Reimbursement of expenses

Subsidiary company:

Sale of goods - net

Other related parties

Annual Subscription
Purchases

Staff retirement funds:

Expense charged for defined contribution plan
Payment against defined contribution plan

Key management personnel:

Salaries and other short-term employee benefits
Directors' fee
Contribution to the Provident Fund
Post retirement benefits of Executive Directors

Three months ended	
30 September 2022	30 September 2021
(Unaudited)	
(Rupees in thousand)	
	815910
	3,311558
	410,390427,851
	2,5002,000
	85,965588
	22,81418,996
	67,28725,499
	263,196141,896
	1,5001,500
	6,6905,545
	3161,022

18 OPERATING SEGMENT

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

18.2 All non current assets of the Company as of reporting date are located in Pakistan.

19 GENERAL

These condensed interim unconsolidated financial statements were authorised for issue by the Board of Directors in their meeting held on October 20, 2022.

Chief Executive Officer

Chief Financial Officer

Director

Consolidated Condensed Interim Financial Statements

September 30, 2022



Consolidated Condensed

Interim Statement of Financial Position (Unaudited)

As at September 30, 2022

	Note	30 September 2022 (Unaudited) (Rupees in thousand)	30 June 2022 (Audited)
ASSETS			
Non - current assets			
Property, plant and equipment	5	10,470,756	9,894,748
Intangibles and goodwill		1,008,052	972,163
Long-term investment		14,216	14,216
Long-term deposits		48,039	40,563
Deferred assets		53,656	53,656
		11,594,719	10,975,347
Current assets			
Stores, spare parts and loose tools		174,635	168,050
Stock-in-trade	6	10,319,804	9,459,718
Trade debts		1,949,071	2,723,850
Advances		1,172,453	806,235
Deposits and prepayments		639,506	499,110
Other receivables		287	273
Sales tax refundable		323,499	-
Short-term investments at FVTPL	7	554,171	1,324,795
Cash and bank balances		2,110,061	1,137,335
		17,243,487	16,119,365
TOTAL ASSETS		28,838,206	27,094,712
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 1,000,000,000 (30 June 2022: 1,000,000,000) ordinary shares of Rs. 5 each		5,000,000	5,000,000
Share Capital			
Issued, subscribed and paid-up capital		1,165,576	1,165,576
Revenue Reserves			
Unappropriated profit		7,488,445	6,961,970
Foreign exchange translation reserve		768,662	577,421
Equity attributable to owners of the Company		9,422,684	8,704,968
Non-controlling interest		859,889	767,772
Total equity		10,282,573	9,472,740
Non - current liabilities			
Long-term finance and deferred income	8	509,706	511,586
Lease liabilities		1,607,667	1,680,976
Long-term deposits		5,725	5,444
Deferred taxation - net		200,058	199,510
Long-term provisions		18,307	22,461
Deferred liabilities		7,144	6,340
		2,348,607	2,426,316
Current liabilities			
Trade and other payables		7,425,271	7,781,881
Contract liabilities		151,036	109,100
Short-term borrowings	9	6,433,144	4,883,090
Current maturity of long-term finance and deferred income classified as current - secured	8	457,028	613,650
Current portion of lease liabilities		406,605	433,964
Mark-up accrued on bank borrowings		131,202	80,882
Unclaimed dividend		22,542	23,161
Taxation - net		1,180,198	1,269,928
		16,207,026	15,195,655
Contingencies and Commitments	10		
TOTAL EQUITY AND LIABILITIES		28,838,206	27,094,712

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


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Condensed Interim Statement of Profit or Loss and

Other Comprehensive Income (Unaudited)

