



**National**

*Share Food  
Share Love*

Third Quarterly Report 2018

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## *Our Story*

National Foods Limited (NFL), founded in 1970, is Pakistan's leading multi category food company with over 250 different products in 14 categories. NFL holds ISO 9001, ISO 18001, ISO 22000 and HACCP certifications along with SAP Business Technology to drive its strong commitment to quality and management excellence.

In line with NFL's Vision 2020 of becoming a Rs. 50 billion company, we are already on our way of being recognized as an internationally renowned brand in over 37 countries across 5 continents worldwide.

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



## *Vision & Mission*

“Our vision is to be a Rs. 50 billion food company by the year 2020 in the convenience food segment by launching products and services in the domestic and international markets that enhance lifestyle and 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. Zahid Majeed	Director
Mr. Ebrahim Qassim	Director
Mrs. Noreen Hasan	Director
Mrs. Saadia Naveed	Director
Mr. Ehsan A. Malik	Director

## AUDIT COMMITTEE

Mr. Ehsan A. Malik	Chairman
Mr. Zahid Majeed	Member
Mr. Ebrahim Qassim	Member
Mrs. Saadia Naveed	Member

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Ehsan A. Malik	Chairman
Mr. Zahid Majeed	Member
Mr. Ebrahim Qassim	Member
Mrs. Saadia Naveed	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. Ernst & Young Ford Rhodes & Co., Chartered Accountants

## COMPANY MANAGEMENT

Mr. Abrar Hasan	Chief Executive Officer
Mr. Syed Farhan Ali Rizvi	Director Corporate Finance / Chief Financial Officer
Mr. Shakaib Arif	Director Integrated Supply Chain
Ms. Saira A. Khan	Director - HR, Admin, IR & Security
Mr. Hasan Sarwat	Director Sales
Dr. Fayyaz Ashraf	Head of Innovations, Research and Development
Mr. Syed Zeeshan Ali	Head of Information Technology
Mr. Kamal Baig	Chief Executive NF DMCC

## 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 Ltd.

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

## PRINCIPAL BANKERS

Bank Al Habib Limited  
Bank Alfalah Limited  
(Islamic Banking Group)  
National Bank of Pakistan  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited

Meezan Bank Limited  
United Bank Limited  
Habib Bank AG Zurich  
MCB Dubai  
Toronto Dominion Canada Trust Bank  
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  
Landline # 021-3475-0373 – 7

## MURIDKE PLANT

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

## GUJRANWALA PLANT

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

Web Presence: Updated company information and latest corporate reports can be accessed at: [www.nfoods.com](http://www.nfoods.com)

# Directors' Report

## Fellow shareholders

The Directors of National Foods Limited are pleased to present their review, together with the unaudited condensed Interim Financial Information of the Company for the nine months period ended March 31, 2018.

## Business performance overview

### Growth

The Company performed well in the core business posting a double-digit growth at net sales level. Gross profitability grew on the back of key strategic initiatives i.e. Revenue and cost transformations. In line with the long-term visions, the Company continued its investment behind brand building initiatives, infrastructure deployment and step changing sales and organizational capabilities. These initiatives have impacted the net profitability of the Company in the short term, however, will act as catalyst in driving growth in the long run.

New categories i.e. Snacks and Mayonnaise progressed in line with the planned growth progressions. The categories have been well received by the consumers and the Company will continue to invest behind the categories. These will serve as strong pillars for diversification of the Company's portfolio.

### Key category review

Various marketing and consumer engagement activities undertaken during the period included:

- Convenience based "Lazzat Bhari Sahulat" thematic campaign, continued to run with new campaign on Quorma and Biryani Masala kicked off towards the end of the quarter;
- Expanding of on-ground activities to stimulate brand loyalty, National Foods continued its high engagement and presence at the Karachi Eat Festival 2018. It showcased the most innovative stall at the festival where participants yelled out 'National ka Pakistan' loudly to get free gifts;
- The iconic National Ka Pakistan entered its fifth season, with Chef Saadat exploring new places and unique local cuisines, along with renowned composer Shuja Haider. The content garnered over 8 million video views.

### A1 Bags & Supplies Inc.

A1 continues to grow at a rapid pace during the nine months. One more store has been opened during the current year while enhancing the capacity of the current store by 50%. Gross margins improved owing to better sourcing of purchases and sales mix. The subsidiary has contributed significantly to our top line growth and consolidation of the bottom line position.

## Operating and financial performance

The financial results of the Group for the nine months period are summarized below:

Amounts in PKR Million

	Core Business			A-1 Bags & Suppliers Inc.	Group		
	FY18	FY17	Change	FY18	FY18	FY17	Change
Net sales	11,658	10,598	10%	3,566	15,224	11,170	36%
Gross profit	4,164	3,575	16%	626	4,790	3,673	30%
as % of net sales	35.7%	33.7%		17.6%	31.5%	32.9%	
EBITDA	1,186	1274	-7%	144	1,330	1,304	2%
as % of net sales	10.2%	12.0%		4.0%	8.7%	11.7%	
Net profit after tax	528	721	-27%	60	580 *	731	-21%
as % of net sales	4.5%	6.8%		1.7%	3.8%	6.6%	
Earnings per share (Rupees)	5.10	6.96	-27%		5.37	7.01	-24%

\* This includes amortization of Rs. 7.6m on intangible assets recognized on consolidation of A1 Bags and Supplies. Inc.

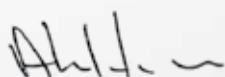
## Future Outlook

The Company continues to expand its footprint locally and internationally. Investments made in the first half of the year will impact our net profit after tax in the short term. These investments in our people, products, processes and manufacturing capability are essential to maintain operational excellence, strategic competitive advantage to deliver our commitment of providing high quality product and services to our customers and consumers at large.

