

Heritage of Flavors

National

Heritage of Flavors

Third Quarterly Report
2016

Contents

2

Our Story

4

Vision & Mission

6

Company Information

8

Directors' Report

11

Unconsolidated Condensed Interim Balance Sheet

12

Unconsolidated Condensed Interim Profit and Loss Account

13

Unconsolidated Condensed Interim Cash Flow Statement

14

Unconsolidated Condensed Interim Statement of Changes in Equity

15

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

22

Consolidated Condensed Interim Balance Sheet

23

Consolidated Condensed Interim Profit and Loss Account

24

Consolidated Condensed Interim Cash Flow Statement

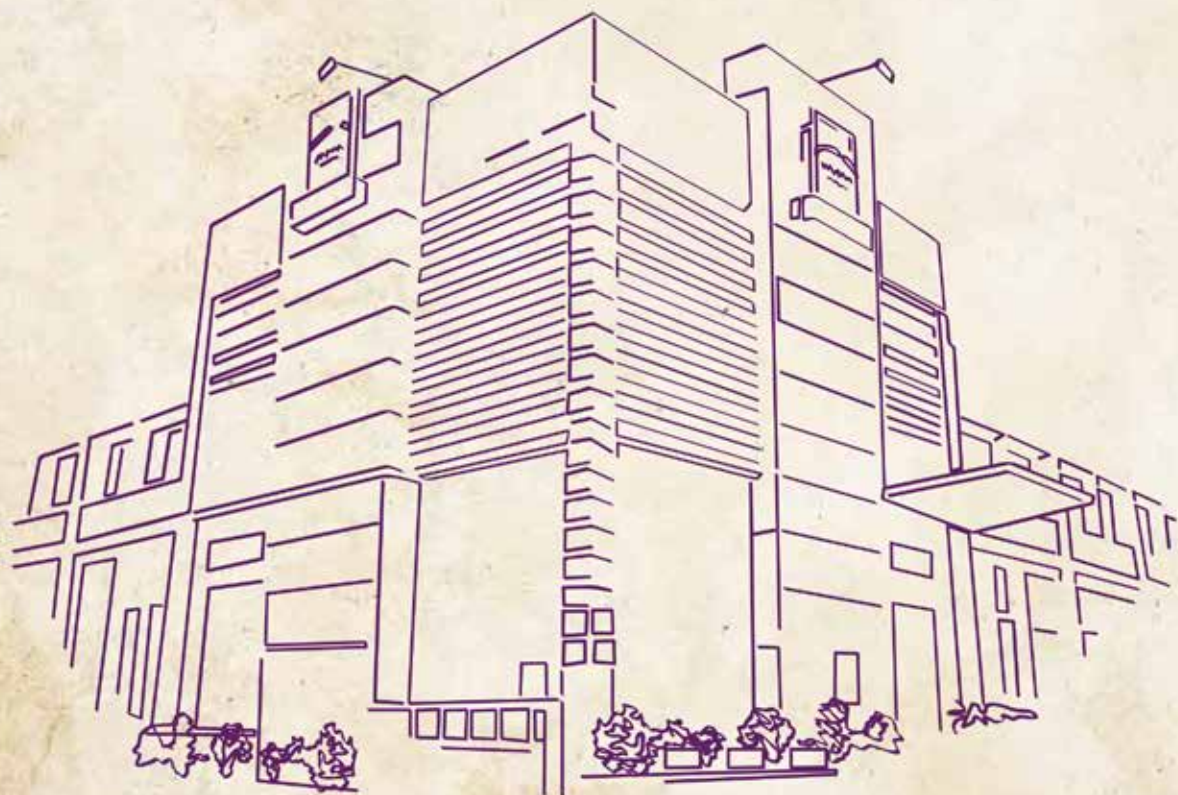
25

Consolidated Condensed Interim Statement of Changes in Equity

26

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

Our Story

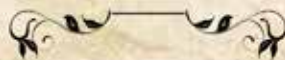




National Foods Limited (NFL), founded in 1970, is Pakistan's leading multi category foods company with over 250 different products in 12 categories. NFL holds ISO 9001, ISO 18001, ISO 22000 and HACCP certifications along with SAP Business Technology to drive its strong commitment to quality and management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

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

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



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. Imran Ali Khan	Director

Audit Committee

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

Human Resource and Remuneration Committee

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

Chief Financial Officer

Mr. Gabriel Cravero

Company Secretary

Mr. Fazal ur Rehman Hajano

Head of Internal Audit and Secretary Audit Committee

Mr. Shahid Hussain

Internal Auditors

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

Company Management

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

Auditors

Messers. A.F. Ferguson & Co.