For the three months period ended September 30, 2022

	Note	Three months ended	
		30 September 2022 (Unaudited) (Rupees in thousand)	30 September 2021
Sales - net			
	11	13,127,968	9,976,962
Cost of sales			
		(9,619,115)	(7,086,677)
Gross profit			
		3,508,853	2,890,285
Distribution costs			
		(1,905,943)	(1,404,218)
Impairment loss on trade debts			
		(5,416)	(21)
Administrative expenses			
		(676,927)	(423,077)
Other expenses			
		(27,559)	(52,193)
Other income			
		214,451	125,027
Operating profit			
		1,107,459	1,135,803
Finance costs			
		(187,451)	(82,152)
Profit before taxation			
		920,008	1,053,651
Taxation - net			
	12	(234,672)	(268,575)
Profit for the period			
		685,336	785,076
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign operations - Exchange differences on translation of foreign operations			
		131,067	99,929
Total comprehensive income for the period			
		816,404	885,005
Profit attributable to:			
Owners of the Holding Company			
		526,475	710,762
Non-controlling interest			
		158,861	74,314
		685,336	785,076
Total comprehensive income attributable to:			
Owners of the Holding Company			
		717,716	817,749
Non-controlling interest			
		98,688	67,256
		816,404	885,005
(Rupees)			
Earnings per share (basic and diluted)			
	13	2.26	3.05

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


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Condensed

Interim Statement of Changes in Equity (Unaudited)

For the three months period ended September 30, 2022

	Attributable to shareholders of the Parent Company					
	Share capital	Retained earnings	Foreign currency translation reserve	Sub-total	Non controlling interest	Total Equity
	(Rupees in thousand)					
Balance as at 1 July 2021	932,461	5,703,120	2,756	6,638,337	635,103	7,273,440
Total comprehensive income for the three months ended 30 September 2021						
Profit for the period	-	710,762	-	710,762	74,314	785,076
Other comprehensive income	-	-	99,929	99,929	-	99,929
	-	710,762	99,929	810,691	74,314	885,005
Balance as at 30 September 2021	932,461	6,413,882	102,685	7,449,028	709,417	8,158,445
Total comprehensive income for the nine months ended 30 June 2022						
Profit for the period	-	1,713,386	-	1,713,386	218,614	1,932,000
Other comprehensive income	-	280	474,736	475,016	(14,550)	460,466
	-	1,713,665	474,736	2,188,401	204,064	2,392,465
Transaction with owners						
Final cash dividend for the year ended 30 June 2021 @ Rs. 5 per ordinary share	-	(932,462)	-	(932,462)	-	(932,462)
Dividend paid to NCI	-	-	-	-	(145,709)	(145,709)
1 Ordinary share for each 4 ordinary shares held - allotted as bonus shares for the year ended 30 June 2021	233,115	(233,115)	-	-	-	-
Balance as at 30 June 2022	1,165,576	6,961,970	577,421	8,704,968	767,772	9,472,740
Balance as at 1 July 2022	1,165,576	6,961,970	577,421	8,704,968	767,772	9,472,740
Total comprehensive income for the three months ended 30 September 2022						
Profit for the period	-	526,475	-	526,475	158,861	685,336
Other comprehensive income	-	-	191,241	191,241	(60,174)	131,067
	-	526,475	191,241	717,716	98,688	816,404
Transaction with owners						
Dividend paid to NCI	-	-	-	-	(6,571)	(6,571)
Balance as at 30 September 2022	1,165,576	7,488,445	768,662	9,422,684	859,889	10,282,573

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


Chief Executive Officer


Chief Financial Officer


Director

Consolidated Condensed

Interim Statement of Cash Flow (Unaudited)

For the three months period ended September 30, 2022

	Note	30 September 2022 (Unaudited) (Rupees in thousand)	30 September 2021 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	14	216,331	1,224,322
Finance cost paid		(136,321)	(89,417)
Income tax paid		(325,037)	(74,108)
Retirement benefits obligations paid		(316)	10,660
Long term deposits		-	14
Net cash (used in) /generated from operating activities		(245,344)	1,071,470
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(813,990)	(371,441)
Proceeds from disposal of fixed assets		51,406	-
Purchase of intangible assets		-	(3,112)
Short term investment		770,624	(658,801)
Net cash generated / (used in) investing activities		8,040	(1,033,355)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings - net		(450,000)	200,000
Proceeds from long term finance		58,001	(128,554)
Repayment of long term finance		(243,566)	(98,154)
Advance against share capital		-	(152,904)
Dividend paid		(7,190)	(2,976)
Net cash used in financing activities		(642,755)	(182,588)
Net decrease in cash and cash equivalents		(880,059)	(144,472)
Cash and cash equivalents at beginning of the period		(2,480,482)	786,051
Currency translation difference on cash and cash equivalents		(162,542)	76,184
Cash and cash equivalents at end of the period	15	(3,523,083)	717,762

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


Chief Executive Officer


Chief Financial Officer


Director

Notes to the Consolidated Condensed

Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

- i) Parent Company - National Foods Limited
- ii) Subsidiary Company - National Foods DMCC, Dubai, United Arab Emirates.