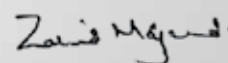
## Acknowledgement

I take this opportunity to express my commitment and gratitude to all our employees, customers, suppliers, business partners and stakeholders for their kind support and trust. I look forward to your continued collaboration with the Company as we move forward to meet and exceed our targets for the year.

On behalf of Board of Directors



Chief Executive Officer



Director



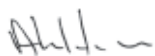
*Unconsolidated Condensed Interim*  
*Financial Information*  
*March 31, 2018*

# Unconsolidated Condensed Interim Balance Sheet

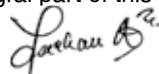
As at March 31, 2018

	Note	31 March 2018 (Unaudited)	30 June 2017 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant and equipment	5	4,045,545	3,049,019
Intangibles		95,807	85,564
Long-term investment - subsidiary		31,719	31,719
Long-term deposits		41,281	33,612
		<u>4,214,352</u>	<u>3,199,914</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		41,125	10,880
Stock in trade	6	3,358,550	3,008,831
Trade debts		1,106,001	1,273,826
Advances		196,529	209,476
Trade deposits and prepayments		53,173	13,779
Other receivables		1,058	70,982
Sales tax refundable		-	40,633
Cash and bank balances		143,625	90,288
		<u>4,900,061</u>	<u>4,718,695</u>
		<u><u>9,114,413</u></u>	<u><u>7,918,609</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital and reserves</b>			
Authorised share capital 200,000,000 (30 June 2017: 150,000,000) ordinary shares of Rs. 5 each		<u>1,000,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		2,745,918	2,661,655
		<u>3,263,952</u>	<u>3,179,689</u>
<b>Non - current liabilities</b>			
Long term finance		141,794	141,794
Deferred taxation - net		226,685	142,393
Deferred liabilities		9,501	6,023
		<u>377,980</u>	<u>290,210</u>
<b>Current liabilities</b>			
Trade and other payables		2,495,877	2,374,605
Mark-up accrued		25,259	8,691
Short term borrowings	7	2,382,742	1,549,528
Taxation - net		433,042	515,886
Sales tax payable		135,561	-
		<u>5,472,481</u>	<u>4,448,710</u>
		<u><u>9,114,413</u></u>	<u><u>7,918,609</u></u>
<b>Commitments</b>	8		

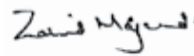
The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



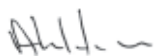
Director

# Unconsolidated Condensed Interim Profit and Loss Account (Unaudited)

For the nine months period ended 31 March 2018

	Note	Quarter ended		Nine months ended	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>(Rupees in '000)</b>					
Sales	9	3,829,797	3,475,878	11,438,202	10,300,750
Cost of sales		(2,431,837)	(2,387,459)	(7,449,234)	(6,938,866)
<b>Gross profit</b>		<b>1,397,960</b>	<b>1,088,419</b>	<b>3,988,968</b>	<b>3,361,884</b>
Distribution costs		(867,379)	(588,695)	(2,500,796)	(1,871,886)
Administrative expenses		(149,713)	(123,230)	(556,990)	(404,251)
Other expenses		(16,686)	(26,929)	(63,466)	(73,580)
Other income		14,250	6,906	27,514	15,553
<b>Operating profit</b>		<b>378,431</b>	<b>356,471</b>	<b>895,229</b>	<b>1,027,720</b>
Finance costs		(39,844)	(20,707)	(89,008)	(50,174)
<b>Profit before taxation</b>		<b>338,587</b>	<b>335,764</b>	<b>806,221</b>	<b>977,546</b>
Taxation	10	(102,597)	(108,967)	(281,629)	(306,446)
<b>(Loss) / profit after taxation</b>		<b>235,990</b>	<b>226,797</b>	<b>524,592</b>	<b>671,100</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>235,990</b>	<b>226,797</b>	<b>524,592</b>	<b>671,100</b>
<b>(Rupees)</b>					
Earnings per share- basic and diluted	11	2.28	2.19	5.06	6.48

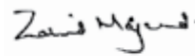
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Chief Executive Officer



Chief Financial Officer



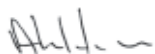
Director

# Unconsolidated Condensed Interim Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2018

	Note	Nine months ended	
		31 March 2018	31 March 2017
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	1,278,356	1,688,221
Finance cost paid		(72,440)	(45,667)
Retirement benefits obligations paid		-	(13,634)
Income taxes paid		(280,181)	(317,841)
Long term deposits - net		(7,669)	(3,332)
<b>Net cash generated from operating activities</b>		<b>918,066</b>	<b>1,307,747</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,232,479)	(940,854)
Purchase of intangible assets		(41,082)	(29,411)
Proceeds from disposal of property, plant and equipment		7,834	3,212
<b>Net cash used in investing activities</b>		<b>(1,265,727)</b>	<b>(967,053)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Short term borrowings obtained		888,000	100,000
Proceeds from long term finance		-	137,589
Repayment of short term borrowings		(100,000)	-
Dividends paid		(432,216)	(284,048)
<b>Net cash generated from / (used in) financing activities</b>		<b>355,784</b>	<b>(46,459)</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,123</b>	<b>294,235</b>
Cash and cash equivalents at beginning of the period		(897,240)	(854,347)
<b>Cash and cash equivalents at end of the period</b>	13	<b>(889,117)</b>	<b>(560,112)</b>

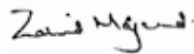
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Chief Executive Officer