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

Share Registration Office

Central Depository Company of Pakistan Ltd.

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

Principal Bankers

Bank Al-Habib Limited

Main Branch, Karachi
S.I.T.E. Branch, Karachi

Bank Al Falah Limited (Islamic Banking Group)

New Garden Town Branch, Lahore

Dubai Islamic Bank Pakistan Limited

Port Qasim Authority Branch, Karachi

Faysal Bank Limited

Clifton Branch, Karachi

National Bank of Pakistan

16, Abdullah Haroon Road, Karachi

Habib Bank Limited

PNSC Building Branch, Karachi

Habib Metropolitan Bank Limited

S.I.T.E. Branch, Karachi

MCB Bank Limited

Main Branch, Karachi

Meezan Bank Limited

Shaheen Complex Branch, Karachi

United Bank Limited

M.T. Khan Road Branch, Karachi

Main Branch, Karachi

REGISTERED OFFICE

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

SITE PLANT

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

PORT QASIM PLANT

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

MURIDKE PLANT

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

GUJRANWALA PLANT

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

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

Directors' Report to the Shareholders

For the nine months ended March 31, 2016

Fellow shareholders,

The Directors of National Foods Limited are pleased to present the condensed interim financial statements of the Company for the nine months ended March 31, 2016.

The economy during the nine months despite the historically low discount rates has shown little or no incremental activity in the private sector. Oil price fluctuations have been bearish; however, the benefits have not been passed on hence the pressure on the costs of doing business remains intense.

Strategizing in line with the economy position, the Company decided to focus on a volume driven growth during the current fiscal year and in doing so has absorbed some of the key commodity price increases and in some categories provided relief to the consumers by reducing the prices of the products. The decision has worked well evident from a healthy volume growth of 16% and a revenue growth of 19% during the nine months. However, the gross margins have been adversely affected by 60 bps vs same period last year at 33.57%.

The momentum in the volume growth was maintained through aggressive marketing and trade activities conducted during the nine months period. Various activations, airing and promotions were conducted for the key and top categories of the business.

- A new ad for Recipe category was aired this year focusing and embedding the essence of the brand and its relation with the consumers;
- The 3rd season of the successful series "National ka Pakistan" was aired during the first half of the year;
- An airing for "Made Easy" campaign was done during the first half building a corporate image of the Company among the consumers while promoting the entire range of its categories;
- During the third quarter an airing was done for Desserts category "Jaisai Dil Chahay" which has created awareness among the consumers;
- In the rural market, the 2nd National Jashn-e-Zaiqa mela was also conducted which generated a lot of trials and excitement in these areas re-enforcing the brand image in this segment of consumers as well.

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

The accomplishments of the Company in the nine months period for 2015-16 are visible in the statistics below:

	Consolidated	
	Jul – Mar 2015-16	Jul - Mar 2014-15
Net sales	9,398	8,075
Gross profit	3,155	2,760
% of net sales	33.57	34.18
Operating profit	884	935
% of net sales	9.40	11.57
Net profit after tax	608	617
% of net sales	6.46	7.64
Earnings per share	5.87	5.95

The Company delivered a net sales growth of 16.38%, largely concentrated through volumes, and posted a slight decline in EPS of 1.34%.