National Foods Limited

National Foods Limited ("Parent 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 repealed Companies Ordinance, 1984 (now Companies Act, 2017) by special resolution passed in the extra ordinary general meeting held on 30 March 1988. The Holding Company is principally engaged in the manufacture and sale of convenience based food products. The Company is listed on Pakistan Stock Exchange. The registered office of the Holding Company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

1.2 The ultimate parent entity of the National Foods Limited is ATC Holdings (Private) Limited based on control model as provided under IFRS10 - 'Consolidated Financial Statements'.

1.3 Details of the susidiary companies are as follows:

National Foods DMCC

The Holding Company has a wholly owned (100%) subsidiary which was set up in United Arab Emirates in 2012 and is carried at cost. The subsidiary was formed as a limited liability company and commenced operations from March 2013. National Foods 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 direct subsidiaries, one indirect subsidiary and one newly incorporated group Company as follows:

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 UK Companies Act, 2006. The company is a wholly owned subsidiary of National Foods DMCC and will be principally engaged in the trading of food products, although currently it is not operational.

National Epicure Inc.

National Epicure Inc. ("NEI") was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. NEI is a wholly owned subsidiary of National Foods DMCC. NEI is the parent company of A-1 Bags & Supplies Inc. as mentioned below.

Notes to the Consolidated Condensed

Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

A-1 Bags & Supplies Inc.

A 1 Bags & Supplies Inc. was incorporated under the Business Corporations Act of Ontario on March 14, 2001. National Epicure Inc. acquired 60% holding in A-1 Bags and Supplies Inc. in the year 2017 and is principally engaged in distribution and wholesale of food products, disposables, janitorial and sanitation products.

National Epicure USA Inc.

National Epicure USA Inc. was incorporated in USA on 1 December 2021 under the General Corporation Law of the State of Delaware, USA with an authorized share capital of 500 shares with a par value of \$0.0001 per share. Shares have not yet been issued by this entity and has not commenced its operations. The company is a subsidiary of National Foods DMCC.

1.4 The manufacturing facilities and sales offices of the Group companies are situated at the following locations:

Factories:

- Unit F-160/ C, F- 133, S.I.T.E., Karachi;
- Office A-13, North Western Industrial Zone, Bin Qasim, Karachi;
- 53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala;
- A-393, Nooriabad Industrial Estate, Nooriabad; and
- Plot No. 346 & 347 Phase - 2, M-3 Industrial City, Faisalabad. (Not Operational)

Sales offices:

- Office No.107, 1st Floor Parsa Tower Sharah-e-Faisal, Karachi.
- 2nd Floor Mall 2 Plaza Main Boulevard Kohinoor City Jaranwala Road, Faisalabad.
- 18-CCA (Commercial Area) Phase VIII DHA Lahore, Cantt.
- Plot # 25 Din Plaza Canal Road Main Gate Canal View Housing Society, Gujranwala.
- 1st Floor Bilal Complex Main PWD Road sector O-9, Islamabad.
- Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. 01 Jumeirah Lakes Towers Dubai, United Arab Emirates.
- 193 Maxome Avenue, Toronto, Ontario, Canada.
- 27 Second Floor, Gloucester Place, London, United Kingdom.
- 6400 Kennedy Road, Mississauga, Ontario
- 1110 Dearness Dr, Toronto, Ontario

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim 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 Standards 34 "Interim Financial Reporting" (IAS 34) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act).

Notes to the Consolidated Condensed

Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Act; and
- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34 or IFAS, the provisions of and directives issued under the Act 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 2022.

2.3 Basis of Consolidation

2.3.1 The condensed interim financial statements of the subsidiary company has been consolidated on line by line basis. The carrying value of investments held by the holding company is eliminated against the subsidiary's share capital and pre-acquisition reserve.