Chief Financial Officer



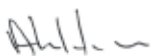
Director

# Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2018

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
(Rupees in '000)			
Balance as at 1 July 2016	518,034	1,965,738	2,483,772
<b>Total comprehensive income for the nine months period ended 31 March 2017</b>			
- Profit for the nine months period ended 31 March 2017	-	671,100	671,100
- Other comprehensive income for the nine months period ended 31 March 2017	-	-	-
	-	671,100	671,100
<b>Transactions with owners recorded directly in equity - distributions</b>			
- Final dividend for the year ended 30 June 2016 at the rate of Rs. 2.75 per share	-	(284,919)	(284,919)
Balance as at 31 March 2017	518,034	2,351,919	2,869,953
<b>Balance as at 1 July 2017</b>	<b>518,034</b>	<b>2,661,655</b>	<b>3,179,689</b>
<b>Total comprehensive income for the nine months period ended 31 March 2018</b>			
- Profit for the nine months period ended 31 March 2018	-	524,592	524,592
- Other comprehensive income for the nine months period ended 31 March 2018	-	-	-
	-	524,592	524,592
<b>Transactions with owners recorded directly in equity - distributions</b>			
- Final dividend for the year ended 30 June 2017 at the rate of Rs. 4.25 per share	-	(440,329)	(440,329)
<b>Balance as at 31 March 2018</b>	<b>518,034</b>	<b>2,745,918</b>	<b>3,263,952</b>

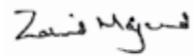
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Chief Executive Officer



Chief Financial Officer



Director

# Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

## 1. THE COMPANY AND ITS OPERATIONS

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, 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.

# Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

This condensed interim financial information has 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.

The unconsolidated condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 30 June 2017.

### 2.2 Basis of measurement

These unconsolidated condensed interim financial information has 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.

### 2.3 Functional and presentation currency

The unconsolidated condensed interim financial information 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

The accounting policies and methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 2017.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company.

# Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

Further Securities and Exchange Commission of Pakistan vide S.R.O. 1007 (I) / 2017 dated 4 October 2017 has notified IFRS 9 'Financial Instruments' replacing IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 15 'Revenue from Contracts with Customers' replacing IAS 18 'Revenue and IAS 11 'Construction Contracts' which are effective from annual reporting period beginning on or after 1 July 2018. Currently management is assessing the impact of these Standards.

## 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this unconsolidated 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 financial statements as at and for the year ended 30 June 2017.

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 2017.

## 5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets  
Capital work in progress

31 March 2018 (Unaudited)	30 June 2017 (Audited)
(Rupees in '000)	
3,275,608	2,103,633
769,937	945,386
<u>4,045,545</u>	<u>3,049,019</u>

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

#### Additions / transfers from CWIP

Leasehold land  
Building on leasehold land  
Plant and machinery  
Vehicles  
Furniture and fittings  
Computer equipment  
Others

Nine months ended	
31 March 2018	31 March 2017
(Rupees in '000)	
-	1,943
205,887	243,011
97,908	387,526
6,473	15,533
14,322	6,312
18,400	5,633
17,619	41,202
<u>360,608</u>	<u>701,160</u>



## Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

Additions to operating fixed assets include transfers of Rs 1,047.80 million (31 March 2017: Rs. 556.12 million) from capital work in progress

	Nine months ended	
	31 March 2018	31 March 2017
(Rupees in '000)		
Net (transfer from) / addition to CWIP	<b>(175,449)</b>	239,694
Disposals - Net book value Vehicles [cost Rs. 5.63 million (31 March 2017: Rs. 0.37 million)]	<b>2,815</b>	23
Plant and Machinery [cost Rs. nil (31 March 2017: Rs. 2.45 million)]	-	17
Computer equipments [cost Rs. 0.12 million (31 March 2017: Rs. 2.92 million)]	-	16
Furniture and fittings [cost Rs. 2.81 million (31 March 2017: Rs. Nil)]	-	-
Office and other equipments [cost Rs. 0.12 million (31 March 2017: Rs. nil)]	<b>30</b>	-

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. 75.04 million (30 June 2017: Rs. 45.74 million) valued at net realisable value of Rs. 64.20 million (30 June 2017: Rs. 37.54 million).

### 7. SHORT TERM BORROWINGS

	31 March 2018	30 June 2017
	(Unaudited)	(Audited)
(Rupees in '000)		
Running finance under mark-up arrangements	<b>701,922</b>	441,909
Running finance under Musharakah	<b>330,820</b>	545,619
Export re-finance	<b>400,000</b>	500,000
Money market loan	<b>950,000</b>	62,000
	<b>2,382,742</b>	1,549,528

## Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

- 7.1** This includes running finance balance maintained with Islamic banks having balance of Rs. 330.82 million (30 June 2017: Rs. 545.62 million).
- 7.2** The facilities available from various banks amounts to Rs. 3.19 billion (30 June 2017: Rs. 3.35 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 0.02% to three months KIBOR plus 0.20% per annum (30 June 2017: one month KIBOR plus 0.04% to three months KIBOR plus 0.5% per annum).
- 8. COMMITMENTS**
- 8.1** Aggregate commitments for capital expenditure as at 31 March 2018 amount to Rs. 706.65 million (30 June 2017: Rs. 544.30 million).
- 8.2** The facilities for opening letters of credit amount to Rs. 1.59 billion (30 June 2017: Rs. 1.59 billion) and for letters of guarantee amount to Rs. 141 million (30 June 2017: Rs. 134.89 million) as at 31 March 2018 of which the amount remaining unutilised at period end were Rs. 1.39 billion (30 June 2017: Rs. 1.08 billion) and Rs. 104.26 million (30 June 2017: Rs. 68.33 million) respectively.
- 8.3** Aggregate commitments in respect of ujarah 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 2017: six months KIBOR + 0.6% to six months KIBOR + 0.9%) per annum for rentals payable monthly as at 31 March 2018 amount to:

	<b>31 March 2018 (Unaudited)</b>	<b>30 June 2017 (Audited)</b>
(Rupees in '000)		
Not later than one year	<b>69,313</b>	61,817
Later than one year but not later than five years	<b>118,139</b>	95,850
	<b><u>187,452</u></b>	<u>157,667</u>

# Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

## 9. SALES

	Nine months ended	
	31 March 2018	31 March 2017
	(Unaudited)	
	(Rupees in '000)	
Manufactured goods		
Local sales	15,293,246	13,769,672
Export sales	859,224	810,850
	<b>16,152,470</b>	14,580,522
Less: Sales tax	(2,064,336)	(1,868,522)
	<b>14,088,134</b>	12,712,000
Less:		
Discount, rebates and allowances	(2,527,281)	(2,302,090)
Sales return	(122,652)	(109,160)
	<b>(2,649,932)</b>	(2,411,250)
	<b>11,438,202</b>	10,300,750

9.1 Export sales represents sales made to NF DMCC - a wholly owned subsidiary of the Company.

9.2 The Company's customer base is diverse with no single customer accounting for more than 10% of net sales. Sales to domestic customer in Pakistan are 94.68% (2017: 94.44%) and to customer outside Pakistan are 5.32% (2017: 5.56%) of the revenue.