Future outlook:

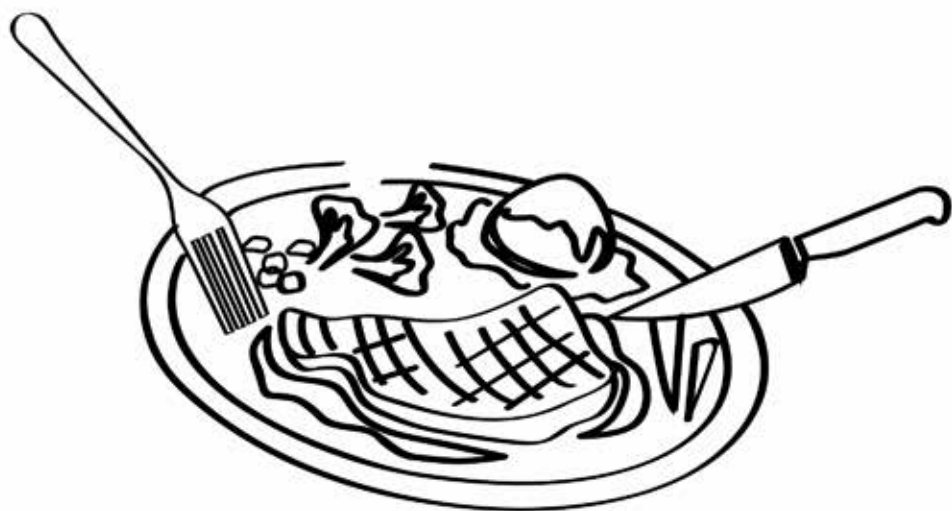
The Company foresees a sustainable pressure in the economy at least for the current fiscal year and hence a largely volume concentrated growth is expected with little chance to increase prices. The Company is focused on living up to expectations by continuing to create value through capital investments, innovations into new categories and improvement of operations. The management is hopeful to sustain the economic and competitive challenges and continue its journey towards the vision.



A. Majeed
Chairman

Karachi
April 18, 2016

**Unconsolidated Condensed
Interim
Financial Information**
March 31, 2016



Unconsolidated Condensed Interim Balance Sheet

As at March 31, 2016

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
(Rupees in thousands)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,834,141	1,518,286
Intangibles		49,503	39,089
Long term investment - subsidiary		31,719	31,719
Long term deposits		31,233	34,768
		1,946,596	1,623,862
Current Assets			
Stores, spare parts and loose tools		6,417	5,897
Stock in trade		2,952,570	2,254,723
Trade debts		989,352	1,150,666
Advances		112,222	50,404
Trade deposits and prepayments		45,424	29,736
Other receivables		12,867	13,452
Investments		-	389,245
Cash and bank balances		130,158	37,041
		4,249,010	3,931,164
		6,195,606	5,555,026
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		1,773,495	2,238,854
		2,291,529	2,756,888
NON-CURRENT LIABILITIES			
Deferred tax		74,388	93,414
Retirement benefits obligations		3,621	19,495
		78,009	112,909
CURRENT LIABILITIES			
Trade and other payables	6	1,553,745	1,672,683
Accrued interest / mark up		19,511	2,520
Short term borrowings	7	1,468,636	384,094
Taxation - Provision less payments		655,532	484,578
Sales tax payable		128,644	141,354
		3,826,068	2,685,229
COMMITMENTS			
	8	6,195,606	5,555,026

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.


Chief Executive


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the nine months ended March 31, 2016 - Unaudited

	Note	Quarter ended		Nine months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		(Rupees in thousand)			
Net sales					
Local		2,503,799	2,160,254	8,402,230	7,187,090
Export		233,955	321,158	740,078	839,237
		2,737,754	2,481,412	9,142,308	8,026,327
Cost of sales		(1,908,757)	(1,721,186)	(6,154,781)	(5,312,466)
Gross profit		828,997	760,226	2,987,527	2,713,861
Distribution costs		(573,447)	(415,967)	(1,746,241)	(1,440,610)
Administrative expenses		(127,934)	(106,454)	(385,036)	(332,800)
Other expenses		(9,186)	(20,377)	(63,318)	(79,674)
Other income		10,042	29,753	45,213	84,622
Profit from operations		128,472	247,181	838,145	945,399
Finance costs		(15,294)	(8,634)	(34,168)	(30,393)
Profit before taxation		113,178	238,547	803,977	915,006
Taxation		(33,340)	(69,030)	(233,267)	(283,056)
Profit after taxation		79,838	169,517	570,710	631,950
Other comprehensive income		-	-	-	-
Total comprehensive income		79,838	169,517	570,710	631,950
Basic and diluted earnings per share	9	0.77	1.64	5.51	6.10

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.