2.3.2 Non-controlling interest has been presented as a separate line item in these consolidated condensed interim financial statements. All material intercompany balances have been eliminated.

2.4 Functional and presentation currency

These condensed quarterly consolidated financial statements are presented in Pakistan Rupees which is Group's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless stated otherwise.

3 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

4 SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant estimates and 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 financial statements as at and for the year ended 30 June 2022.

Notes to the Consolidated Condensed

Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

4.2 The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2022.

	Note	30 September 2022 (Unaudited)	30 June 2022 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
(Rupees in thousand)			
Operating fixed assets	5.1	5,838,529	5,771,250
Capital work-in-progress	5.2	2,679,219	2,147,899
Right-of-use assets	5.3	1,953,008	1,975,599
		10,470,756	9,894,748

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

	30 September 2022 (Unaudited)	30 September 2021
(Rupees in thousand)		
Additions/ transfer from CWIP		
Building on Leasehold land	96,017	57,926
Plant & machinery	16,552	26,596
Computers	22,802	36,563
Motor vehicles - Owned	73,943	42,818
Furniture & fittings	25,947	6,164
Office Equipment	40,428	-
Others	3,559	68,417
	279,248	238,484
 Net addition to CWIP	 531,320	 83,520
 <i>Disposals - Net book value</i>		
Vehicles [cost Rs. 52 million] (30 September 2021: Nil)	41,854	-

5.2 This includes civil works of Rs. 2,413 million (30 June 2022: Rs.1,908 million) and Plant and Machinery and Other Equipments of Rs. 266 million (30 June 2022: Rs. 240 million).

Notes to the Consolidated Condensed
Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

5.3 Right-of-use Assets

	30 September 2022			
	Properties	Equipment	Vehicles	Total
	(Rupees in thousand)			
Cost				
Balance at 1 July 2022	2,219,562	17,700	149,467	2,386,729
Addition	-	-	-	-
Balance at 30 September 2022	2,219,562	17,700	149,467	2,386,729
Accumulated Depreciation				
Balance at 1 July 2022	671,178	12,753	71,393	755,324
Charge for the year	114,595	1,326	10,838	126,759
Balance at 30 September 2022	785,773	14,079	82,231	882,083
Effect of movements in exchange rates	423,363	2,163	22,835	448,361
Net Book Value				
September 30, 2022	1,857,153	5,784	90,071	1,953,008

	30 June 2022			
	Properties	Equipment	Vehicles	Total
	(Rupees in thousand)			
Cost				
Balance at 1 July 2021	1,390,885	17,700	101,070	1,509,655
Addition	828,677	-	48,397	877,074
Balance at 30 June 2022	2,219,562	17,700	149,467	2,386,729
Accumulated Depreciation				
Balance at 1 July 2021	342,861	8,357	40,014	391,232
Charge for the year	328,317	4,396	31,379	364,091
Balance at 30 June 2022	671,178	12,753	71,393	755,324
Effect of movements in exchange rates	324,842	1,777	17,575	344,193
Net Book Value				
June 30, 2022	1,873,226	6,724	95,649	1,975,599

Notes to the Consolidated Condensed
Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

6 STOCK IN TRADE		30 September 2022	30 June 2022
		(Unaudited)	(Audited)
		(Rupees in thousand)	
	Raw materials	3,160,823	3,185,293
	Provision for obsolescence	(61,214)	(78,559)
		3,099,608	3,106,734
	Packing materials	1,071,607	749,519
	Provision for obsolescence	(85,662)	(170,659)
		985,945	578,860
	Work-in-process	1,889,175	1,689,635
	Provision for obsolescence	(80,115)	(72,348)
		1,809,060	1,617,287
	Finished goods	4,539,206	4,204,232
	Provision for obsolescence	(114,015)	(47,395)
		4,425,191	4,156,837
		10,319,804	9,459,718

6.1 During the period the Company has charged provision for obsolescence of Rs. 279.22 million (30 June 2022: Rs. 355.77 million).