## 10. TAXATION

	Nine months ended	
	31 March 2018	31 March 2017
	(Unaudited)	
	(Rupees in '000)	
- Current	150,875	164,170
- Deferred	130,754	142,276
	<b>281,629</b>	306,446

10.1 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 7.5% 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 40% of its profits within six months of the end of the tax year through cash or bonus shares. The Board of Directors of the Company will consider this matter before the authorization of annual financial statements for the year ending 30 June 2018. Hence, no tax consequences applicable on undistributed profit are recognised in these unconsolidated condensed interim financial information.

# Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

		<b>Nine months ended</b> <b>31 March 2018</b> <b>31 March 2017</b> <b>(Unaudited)</b> <b>(Rupees in '000)</b>	
<b>11.</b>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>		
	Profit after taxation attributable to ordinary shareholders	<b>524,592</b>	671,100
		<b>(Number of shares)</b> <b>(In '000')</b>	
	Weighted average number of ordinary shares outstanding during the period	<b>103,607</b>	103,607
		<b>(Rupees)</b>	
	Earnings per share - basic and diluted	<b>5.06</b>	6.48
<b>12.</b>	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit before taxation	<b>806,221</b>	977,546
	Adjustment for non-cash charges and other items		
	Depreciation	<b>233,108</b>	158,130
	Amortization	<b>30,839</b>	24,272
	Retirement benefit expense	<b>3,478</b>	3,555
	Gain on disposal of property, plant and equipment (Reversal against) / provision for slow moving and obsolete stock	<b>(4,989)</b>	(3,159)
	Exchange loss	<b>(3,719)</b>	9,549
	Finance cost	<b>-</b>	303
		<b>89,008</b>	50,174
	Working capital changes	<b>124,410</b>	467,850
		<b>1,278,356</b>	1,688,221

# Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

## 12.1 Working capital changes

	Nine months ended	
	31 March 2018	31 March 2017
	(Unaudited)	
	(Rupees in '000)	
Increase / (Decrease) in current assets		
Stores, spare parts and loose tools	(30,245)	(1,164)
Stock in trade	(346,000)	141,806
Trade debts	167,825	17,037
Advances	12,947	(53,251)
Trade deposits and prepayments	(39,394)	12,646
Other receivables	69,924	(112)
Sales tax refundable	40,633	-
	(124,310)	116,962
Increase in current liabilities		
Trade and other payables	113,159	239,733
Sales tax payable	135,561	111,155
	248,720	350,888
	124,410	467,850

## 13. CASH AND CASH EQUIVALENTS

	31 March 2018	31 March 2017
	(Unaudited)	
	(Rupees in '000)	
Cash and bank balances	143,625	153,026
Running finance under mark-up arrangement	(1,032,742)	(713,138)
Cash and cash equivalents at end of the period	(889,117)	(560,112)

# Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018


## 14. TRANSACTIONS WITH RELATED PARTIES

	Nine months ended	
	31 March 2018	31 March 2017
(Rupees in '000)		
<b>Parent Company</b>		
Rent payment	2,262	6,786
Rental income	5,074	-
<b>Subsidiary Company</b>		
Sale of goods - net	857,495	810,850
Freight and insurance on sales	34,096	27,844
Dividend income	-	3,141
<b>Associated Companies / Undertakings</b>		
Sale of goods	1,168,783	1,059,096
Commission expense	36,684	23,229
<b>Staff retirement funds</b>		
Expense charged for defined contribution plan	33,141	28,800
Payment to defined contribution plan	66,944	68,548
<b>Directors</b>		
Technical advisory services	-	7,119
<b>Key Management Personnel:</b>		
Salaries and other short-term employee benefits	284,579	221,573
Contribution to Provident Fund	13,816	11,342
Post retirement benefits of Executive Directors	3,478	3,555

## 15. GENERAL

15.1	Reclassification from Component	Reclassification to Component	(Rupees in '000)
	Sales - Export sales	Distribution cost	27,844
	Mark-up accrued	Long term finance	929

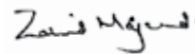
15.2 This unconsolidated condensed interim financial information has been authorised for issue on 24 April, 2018 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director