Chief Executive


Director

Unconsolidated Condensed Interim Statement of Cash Flows

For the nine months ended March 31, 2016 - Unaudited

	Note	March 31, 2016	March 31, 2015
(Rupees in thousand)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	10	236,226	1,258,109
Finance cost paid		(17,177)	(40,193)
Decrease / (Increase) in long term deposits		3,535	(12,082)
Retirement benefit obligation		(19,495)	-
Income tax (paid) / refunded		(81,339)	27,523
Net cash generated from operating activities		121,750	1,233,357
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(470,929)	(263,022)
Sale proceeds from disposal of property, plant and equipment		19,514	18,654
Purchase of intangible assets		(27,424)	(18,549)
Purchase of treasury bills		(147,810)	-
Proceeds from sale of treasury bills		148,731	-
Purchase of open ended mutual fund units		(150,000)	-
Proceeds from sale of open ended mutual fund units		546,048	105,242
Net cash used in investing activities		(81,870)	(157,675)
CASH FLOW FROM FINANCING ACTIVITIES			
Short term borrowings obtained		1,000,000	400,000
Repayment of short term borrowings		(100,000)	(700,026)
Dividend paid		(1,031,305)	(411,923)
Net cash used in financing activities		(131,305)	(711,949)
Net (decrease) / increase in cash and cash equivalents		(91,425)	363,733
Cash and cash equivalents at the beginning of the period		(247,053)	(475,345)
Cash and cash equivalents at the end of the period		(338,478)	(111,612)

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.



Chief Executive



Director

Unconsolidated Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2016 - Unaudited

	Issued subscribed and paid up capital	Unappropriated Profit	Total
	(Rupees in thousand)		
Balance as at June 30, 2014	518,034	1,689,884	2,207,918
Final dividend for the year ended June 30, 2014 @ Rs 8.00 per share	-	(414,427)	(414,427)
Total comprehensive income for the half year ended December 31, 2014			
- Profit for the period ended March 31, 2015	-	631,950	631,950
- Other comprehensive income for the period ended March 31, 2015	-	-	-
	-	631,950	631,950
Balance as at March 31, 2015	518,034	1,907,407	2,425,441
Balance as at June 30, 2015	518,034	2,238,854	2,756,888
Final dividend for the year ended June 30, 2015 @ Rs 10.00 per share	-	(1,036,069)	(1,036,069)
Total comprehensive income for the period ended March 31, 2016			
- Profit for the period ended March 31, 2016	-	570,710	570,710
- Other comprehensive income for the period ended March 31, 2016	-	-	-
	-	570,710	570,710
Balance as at March 31, 2016	518,034	1,773,495	2,291,529

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.


Chief Executive


Director

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

For the nine months ended March 31, 2016 - Unaudited

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

The unconsolidated condensed interim financial information of the Company for the nine months ended March 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

2.1 CHANGES IN ACCOUNTING STANDARDS, INTERPRETATIONS AND PRONOUNCEMENTS

a) STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE AND RELEVANT

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

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

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

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

For the nine months ended March 31, 2016 - Unaudited

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

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

b) STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE EFFECTIVE BUT NOT RELEVANT

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

c) STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE BUT RELEVANT

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

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

For the nine months ended March 31, 2016 - Unaudited

5. PROPERTY, PLANT AND EQUIPMENT

Capital work in progress - at cost

Civil work in progress	99,604	93,856
Plant and machinery	258,596	145,084
Office equipment	-	1,697
Building	281,199	-
Advance against acquisition of land	-	66,956
	1,834,141	1,518,286

Additions

Leasehold Land	-	100
Building on Leasehold land	5,674	2,301
Plant & machinery	97,980	31,496
Motor vehicles - Owned	14,248	17,448
Furniture & fittings	1,786	2,315
Computers	12,795	21,460
Others	5,965	8,145
	138,448	83,265