7 SHORT TERM INVESTMENTS AT FVTPL		30 September 2022	30 June 2022
		(Unaudited)	(Audited)
		(Rupees in thousand)	
	Investments in Mutual Funds	554,171	1,324,795

8 LONG TERM FINANCE AND DEFERRED INCOME		Note	30 September 2022	30 June 2022
			(Unaudited)	(Audited)
			(Rupees in thousand)	
	LONG TERM FINANCE			
	Secured long-term finances utilised under mark-up arrangements	8.1	966,734	1,125,236
	Classified under current liability		(457,028)	(613,650)
			509,706	511,586
	DEFERRED INCOME			
	Deferred income - government grant	8.2	-	2,037
	Current portion of deferred income - government grant		-	(2,037)
			509,706	511,586

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

8.1 This represents original long term finance facilities of Rs. 600 million and salary refinance loan of 824.6 million obtained from a commercial bank. These finances carry markup at 3 month Kibor + 0.1%, + 0.4% & SBP rate + 1% & + 2%. The loan are secured by way of hypothecation of Company's present and future fixed assets. These loans are from 3 years to 10 years. These loans are fully repayable in equal quarterly installment of rupees 127 million between July 2022 to September 2029.

8.2 Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The company has obtained the said borrowing from Habib Bank Limited at subsidized rate of 2% on 25th June 2020 and 1% on 21st August 2020 which are repayable by October 2022 in 8 quarterly installments to HBL under the SBP scheme.

9 SHORT TERM BORROWINGS

	Note	30 September 2022 (Unaudited)	30 June 2022 (Audited)
(Rupees in thousand)			
<i>Conventional</i>			
Running finance under mark up arrangements	9.1	2,099,972	1,828,359
Demand operating loan	9.2	918,389	613,207
Export re-finance	9.3	800,000	800,000
Money Market Loan		-	450,000
<i>Islamic</i>			
Running finance under Musharika	9.4	2,614,783	1,191,524
		6,433,144	4,883,090

9.1 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The effective rates of mark-up on these finances range from 12.1% to 13.1% (30 June 2022: 9.77% to 10.30%) per annum. The facilities offer are valid upto 30 June 2022 to 31 May 2023.

9.2 A demand operating loan has been authorized by Toronto Dominion ("TD") bank to a maximum of AED 28.47 million and bears interest at TD bank's prime lending rate plus 0.3% per annum and is secured by a general security agreement, an assignment of insurance and postponement of related party loans. As at 30 September 2022, the Company has used AED 13.53 million (2022: AED 10.86 million) of the bank credit facility.

9.3 The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. The effective rate of mark-up on this facility is 10% (30 June 2022: 3%) per annum. The facilities offer are valid upto 30 June 2023.

9.4 The Company has obtained facilities for short-term finance under Running Musharakah. The effective rate of profit is 15.66% to 15.86% (30 June 2022: 9.99% to 10.73%) per annum. This facility matures within twelve months and is renewable. The facilities offer are valid upto 30 June 2022 to 31 January 2023.

Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

9.5 The facilities available from various banks amount to Rs. 5.2 billion (30 June 2022: Rs.4.2 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's current and future movable assets having aggregate charge amounting to Rs. 7.2 billion. These facilities offer are valid upto June 23.

9.6 As at 30 September 2022, the unavailed facilities from the above borrowings by the parent company amounted to Rs. 0.5 billion (2022: Rs. 1.9 billion).

10 COMMITMENTS

10.1 There are cases against the company which are outstanding as at 30 September 2022. The management is confident that the decision will be in favor of the Company.

10.2 The facilities for opening letters of credit amount to Rs. 2.9 billion (30 June 2022: Rs. 4.3 billion) and for letters of guarantee amount to Rs. 471 million (30 June 2022: Rs. 515 million) as at 30 September 2022 of which the amount remaining unutilized at quarter end were Rs 2.6 billion (30 June 2022: Rs. 3.49 billion) & 102 million (30 June 2022: Rs. 136 million) respectively.

10.3 Aggregate commitments for capital expenditure as at 30 September 2022 amount to Rs. 2.8 billion (2022: Rs. 3.1 billion).