*Consolidated Condensed Interim*  
*Financial Information*  
*March 31, 2018*

# Consolidated Condensed Interim Balance Sheet

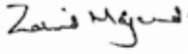
As at 31 March 2018

	Note	(Unaudited) 31 March 2018	(Audited) 30 June 2017
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant and equipment	5	4,361,717	3,204,389
Intangibles and goodwill		670,846	583,725
Long term deposits		42,173	34,217
		<u>5,074,736</u>	<u>3,822,331</u>
<b>Current assets</b>			
Stores, spare parts and loose tools		41,125	10,880
Stock-in-trade	6	3,987,323	3,418,314
Trade debts		1,251,799	1,364,571
Advances		291,860	229,113
Trade deposits and prepayments		68,988	62,017
Other receivables		44,514	103,103
Sales tax refundable		-	40,633
Cash and bank balances		417,975	364,022
		<u>6,103,584</u>	<u>5,592,653</u>
<b>TOTAL ASSETS</b>		<u><b>11,178,320</b></u>	<u><b>9,414,984</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital and reserves			
Authorised capital of 200,000,000 (30 June 2017: 150,000,000) ordinary shares of Rs. 5 each		<u>1,000,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		2,802,954	2,686,892
Foreign exchange translation reserve		15,490	7,283
<b>Equity attributable to owners of the Company</b>		<u><b>3,336,478</b></u>	<u><b>3,212,209</b></u>
Non-controlling interest		202,862	179,196
<b>Total equity</b>		<u><b>3,539,340</b></u>	<u><b>3,391,405</b></u>
<b>Non - current liabilities</b>			
Long term finance		658,977	376,181
Long term deposits		3,161	2,759
Deferred consideration		-	154,222
Deferred taxation - net		226,685	142,393
Deferred liabilities		11,655	7,977
Deferred rent		20,237	7,407
		<u>920,715</u>	<u>690,939</u>
<b>Current liabilities</b>			
Trade and other payables		3,344,527	3,047,506
Mark-up accrued		31,273	10,340
Short-term borrowings	7	2,497,820	1,549,528
Current maturity of long term finance		72,683	28,255
Current maturity of deferred consideration		182,013	160,437
Taxation - net		461,307	536,574
Sales tax payable		128,642	-
		<u>6,718,265</u>	<u>5,332,640</u>
<b>Commitments</b>	8	<u>7,638,980</u>	<u>6,023,579</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>11,178,320</b></u>	<u><b>9,414,984</b></u>

The annexed notes 1 to 15 form an integral part of these consolidated financial information.

  
Chief Executive Officer

  
Chief Financial Officer

  
Director




# Consolidated Condensed Interim Profit and Loss Account (Unaudited)

For the nine months period ended 31 March 2018

	Note	Quarter ended		Nine months ended	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
		(Rupees in '000)		(Rupees in '000)	
Sales	9	5,112,695	4,158,025	15,224,657	11,169,566
Cost of sales		(3,468,879)	(2,895,638)	(10,434,000)	(7,495,932)
<b>Gross profit</b>		<b>1,643,816</b>	<b>1,262,387</b>	<b>4,790,657</b>	<b>3,673,634</b>
Distribution costs		(1,089,802)	(709,301)	(3,073,800)	(2,056,267)
Administrative expenses		(169,978)	(134,079)	(652,800)	(443,524)
Other expenses		5,456	(26,931)	(57,808)	(73,582)
Other income		4,801	3,343	22,318	9,925
Operating profit		394,293	395,419	1,028,567	1,110,186
Finance costs		(60,793)	(31,601)	(146,510)	(68,915)
<b>Profit before taxation</b>		<b>333,500</b>	<b>363,818</b>	<b>882,057</b>	<b>1,041,271</b>
Taxation - net		(104,594)	(112,733)	(302,000)	(310,211)
<b>Profit after tax</b>		<b>228,906</b>	<b>251,085</b>	<b>580,057</b>	<b>731,060</b>
<b>Other comprehensive income</b>					
Items that are or may be reclassified subsequently to profit and loss account:					
Foreign operations - foreign currency translation differences		(4,433)	1,823	8,207	1,881
<b>Total comprehensive income for the year</b>		<b>224,473</b>	<b>252,908</b>	<b>588,264</b>	<b>732,941</b>
<b>Profit attributable to:</b>					
Owners of the Parent Company		227,520	246,611	556,391	726,586
Non-controlling interest		1,386	4,474	23,666	4,474
<b>Total comprehensive income attributable to:</b>		<b>228,906</b>	<b>251,085</b>	<b>580,057</b>	<b>731,060</b>
<b>attributable to:</b>					
Owners of the Parent Company		223,188	248,420	561,523	728,453
Non-controlling interest		1,285	4,488	26,741	4,488
		<b>224,473</b>	<b>252,908</b>	<b>588,264</b>	<b>732,941</b>
		(Rupees)		(Rupees)	
Earnings per share (basic and diluted)	11	2.20	2.38	5.37	7.01

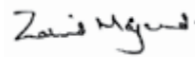
The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



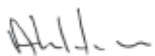
Director

# Consolidated Condensed Interim Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2018

	Note	Nine months ended	
		31 March 2018	31 March 2017
<b>(Rupees in '000)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	1,306,414	1,634,250
Finance cost paid		(124,438)	(62,383)
Income tax paid		(296,150)	(318,755)
Deferred rent		10,924	-
Retirement benefits obligations paid		-	(13,634)
Long term deposits		(7,876)	(3,332)
<b>Net cash generated from operating activities</b>		<b>888,875</b>	<b>1,236,146</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,389,072)	(941,167)
Sale proceeds from disposal of property, plant and equipment		7,834	3,212
Purchase of intangible assets		(41,082)	(29,411)
Deferred consideration paid		(182,404)	(182,857)
<b>Net cash used in investing activities</b>		<b>(1,604,724)</b>	<b>(1,150,223)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short term borrowings		888,000	100,000
Proceeds from long term finance		247,462	325,305
Repayment of long term finance		(26,645)	-
Repayment of short term borrowings		(100,000)	-
Dividend paid		(432,216)	(284,048)
<b>Net cash from / (used in) financing activities</b>		<b>576,601</b>	<b>141,257</b>
Net increase / (decrease) in cash and cash equivalents		(139,247)	227,180
Cash and cash equivalents at beginning of the year		(623,506)	(661,659)
Currency translation difference on cash and cash equivalents		32,908	(6,185)
Cash and cash equivalents at end of the year	13	(729,845)	(440,665)

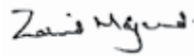
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Chief Executive Officer