Disposals - Net Book Value

Motor Vehicles	9,918	12,594
Office Equipment	-	61
Computer equipment	30	76
	<u>9,948</u>	<u>12,731</u>

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

For the nine months ended March 31, 2016 - Unaudited

	(Unaudited) March 31, 2016	(Audited) June 30, 2015
	(Rupees in thousand)	
6. TRADE AND OTHER PAYABLES		
Creditors	159,229	450,468
Accrued liabilities	1,112,139	962,706
Workers' Profits Participation Fund	42,035	12,197
Workers' Welfare Fund	42,608	26,162
Advances from customers	59,744	107,742
Payable to provident fund	9,665	4,279
Tax deducted at source	48,288	23,892
Due to related parties - directors	-	14
- others	-	4,443
Advances from employees against sale of vehicles	63,522	59,552
Unclaimed dividend	10,243	5,479
Other liabilities	6,272	15,749
	1,553,745	1,672,683
7. SHORT TERM BORROWINGS		
Running finance under mark up arrangements	468,636	284,094
Export re-finance	400,000	100,000
Short term loan	600,000	-
	1,468,636	384,094

8. COMMITMENTS

Aggregate commitments for capital expenditure as at March 31, 2016 amounted to Rs. 142.6 million (June 30, 2015: Rs. 188.6 million).

	(Unaudited) March 31, 2016	(Audited) June 30, 2015
	(Rupees in thousand)	
9. EARNINGS PER SHARE - BASIC		
Profit after taxation attributable to ordinary shareholders	570,710	631,950
Weighted average number of shares in issue during the period	103,607	103,607
Earning per share - basic and diluted (Rs.)	5.51	6.10

There were no convertible dilutive potential ordinary shares in issue as at March 31, 2015 and 2016.

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

For the nine months ended March 31, 2016 - Unaudited

		March 31, 2016	March 31, 2015
		(Rupees in thousand)	
10. CASH FLOW FROM OPERATIONS			
Profit before taxation		803,977	915,006
Adjustments for non-cash charges and other items			
Depreciation on property, plant and equipment		144,451	127,801
Amortization on intangibles		17,684	13,385
Finance cost		34,168	30,393
Gain on disposal of property, plant and equipment		(9,565)	(5,923)
Property, plant and equipment written off		-	261
Income from Govt securities		(921)	-
Gain on re-measurement of fair value of open ended mutual fund		-	(27,158)
Gain on sale of investments		(6,803)	-
Deferred Liability - Retirement benefits		3,621	7,496
Exchange gain		(22,121)	(16,570)
Working capital changes	10.1	(728,265)	213,418
		(567,751)	343,103
Cash generated from operations		236,226	1,258,109
10.1 Effect on cash flow due to working capital changes			
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		(520)	(120)
Stock in trade		(697,847)	(134,995)
Trade debts		183,435	42,922
Advances		(61,818)	5,689
Deposits and prepayments		(15,688)	(10,227)
Other receivables		585	(7,627)
		(591,853)	(190,202)
(Decrease) / Increase in current liabilities			
Trade and other payables		(123,702)	434,608
Due to the government		(12,710)	(30,988)
		(136,412)	403,620
		(728,265)	213,418
11. CASH AND CASH EQUIVALENTS			
Cash and bank balances		130,158	38,121
Running finance under mark up arrangements		(468,636)	(149,733)
		(338,478)	(111,612)

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

For the nine months ended March 31, 2016 - Unaudited

12. TRANSACTIONS WITH RELATED PARTIES

		Nine months ended	
		March 31, 2016	March 31, 2015
		(Rupees in thousand)	
Relationship with the Company	Nature of transaction		
Subsidiary Company:	Commission expense	-	25,139
	Sale of goods	745,063	527,266
Associated Companies / Undertakings:	Sale of goods	1,038,238	762,134
	Rent payment	6,375	6,169
	Commission expense	26,550	17,061
Staff retirement funds:	Expense charged for defined contribution plan	25,432	20,316
	Payments to retirement contribution plan	65,200	45,322
Directors:	Technical advisory services	7,182	7,245
Key Management Personnel			
Salaries and other short-term employee benefits		136,457	126,920
Retirement benefits		5,320	10,371
Post retirement benefits of Executive Directors		3,621	7,496


13. SEASONALITY

The company's business is subject to seasonal fluctuation, with demand of its products increasing in the months of Ramazan and two Eids. Therefore, revenues and profits are not necessarily indicative of results to be expected for the full year.