Aggregate commitments in respect of ujrah payments for ijarah financing of motor vehicles bearing from First Habib Modaraba ranging from three months KIBOR + 0.9% (30 June 2022: 3 months KIBOR + 0.75%) while Meezan Bank ranging from three to six months KIBOR + 1.25% respectively (30 June 2022: 3 to 6 months KIBOR + 1.25%) per annum for rentals payable monthly as at 30 September 2022 amount to:

	30 September 2022 (Unaudited)	30 June 2022 (Audited)
(Rupees in thousand)		
Not later than one year	360,597	330,443
Later than one year but not later than five years	823,168	755,640
	1,183,765	1,086,083

11 SALES - NET

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
(Rupees in thousand)		
Local sales	7,719,171	7,963,581
Export sales	8,442,157	4,900,380
	16,161,328	12,863,961
Sales tax	(1,442,394)	(1,310,329)
	14,718,934	11,553,632
Less:		
Discount rebates and allowances	(1,473,829)	(1,440,834)
Sales return	(117,137)	(135,835)
	(1,590,966)	(1,576,669)
	13,127,968	9,976,962

Notes to the Consolidated Condensed

Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

11.1 Revenue is disaggregated by primary geographical market.

11.2 Management reviews revenue and other financial results based on major product division. During the three months period ended 30 September 2022, revenue of the Condiments division was Rs. 3,949 million (30 September 2021: Rs. 3,277 million), and Culinary division was Rs. 4,305 million (30 September 2021: Rs. 5,249 million). Revenue from A1 amounted to Rs. 7,907 million (30 September 2021: 4,338 million)

12 TAXATION - NET

- Current
- Deferred

30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
(Rupees in thousand)	
233,639	257,505
1,033	11,070
234,672	268,575

13 EARNINGS PER SHARE

Profit after taxation attributable to owners of the Parent Company

Three months ended	
30 September 2022 (Unaudited)	30 September 2021
(Rupees in thousand)	
526,475	710,762

Weighted average number of ordinary shares
outstanding during the period

(Number of shares)	
(In thousand)	
233,115	233,115

Earning per share - basic and diluted

Rupees	
2.26	3.05

Notes to the Consolidated Condensed

Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

14 CASH FLOWS FROM OPERATIONS

Profit before taxation
Adjustments for non-cash charges and other items

Depreciation on property, plant and equipment
Amortization on intangibles
Gain on disposal of fixed assets
Finance cost
Provision for slow moving and obsolete stock
Retirement benefits obligation expense
Working capital changes

14.1

Cash generated from operations

30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
(Rupees in thousand)	
920,008	1,053,651
211,179	172,547
133,269	10,920
(9,552)	-
187,451	53,859
(41,157)	(85,220)
389	29,316
(1,185,256)	(10,751)
(703,678)	170,671
216,331	1,224,322

14.1 Effect on cash flows due to working capital changes

(Increase) / Decrease in current assets
Stores, spares and loose tools
Stock in trade
Trade debts
Advances
Deposits and prepayments
Other receivables
Sales tax refundable

Decrease in current liabilities
Trade and other payables
Sales tax payable
Contract Liability

30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
(Rupees in thousand)	
(6,585)	(6,536)
(719,508)	(407,323)
1,198,817	904,584
(366,983)	66,875
(52,589)	(11,222)
(269,859)	10,699
(323,499)	(84,145)
(540,207)	472,933
(671,434)	(156,022)
-	(7,265)
26,384	(320,397)
(645,050)	(483,684)
(1,185,256)	(10,751)

Notes to the Consolidated Condensed

Interim Financial Statements (Unaudited)

For the three months period ended September 30, 2022

15	CASH AND CASH EQUIVALENTS	30 September	30 September
		2022	2021
		(Unaudited)	(Unaudited)
		(Rupees in thousand)	
	Cash and bank balances	2,110,061	1,999,927
	Running finance under mark up arrangements	(5,633,144)	(1,282,165)
		<u>(3,523,083)</u>	<u>717,762</u>

16	TRANSACTIONS WITH RELATED PARTIES	30 September	30 September
		2022	2021
		(Unaudited)	(Unaudited)
		(Rupees in thousand)	
	Parent company		
	Rental income	815	910
	Reimbursement of expenses	3,311	558
	Associated companies / Undertakings		
	Annual Subscription	2,500	2,000
	Purchases	85,965	588
	Staff retirement funds		
	Expense charged for defined contribution plan	22,814	18,996
	Payment against defined contribution plan	67,287	25,499
	Key management personnel:		
	Salaries and other short-term employee benefits	275,893	151,599
	Director's fees	1,500	1,500
	Contribution to the Provident Fund	6,690	5,545
	Post retirement benefits of Executive Directors	316	1,022

17 GENERAL

This condensed interim consolidated financial statement has been authorised for issue on October 20, 2022 by the Board of Directors of the Holding Company.