Chief Financial Officer



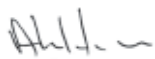
Director

# Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 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)					
<b>Balance as at 1 July 2016</b>	518,034	2,022,873	2,849	2,543,756	-	2,543,756
<b>Total comprehensive income for the nine months period ended 31 March 2017</b>						
Profit for the nine months period ended 31 March 2017	-	726,586	-	726,586	4,474	731,060
Other comprehensive income for the nine months period ended 31 March 2017	-	-	1,881	1,881	-	1,881
	-	726,586	1,881	728,467	4,474	732,941
<b>Transaction with owners</b>						
Final dividend for the year ended 30 June 2016 @ Rs. 2.75 per share	-	(284,919)	-	(284,919)	-	(284,919)
Changes in ownership interests						
Acquisition of subsidiary with NCI	-	-	-	-	82,644	82,644
Balance as at 31 March 2017	518,034	2,464,540	4,730	2,987,304	87,118	3,074,422
<b>Balance as at 1 July 2017</b>	<b>518,034</b>	<b>2,686,892</b>	<b>7,283</b>	<b>3,212,209</b>	<b>179,196</b>	<b>3,391,405</b>
<b>Total comprehensive income for the nine months period ended 31 March 2018</b>						
Profit for the year	-	556,391	-	556,391	23,666	580,057
Other comprehensive income	-	-	8,207	8,207	-	8,207
	-	556,391	8,207	564,599	23,666	588,264
<b>Transaction with owners in their capacity as owners directly recorded in equity</b>						
Final dividend for the year ended 30 June 2017 @ Rs. 4.25 per share	-	(440,329)	-	(440,329)	-	(440,329)
<b>Balance as at 31 March 2018</b>	<b>518,034</b>	<b>2,802,954</b>	<b>15,490</b>	<b>3,336,478</b>	<b>202,862</b>	<b>3,539,340</b>

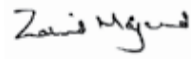
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Chief Executive Officer



Chief Financial Officer



Director

# Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

## 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.

National Foods 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.

# Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

NEI also has the following subsidiary:

## a) A-1 Bags & Supplies Inc.

A-1 Bags & Supplies Inc., was 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

This consolidated condensed interim financial information has 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.

The consolidated condensed interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Group as at and for the year ended 30 June 2017.

### 2.2 Basis of measurement

These consolidated condensed interim financial information has been prepared under the historical cost convention, except for the Group'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, on annual basis.

### 2.3 Functional and presentation currency

The consolidated 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.

# Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Group as at and for the year ended 30 June 2017.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Group's operations and did not have any impact on the accounting policies of the Group.

Further Securities and Exchange Commission of Pakistan vide S.R.O. 1007 (I) / 2017 dated 4 October 2017 has notified IFRS 9 'Financial Instruments' replacing IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 15 'Revenue from Contracts with Customers' replacing IAS 18 'Revenue and IAS 11 'Construction Contracts' which are effective from annual reporting period beginning on or after 1 July 2018. Currently management is assessing the impact of these Standards.

### 3.1 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 Group'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 2017.

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 2017.

## Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

	(Unaudited) 31 March 2018	(Audited) 30 June 2017
(Rupees in '000)		
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	<b>3,591,780</b>	2,248,623
Capital Work in Progress	<b>769,937</b>	955,766
	<b>4,361,717</b>	3,204,389

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

	31 March 2018	31 March 2017
(Rupees in '000)		
Additions/ transfer from CWIP		
Leasehold Land	-	1,943
Building on Leasehold land	<b>205,887</b>	243,011
Plant & machinery	<b>97,908</b>	387,526
Vehicles	<b>6,473</b>	15,533
Furniture & fittings	<b>14,322</b>	6,312
Computers	<b>18,400</b>	5,633
Others	<b>17,619</b>	41,515
	<b>360,608</b>	701,473

Additions to operating fixed assets include transfers of Rs 1,047.80 million (31 March 2017: Rs. 556.12 million) from capital work in progress

	31 March 2018	31 March 2017
(Rupees in '000)		
Net (transfer from) / addition to CWIP	<b>(175,449)</b>	239,694
Disposals - Net book value		
Vehicles [cost Rs. 5.63 million (31 March 2017: Rs. 0.37 million)]	<b>2,815</b>	23
Computer equipments [cost Rs. 0.12 million (31 March 2017: Rs. 2.92 million)]	-	16
Plant and Machinery [cost Rs. nil (31 March 2017: Rs. 2.45 million)]	-	17
Furniture and fittings [cost Rs. 2.81 million (31 March 2017: Rs. Nil)]	-	-
Office and other equipments [cost Rs. 0.12 million (31 March 2017: Rs. nil)]	<b>30</b>	-

## Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

### 6. STOCK IN TRADE

Stock in trade includes finished goods costing Rs. 75.04 million (30 June 2017: Rs. 45.74 million) valued at net realisable value of Rs. 64.20 million (30 June 2017: Rs. 37.54 million).

### 7. SHORT TERM BORROWINGS

	(Unaudited) 31 March 2018	(Audited) 30 June 2017
	(Rupees in '000)	
Running finance under mark up arrangements	817,000	441,909
Running finance under Musharika	330,820	545,619
Export re-finance	400,000	500,000
Money Market Loan	950,000	62,000
	<b>2,497,820</b>	<b>1,549,528</b>

7.1. This includes running finance balance maintained with Islamic banks having balance of Rs. 330.82 million (30 June 2017: Rs. 545.62 million).

7.2. The facilities available from various banks amounts to Rs. 3.19 billion (30 June 2017: Rs. 3.35 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 0.02% to three months KIBOR plus 0.20% per annum (30 June 2017: 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 CAD 1.50 million. This facility is secured by a general security agreement and bears interest rates at the bank's prime lending rate plus 2.5% per annum.

### 8. COMMITMENTS

8.1. Aggregate commitments for capital expenditure as at 31 March 2018 amount to Rs. 706.65 million (30 June 2017: Rs. 544.30 million).

8.2. The facilities for opening letters of credit amount to Rs. 1.59 billion (30 June 2017: Rs. 1.59 billion) and for letters of guarantee amount to Rs. 141 million (30 June 2017: Rs. 134.89 million) as at 31 March 2018 of which the amount remaining unutilised at period end were Rs. 1.39 billion (30 June 2017: Rs. 1.08 billion) and Rs. 104.26 million (30 June 2017: Rs. 68.33 million) respectively.



## Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

- 8.3** Aggregate commitments in respect of ujarah 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 2017: six months KIBOR + 0.6% to six months KIBOR + 0.9%) per annum for rentals payable monthly as at 31 March 2018 amount to:

	<b>(Unaudited) 31 March 2018</b>	<b>(Audited) 30 June 2017</b>
	(Rupees in '000)	
Payable within one year	69,313	61,817
Payable over one to five years	118,139	95,850
	<b>187,452</b>	<b>157,667</b>

### 9. SALES

	<b>31 March 2018</b>	<b>31 March 2017</b>
	(Rupees in '000)	
Gross sales		
Local sales	15,293,246	13,769,673
Export sales	4,892,604	1,736,082
	<b>20,185,850</b>	15,505,755
Sales tax	<b>(2,240,566)</b>	(1,882,836)
	<b>17,945,284</b>	13,622,919
Less:		
Discount rebates and allowances	2,570,013	2,344,193
Sales return	150,614	109,160
	<b>2,720,627</b>	2,453,353
	<b>15,224,657</b>	11,169,566

### 10. TAXATION

- Current	171,246	167,935
- Deferred	130,754	142,276
	<b>302,000</b>	<b>310,211</b>

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 7.5% 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 40% of its profits within six months of the end of the tax year through cash or bonus shares. The Board of Directors of the Company will consider this matter before the authorization of annual financial statements for the year ending 30 June 2018. Hence, no tax consequences applicable on undistributed profit are recognised in these consolidated condensed interim financial information.

# Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

11. EARNINGS PER SHARE	31 March	31 March
	2018	2017
	(Rupees in '000)	
Profit after taxation attributable to ordinary shareholders	<b>556,391</b>	726,586
	Number of shares	
Weighted average number of shares in issue during the period	<b>103,607</b>	103,607
	Rupees	
Earning per share - basic and diluted	<b>5.37</b>	7.01
12. CASH FLOWS FROM OPERATIONS	31 March	31 March
	2018	2017
	(Rupees in '000)	
Profit before taxation	<b>882,057</b>	1,041,271
Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	<b>261,305</b>	163,429
Amortization on intangibles	<b>37,815</b>	24,272
Finance cost	<b>146,510</b>	68,915
Gain on disposal of property, plant and equipment (Reversal against) / provision for slow moving and obsolete stock	<b>(4,989)</b>	(3,159)
Unrealised foreign exchange gains - net	<b>(3,719)</b>	9,549
Retirement benefits expense	<b>-</b>	303
Working capital changes	<b>3,478</b>	4,789
	<b>(16,042)</b>	324,881
	<b>424,358</b>	592,980
Cash generated from operations	<b>1,306,414</b>	1,634,250

## Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

	<b>31 March 2018</b>	<b>31 March 2017</b>
	<b>(Rupees in '000)</b>	
<b>12.1 Effect on cash flows due to working capital changes</b>		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	<b>(30,245)</b>	(1,164)
Stock in trade	<b>(492,392)</b>	115,644
Trade debts	<b>730,078</b>	267,227
Advances	<b>(53,711)</b>	(804,152)
Deposits and prepayments	<b>(39,394)</b>	15,038
Other receivables	<b>22,481</b>	32,584
Sales tax refundable	<b>40,633</b>	-
	<b>177,450</b>	(374,823)
(Decrease) / Increase in current liabilities		
Trade and other payables	<b>(329,054)</b>	588,371
Due to the government Sales tax payable	<b>135,561</b>	111,333
	<b>(193,493)</b>	699,704
	<b>(16,042)</b>	324,881
<b>13. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>417,975</b>	303,182
Running finance under mark up arrangements	<b>(1,147,820)</b>	(743,847)
	<b>(729,845)</b>	(440,665)

# Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the nine months period ended 31 March 2018

## 14. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Company	Nature of transaction	Nine months ended	
		March 31, 2018	March 31, 2017
		(Rupees in '000)	
<b>Associated Companies / Undertakings</b>	Sale of goods	1,168,783	1,059,096
	Rent payment	2,262	6,786
	Rental income	5,074	-
	Commission expense	36,684	23,229
<b>Staff retirement funds</b>	Expense charged for defined contribution plan	33,141	28,800
	Payments to retirement contribution plan	66,944	68,548
<b>Directors</b>	Technical advisory services	-	7,119
<b>Long term loan</b>		38,221	31,412
<b>Key management personnel compensation:</b>			
	Salaries and other short-term employee benefits	302,171	225,483
	Retirement benefits	13,816	11,342
	Post retirement benefits of Executive Directors	3,478	3,555
	Eligible dividend	9,829	2,005

## 15. GENERAL

15.1 Following reclassification has been made for better presentation, the effect of which is not material

Reclassification from Component	Reclassification to Component	(Rupees in '000)
Sales - Export sales	Distribution cost	23,946
Mark-up accrued	Long term finance	929

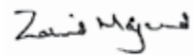
15.2 This Consolidated condensed interim financial information has been authorised for issue on 24 April, 2018 by the Board of Directors of the Parent Company.