14. DATE OF AUTHORISATION OF ISSUE

This unconsolidated condensed interim financial information was authorised for issue by the Board of Directors of the Company on 18th April 2016.


Chief Executive


Director

Consolidated Condensed Interim Financial Information

March 31, 2016




Consolidated Condensed Interim Balance Sheet

As at March 31, 2016

	Note	(Unaudited) March 31, 2016	(Audited) June 30, 2015
(Rupees in thousand)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,834,237	1,518,435
Intangibles		49,503	39,089
Long term deposits		32,035	34,768
		1,915,775	1,592,292
Current Assets			
Stores, spare parts and loose tools		6,417	5,897
Stock in trade		2,972,802	2,269,636
Trade debts		957,942	1,072,111
Advances		324,437	50,651
Trade deposits and prepayments		45,424	30,517
Other receivables		11,232	11,017
Investments		-	389,245
Cash and bank balances		318,442	174,547
		4,636,695	4,003,621
		6,552,470	5,595,913
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		1,844,612	2,272,475
Exchange revaluation reserve		2,706	939
		2,365,352	2,791,448
NON-CURRENT LIABILITIES			
Deferred tax		74,388	93,414
Retirement benefits obligations		3,621	19,495
		78,009	112,909
CURRENT LIABILITIES			
Trade and other payables		1,836,786	1,679,010
Accrued interest / mark up		19,511	2,520
Short term borrowings	6	1,468,636	384,094
Taxation - Provision less payments		655,532	484,578
Sales tax payable		128,644	141,354
		4,109,109	2,691,556
		4,187,118	2,804,465
COMMITMENTS			
	7	6,552,470	5,595,913

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.


Chief Executive


Director


Consolidated Condensed Interim Profit and Loss Account

For the nine months ended March 31, 2016 - Unaudited

	Note	Quarter ended		Nine months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
		(Rupees in thousand)			
Net sales	8	2,822,811	2,506,621	9,397,925	8,075,177
Cost of sales		(1,942,413)	(1,718,727)	(6,242,491)	(5,315,484)
Gross profit		880,399	787,893	3,155,435	2,759,693
Distribution cost		(620,611)	(437,326)	(1,867,889)	(1,496,418)
Administrative expenses		(127,934)	(106,454)	(385,036)	(332,800)
Other operating expenses		(9,186)	(20,377)	(63,318)	(79,674)
Other income		10,042	29,753	45,213	84,622
Profit from operations		132,710	253,489	884,405	935,423
Finance costs		(19,890)	(11,101)	(42,932)	(35,709)
Profit before taxation		112,820	242,388	841,473	899,713
Taxation		(33,340)	(69,030)	(233,267)	(283,056)
Profit after taxation		79,480	173,358	608,206	616,657
Other comprehensive income		(271)	456	1,767	1,806
Total comprehensive income		79,209	173,814	609,973	618,463
Earnings per share - Basic and diluted (Rupees)	9	0.77	1.67	5.87	5.95

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.