		
Chief Executive Officer	Chief Financial Officer	Director

ڈائریکٹرز رپورٹ

ساتھی حصص یافتگان (شیئر ہولڈرز)

نیشنل فوڈز لمیٹڈ کے ڈائریکٹرز کو 30 ستمبر 2022 کو اختتام پذیر ہونے والی سہ ماہی مدت کے لئے کمپنی کے غیر پڑتال شدہ مالیاتی نتائج پیش کرنے پر خوشی ہے جس میں علیحدہ علیحدہ اور مجموعی مالیاتی بیانات شامل ہیں۔

کاروباری کارکردگی کا جائزہ

معاشی ماحول

مالی سال کی پہلی سہ ماہی کے دوران وسیع معاشی حالات کشیدہ رہے۔ اجناس کے بڑے دورانے(سپر سائیکل) کی طویل مدت، کرنٹ اکاؤنٹ خسارہ، شرح سود اور غیر ملکی کرنسی کے دباؤ نے جی ڈی پی کے نمو کو ست کیا۔ سن 2023 کے لئے معیشت کی شرح نمو 3.5 فیصد متوقع ہے۔ افراط زر (مہنگائی) میں پچھلے مہینے میں معمولی کمی دیکھی گئی ہے تاہم سیلاب کی وجہ سے ہونے والے نقصان سے خوراک کے زیادہ بڑے درآمدی بل کے اضافی دباؤ کے ساتھ یہ کافی زیادہ ہے۔

مالی سال کے لئے گروپ کے کلیدی مالی اعداد کا خلاصہ ذیل میں درج ہے:

رقومات ملین پاکستانی روپے میں

	گروپ			بنیادی کاروبار			اے ون بیگز اینڈ سپلائرز انکارپوریٹیڈ		
	Q1 FY23	Q1 FY22	Change	Q1 FY23	Q1 FY22	Change	Q1 FY23	Q1 FY22	Change
خالص فروخت	13,128	9,977	32%	5,647	5,873	-4%	7,498	4,105	83%
مجموعی منافع	3,509	2,890	21%	1,958	2,053	-5%	1,552	840	85%
انتظامی منافع *	921	1,058	-13%	265	751	-65%	660	311	112%
فی شخص کمائی (روپے) **	526	711	-25%	287	593	-52%	402	190	112%
خالص فروخت کے فیصد کے طور پر	2.3	3.0	-	1.2	2.5	-	1.7	0.8	-
کل منافع***	26.7%	29.0%	-2.3%	34.7%	34.9%	-0.3%	20.7%	20.5%	0.2%
نظامی منافع ***	7.0%	10.6%	-3.6%	4.7%	12.8%	-8.1%	8.8%	7.6%	1.2%
منافع بعد از ٹیکس ***	4.0%	7.1%	-3.1%	5.1%	10.1%	-5.0%	5.4%	4.6%	0.7%

* دیگر آمدن اور دیگر اخراجات کے علاوہ

** اس میں اے ون بیگز اینڈ سپلائرز انکارپوریٹڈ کے مجموعی تسلیم شدہ غیر ماڈی 2 ملین روپے (2022:2 ملین روپے) کی چھوٹ شامل ہے۔

*** خالص فروخت کے فیصد کے طور پر

انتظامات اور مالی کارکردگی

مرکزی کاروبار

اس سہ ماہی میں گھریلو محاذ پر ہمارے کاروبار میں مندی رہی۔ ہم نے گذشتہ سال کے مقابلے میں اپنے مجموعی نفع کو برقرار رکھا ہے۔ عالمی سطح پر کھپت اور طلب میں کمی کی وجہ سے بین الاقوامی کاروبار بھی مبارزت (چیلنج) کا شکار رہا۔