Chief Executive Officer



Chief Financial Officer



Director

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اظہار تشکر

میں اپنے تمام ملازمین، سپلائرز، صارفین، کاروباری ساتھیوں اور حصص داران کا اُن کے ساتھ اور یقین کے لئے شکر گزار ہوں۔ جیسے جیسے ہم سال کے اہم سنگ میل کی طرف بڑھ رہے ہیں میں کمپنی کے ساتھ آپ کے مسلسل اشتراک اور تعاون کا طلب گار ہوں گا۔

بورڈ آف ڈائریکٹرز کی جانب سے

Zameer Ahmed

ڈائریکٹر

Ahmed

چیف ایگزیکٹو آفیسر

## اے ون بیگز اینڈ سپلائز انکارپوریشن (A-1 Bags & Supplies Inc.)

اے ون نو ماہ میں برق رفتاری سے ترقی کرتا رہا۔ اس سال کے دوران ایک اور اسٹور کھولا گیا اور موجودہ اسٹور کی گنجائش کو 50% تک بڑھایا گیا۔ خرید و فروخت کی بہتر سورسنگ (sourcing) کی وجہ سے مجموعی منافع میں بہتری آئی۔ خالص فروخت اور خالص منافع بعد از ٹیکس کی ترقی میں ذیلی ادارے نے نمایاں طور پر حصہ ڈالا۔

آپریٹنگ اور مالیاتی کارکردگی  
گروپ کی نو ماہ کی مالیاتی نتائج کا خلاصہ درج ذیل ہے

رقم پاکستانی روپے بلین میں

گروپ		اے ون بیگز اینڈ سپلائز انکارپوریشن		بنیادی کاروبار			
تبدیلی	FY17	FY18	FY18	تبدیلی	FY17	FY18	
36%	11,170	15,224	3,566	10%	10,598	11,658	خالص فروخت
30%	3,673	4,790	626	16%	3,575	4,164	مجموعی منافع
	32.9	31.5%	17.6%		33.7%	35.7%	بطور خالص فروخت کی شرح
2%	1,304	1,330	144	-7%	1,274	1,186	ای پی آئی ٹی ڈی سے (EBITDA)
	11.7%	8.7%	4.0%		12.0%	10.2%	بطور خالص فروخت کی شرح
-21%	731	580*	60	-27%	721	528	خالص منافع بعد از ٹیکس
	6.6%	3.8%	1.7%		6.8%	4.5%	بطور خالص فروخت کی شرح
-24%	7.01	5.37		-27%	6.96	5.10	آمدنی پرحصص (روپے)

\* اس میں اے ون بیگز اینڈ سپلائز انکارپوریشن کے حصول کے دوران شامل کئے گئے غیر مادی اثاثوں کی 7.6 بلین کی (amortization) شامل ہے۔

مستقبل کا نقطہ نظر

کمپنی اپنی موجودگی کو ملکی اور بین الاقوامی سطح پر بڑھاتی رہے گی۔ سال کے پہلے حصے میں کی گئی سرمایہ کاری قلیل مدت میں بعد از ٹیکس منافع پر اثر انداز ہوگی۔ ہمارے لوگوں، مصنوعات، عمل اور مینوفیکچرنگ کی صلاحیت پر کی گئی سرمایہ کاری ہمارے بہتر کام کو برقرار رکھنے اور صارفین تک بہتر اور اعلیٰ معیار کی مصنوعات پہنچانے کی حکمت عملی میں کلیدی کردار ادا کریں گے۔

## معزز حصص داران

نیشنل فوڈز لمیٹڈ کے ڈائریکٹرز باسرت 31 مارچ 2018 کو ختم ہونے والے گزشتہ نو ماہ کی کارکردگی رپورٹ بمع عبوری مالیاتی گوشوارے پیش کر رہے ہیں۔

## کاروباری کارکردگی کا جائزہ

### پیداوار

کمپنی نے اپنے بنیادی کاروبار میں بہترین کارکردگی پیش کی اور خالص فروخت کی شرح کو ڈبل ڈسجٹ پیداوار تک پہنچا دیا۔ کلیدی مقاصد حکمت عملی کے ذریعے مجموعی منافع میں نمایاں ترقی ہوئی، مثال کے طور پر آمدنی اور لاگت میں بہتری (Revenue and Cost Transformation)۔ طویل مدت مقاصد کے پیش نظر کمپنی نے برانڈ کی تعمیر، بنیادی ڈھانچے، سیلز میں تبدیلی کے اقدامات اور تنظیمی صلاحیت میں اضافے کے لئے سرمایہ کاری کی۔ ان اقدامات کے ذریعے جہاں قلیل مدت میں منافع متاثر ہوا وہیں طویل مدت میں پورٹ فولیو کے تنوع میں عمل انگیز ثابت ہوگا۔

نئی اشیاء مثلاً اسٹیکس اور مایونیز (Snacks and Mayonnaise) نے منصوبے کے مطابق پیداواری ترقی دکھائی۔ ان مصنوعات کو صارفین کی جانب سے سراہا گیا اور کمپنی اپنے پورٹ فولیو کے تنوع کو طویل مدت تک فعال رکھنے کے لئے ان اشیاء پر سرمایہ کاری کرتی رہے گی۔

### اہم کیٹیگری کا جائزہ

\* اس عرصے میں مارکیٹنگ اور صارفین کو شامل رکھنے کے لئے مختلف سرگرمیاں کی گئیں، بشمول:

-- سہولت کی بنیاد پر موضوعاتی مہم " لذت بھری سہولت " سہ ماہی کے آخر تک فورمد اور بریانی پر مشتمل نئی مہم کے ساتھ جاری رہی۔

-- کسٹمر کا اپنے برانڈ پر اعتماد بنانے رکھنے کے لئے بنیادی سرگرمیوں کو بڑھاتے ہوئے نیشنل فوڈز کراچی ایٹ فیسٹول 2018

(Karachi Eat Festival 2018) نے بڑے پیمانے پر شرکت کی اور اپنی موجودگی کا احساس دلایا۔ جہاں جدید طرز کے

اسٹائل لگائے گئے اور فیسٹول میں شامل ہونے والی عوام نے پر جوش طریقے سے " نیشنل کا پاکستان " نعرہ لگایا اور فری گفٹس حاصل کیے۔

\* مشہور زمانہ نیشنل کا پاکستان اپنے پانچویں سیزن میں داخل ہو گیا جہاں شیف سعادت مشہور موسیقار شجاع حیدر کے ساتھ نئی جگہوں اور

منفرد مقامی کھانوں کی کھوج لگاتے ہیں۔ دیکھنے والوں کی تعداد 80 لاکھ سے تجاوز کر گئی۔







## **National Foods Limited**

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