Chief Executive


Director


Consolidated Condensed Interim Statement of Cash Flows

For the nine months ended March 31, 2016 - Unaudited

	Note	March 31, 2016	March 31, 2015
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	298,470	1,409,626
Finance cost paid		(25,941)	(45,509)
Income tax (paid) / refund		(81,339)	27,523
Retirement benefit obligation paid		(19,495)	-
Net decrease / (increase) in long term deposits		2,733	(12,866)
Net cash from operating activities		174,429	1,378,774
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(472,831)	(263,032)
Sale proceeds on disposal of property, plant and equipment		19,514	18,915
Sale proceeds of treasury bills		148,731	-
Purchase of treasury bills		(147,810)	-
Purchased of open ended mutual fund units		(150,000)	-
Sale proceeds of open ended mutual fund units		546,048	105,242
Purchase of intangible assets		(27,424)	(18,549)
Net cash used in investing activities		(83,772)	(157,424)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		1,000,000	400,000
Repayment of short term borrowings		(100,000)	(700,026)
Dividend paid		(1,031,305)	(411,923)
		(131,305)	(711,949)
Net (decrease) / increase in cash and cash equivalents		(40,647)	509,401
Cash and cash equivalents at beginning of the period		(109,547)	(456,467)
Cash and cash equivalents at end of the period	11	(150,194)	52,934

The annexed notes 1 to 14 form an integral part of this condensed interim financial information.


Chief Executive


Director

Consolidated Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2016 - Unaudited

	Issued subscribed and paid up capital	Unappropriated profit	Exchange Revaluation Reserve	Total
	(Rupees in thousand)			
Balance as at June 30, 2014	518,034	1,721,912	(1,129)	2,238,817
Final dividend for the year ended June 30, 2014 @ Rs 8.00 per share	-	(414,427)	-	(414,427)
Total comprehensive income for the nine months ended March 31, 2015				
Other comprehensive income for the nine months ended March 31, 2015	-	-	1,806	1,806
Profit for the nine month ended March 31, 2015	-	616,657	-	616,657
	-	616,657	1,806	618,463
Balance as at March 31, 2015	518,034	1,924,142	677	2,442,852
Balance as at June 30, 2015	518,034	2,272,475	939	2,791,448
Final dividend for the year ended June 30, 2015 @ Rs 10.00 per share	-	(1,036,069)	-	(1,036,069)
Total comprehensive income for the nine months ended March 31, 2016				
Other comprehensive income for the nine months ended March 31, 2016	-	-	1,767	1,767
Profit for the nine month ended March 31, 2016	-	608,206	-	608,206
	-	608,206	1,767	609,973
Balance as at March 31, 2016	518,034	1,844,612	2,706	2,365,352

The annexed notes 1 to 14 form an integral part of this financial information.


Chief Executive


Director

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

For the nine months ended March 31, 2016 - Unaudited

1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

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

National Foods Limited

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

National Foods DMCC

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

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

National Foods DMCC also has following two wholly owned subsidiaries:

a) National Epicure Inc.

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

b) National Foods Pakistan (UK) Limited

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

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

For the nine months ended March 31, 2016 - Unaudited

1.2 Basis of consolidation

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

All inter-company balances and transactions have been eliminated.

2. BASIS OF PREPARATION

The consolidated condensed interim financial information of the Group for the period ended March 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

2.1 Changes in accounting standards, interpretations and pronouncements

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

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

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

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

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

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

For the nine months ended March 31, 2016 - Unaudited

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANGEMENT

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

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

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

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

For the nine months ended March 31, 2016 - Unaudited

		(Unaudited) March 31, 2016	(Audited) June 30, 2015
		(Rupees in thousand)	
5.	PROPERTY, PLANT AND EQUIPMENT		
5.1	Operating assets - at net book value - Note 5.2	1,194,838	1,210,842
	Capital work in progress - at cost		
	Civil work in progress	99,604	93,856
	Building	281,199	-
	Plant and machinery	258,596	145,084
	Office equipment	-	1,697
	Advance against acquisition of land	-	66,956
		1,834,237	1,518,435
		Nine months ended March 31, 2016	March 31, 2015
		(Rupees in thousand)	
5.2	Additions and Disposals during the period		
	Additions		
	Leasehold land	-	100
	Building on leasehold land	5,674	2,301
	Plant & machinery	97,980	31,496
	Motor vehicles - Owned	14,248	17,448
	Furniture & fittings	1,786	2,315
	Computers	12,795	21,541
	Others	5,965	8,145
		138,448	83,346
	Disposals - Net Book Value		
	Office Equipment	-	61
	Motor vehicles	9,918	12,594
	Computer equipment	30	76
		9,948	12,731
		(Unaudited) March 31, 2016	(Audited) June 30, 2015
		(Rupees in thousand)	
6.	SHORT TERM BORROWINGS		
	Running finance under mark up arrangements	468,636	284,094
	Export re-finance	400,000	100,000
	Short term loan	600,000	-
		1,468,636	384,094

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

For the nine months ended March 31, 2016 - Unaudited

7. COMMITMENTS

Aggregate commitments for capital expenditure as at March 31, 2016 amounted to Rs 142.6 million (June 30, 2015: Rs 188.6 million).