اے ون بیگز اینڈ سپلائز انکارپوریٹیڈ

کیمنڈا میں افراط زر کی بڑھتی ہوئی شرح کے باوجود بنیادی طور پر پیکیجنگ، خوراک، پروٹین اور دیگر سامان کے زمرے میں خالص فروخت میں 83 فیصد اضافہ ہوا۔ کاروبار نے انتظامی منافع اور خالص منافع میں 112 فیصد اضافے کے ساتھ اپنے منافع میں نمایاں اضافہ ظاہر کیا ہے۔

مارکیٹنگ اور پروموشن

اجزائے ترکیبی سے بنا مصالحہ (ریسیپی مصالحہ)

* “آج رنگ ہے” مہم کو معروف ٹی وی چینلز اور ڈیجیٹل پلیٹ فارمز پر نشر کرنے کا سلسلہ جاری ہے تاکہ ریسیپی کسز کی نئی پیکیجنگ میں تبدیلی کے بارے میں آگاہی پیدا کی جاسکے

* سیاحتی سرگرمی: خیبر پختون خوا کے سیاحتی مقامات پر صارفین کے ساتھ تجربات اور ان کی مصروفیات کے لئے اقدامات

* منڈیوں میں فعال رہنے کے لئے: فروخت میں اضافے کے لئے پاکستان بھر کی تمام بڑی منڈیوں (مارکیٹوں) میں اقدامات

کیچپ

* نیشنل ٹومیٹو کیچپ اور نیشنل چلی گارلک کے لئے خصوصی مہمیں ڈیجیٹل میڈیا پر چلتی رہیں جن کا مقصد ذہنی آگہی میں اضافہ کرنا تھا۔

* اسکول دوبارہ کھل جانے پر بچوں کے ساتھ ایک مضبوط رشتہ استوار کرنے کے مقصد سے اپنے کم عمر سامعین کے لئے حسبِ ضرورت پیک کے ساتھ ایک مہم کا آغاز کیا گیا۔ ای۔ کامرس پر صارفین کے مرکزی ڈیجیٹل بنڈلز اور پیشکشوں کے ذریعے اس مہم کی معاونت کی گئی۔

پسا ہوا اچار (کرشڈ پکل)

* برانڈ کی کھپت میں اضافے کے لئے پسے ہوئے اچار کے لئے سوشل میڈیا پر متواتر آگہی کی مہم چلائی گئی۔

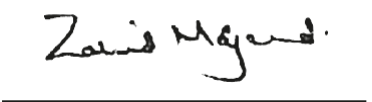
* یومِ آزادی، برسات، موسمی خریداری وغیرہ جیسے مواقع سے فائدہ اٹھانے کے لئے، صارفین کے ذہنوں میں اولین یاد دہانی کے لئے ڈیجیٹل مواد کا استعمال کیا گیا۔

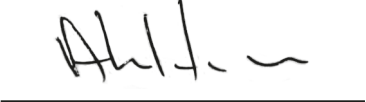
مستقبل کا نقطۂ نظر

انتظامیہ بین الاقوامی اجناس اور تیل کی مہنگائی، سود کی بڑھتی ہوئی شرح، کرنٹ اکاؤنٹ میں خسارہ اور اس کے نتیجے میں شرح مبادلہ اور مجموعی معیشت پر پڑنے والے اثرات اور غیر یقینی صورتِ حال کو تسلیم کرتی ہے۔ انتظامیہ تمام صورتِ حال کی بغور نگرانی کرتی رہے گی اور اس کے مطابق کاروباری بنیادوں کو آگے لے جانے کے لئے اور ہنگامی منصوبہ سازی کے ذریعے تمام اہم زمروں میں، مارکیٹ میں اپنی قائدانہ حیثیت کو برقرار رکھنے کے لئے حکمتِ عملی ترتیب دے گی۔

اعتراف

میں بورڈ کے تمام اندرونی و بیرونی حصے داروں کا، ان کی مسلسل ثابت قدمی اور اعتماد کے لئے، دل کی گہرائیوں سے شکر گزار ہوں۔


 ڈائریکٹر


 چیف ایگزیکٹو آفیسر