8. SALES

Manufactured goods

Gross sales

Local sales

Export sales

Sales tax

Less:

Discount rebates and allowances

Sales return

Nine months ended	
March 31, 2016	March 31, 2015
(Rupees in thousand)	
12,240,809	10,292,177
995,695	888,087
13,236,504	11,180,264
(1,649,681)	(1,341,985)
11,586,823	9,838,279
1,974,893	1,645,347
214,005	117,755
2,188,898	1,763,102
9,397,925	8,075,177

9. EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholder

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

Earnings per share - Basic and diluted (Rupees)

Nine months ended	
March 31, 2016	March 31, 2015
(Rupees in thousand)	
608,206	616,657
103,607	103,607
5.87	5.95

There were no convertible dilutive potential ordinary shares in issue as at March 31, 2015 and 2016.

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

For the nine months ended March 31, 2016 - Unaudited

10. CASH GENERATED FROM OPERATIONS

	Nine months ended	
	March 31, 2016	March 31, 2015
	(Rupees in thousand)	
Profit before taxation	841,473	899,713
Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	146,406	127,860
Retirement benefits expense	3,621	7,496
Amortisation of intangibles	17,684	13,385
Profit on disposal of property, plant and equipment	(9,565)	(5,923)
Property, plant and equipment written off	-	261
Income from Govt Securities	(921)	-
Gain on re-measurement of fair value of open ended mutual fund units	-	(27,158)
Gain on sale of investments	(6,803)	-
Unrealised foreign exchange gains - net	1,767	1,806
Exchange gain	(22,121)	(15,067)
Finance cost	42,932	33,946
Working capital changes	(716,002)	373,308
	(543,002)	509,914
Cash generated from operations	298,470	1,409,626

10.1 EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

Decrease / (increase) in current assets		
Stores, spare parts and loose tools	(520)	(120)
Stock in trade	(703,166)	(131,218)
Trade debts	136,290	7,627
Advances	(273,786)	4,416
Deposits and prepayments	(14,907)	(9,467)
Other receivables	(215)	(9,912)
	(856,304)	(138,674)
(Decrease) / increase in current liabilities		
Trade and other payables	153,011	542,970
Due to the government	(12,710)	(30,988)
	(716,002)	373,308

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

For the nine months ended March 31, 2016 - Unaudited

11. CASH AND CASH EQUIVALENTS

Cash and bank balances
Running finance under mark up arrangements

Nine months ended	
March 31, 2016	March 31, 2015
(Rupees in thousand)	
318,442	217,263
(468,636)	(164,330)
(150,194)	52,934

12. TRANSACTIONS WITH RELATED PARTIES

Relationship with the group **Nature of transactions**

Associated companies /
Undertakings:

Sale of goods
Commission expense
Rent Payment

Nine months ended	
March 31, 2016	March 31, 2015
(Rupees in thousand)	

1,038,238 762,134
26,550 -
6,375 6,169

Staff retirement fund:

Expense charged for
defined contribution plan
Payments to retirement
contribution plan

25,432 20,316
65,200 45,322

Directors

Technical advisory services

7,182 7,245

Key management personnel

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

136,457 126,920
5,320 10,371
3,621 7,496


13. SEASONALITY

The group business is subject to seasonal fluctuation, with demand of its products increasing in the months of Ramazan and two Eids. Therefore, revenues and profits are not necessarily indicative of results to be expected for the full year.

14. DATE OF AUTHORISATION OF ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors of the group on 18th Apr, 2016.


Chief Executive


Director



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