



Share Food Share Love

Third Quarterly Report 2017

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Our Story

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

In line with NFL's Vision 2020 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
Mr. Abrar Hasan
Mr. Zahid Majeed
Mr. Ebrahim Qassim
Mrs. Noreen Hasan
Mrs. Saadia Naveed
Mr. Ehsan A. Malik

Chairman
Chief Executive
Director
Director
Director
Director
Director

AUDIT COMMITTEE

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

Chairman
Member
Member
Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

Chairman
Member
Member

ACTING CHIEF FINANCIAL OFFICER

Mr. Badar Yousuf

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
Mr. Kamal Baig
Mr. Shakaib Arif
Ms. Saira A. Khan
Mr. Badar Yousuf

Chief Executive
Chief Executive NF DMCC
Director Integrated Supply Chain
General Manager-HR, Admin, IR & Security
Acting Chief Financial Officer



AUDITORS

Messrs. KPMG Taseer Hadi & Co.
Chartered Accountants

Sheikh 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

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
E-Mail Address: info@nfoods.com

SITE PLANT

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

PORT QASIM PLANT

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

MURIDKE PLANT

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

GUJRANWALA PLANT

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



Directors' Report

Dear shareholders,

The Directors of National Foods Limited are pleased to present their review, together with the unaudited condensed Interim Financial Statements of the Company for the quarter and nine months period ended March 31, 2017.

New initiative

During the third quarter, the subsidiary of the Company, NF DMCC, through its' subsidiary in Canada, National Epicure Inc., has successfully concluded the acquisition of A1 Bags & Suppliers Inc. in Canada on February 1, 2017. The acquisition is expected to provide stimulus to the growth of the Company towards the achievement of its vision. These financial results include two months' performance of the acquired company contributing revenues of Rs.595 million and net profit of Rs.11 million.

Operating and financial performance

The financial results of the Company are summarized below:

	Quarter ended March 30,		Nine months ended March 30,	
	2016-17	2015-16	2016-17	2015-16
	(Rupees in million)		(Rupees in million)	
Net sales	4,168	2,812	11,194	9,369
Gross profit	1,273	869	3,698	3,126
as % of net sales	30.5%	30.9%	33.0%	33.4%
Net profit after tax	251	79	731	608
as % of net sales	6.0%	2.8%	6.5%	6.5%
EBITDA	462	189	1,299	1,048
Earnings per share (Rupees)	2.42	0.77	7.06	5.87
Breakup value per share (Rupees)			29.67	22.83

The top line of the Group (including the results of recent acquisition) has shown 40% growth in Q3 raising the year to date performance to 17% for the nine-month period as compared to 7.2% at the half year close. The high growth in Q3 has been mainly fueled by the strategic brand building and consumer engagement initiated by National Foods Limited (the Company) in Pakistan around half year, giving the Company a top line growth of 24.5% for the third quarter.



EPS of the group has shown a growth of 216% in Q3 and 20% for the nine months' closing at Rs.2.42 and Rs.7.06 respectively. The upsurge has primarily been fueled by:

- Improved margins in core business – offset partially by the expected consolidation impact of acquired entity;
- Reduced spending in the below GP overheads; and
- Profits consolidation of the recent acquisition.

In this quarter, to support the offtake of Recipe masala and Ketchup, consumer promotions were aired on major entertainment and news channels, with a focus to embed the essence of the brand and its relation with the customers. Various converter activities in Recipe Masala, Ketchup and Desserts have been done at diverse levels. Spices and Recipe Masala were further promoted via LMT activation drive, which were run across Pakistan in three phases.

Future Outlook

The Company has got in a good momentum and bounced back from a moderate growth in the first half of the year. The acquisition exhibits the results of the management's belief in creating value through investments and is a significant step towards the vision achievement.

Acknowledgement

We would like to pay our gratitude to all our stakeholders for their continued commitment and trust. We treasure their dedication and feel highly obliged.

Abdul Majeed
Chairman
Karachi
April 25, 2017



اس اضافے کی بنیاد درج ذیل وجوہات ہیں:

- بنیادی کاروبار کی بہتر شرح - جس میں حاصل شدہ کمپنی کے مجموعی اثر کے سبب جزوی طور پر کی بھی آئی
- درج ذیل جی پی اوور ہینڈ پر اخراجات میں کمی اور
- حالیہ حصول کا مجموعی منافع

اس سرمایہ میں نسخہ مصالحہ (Recipe Masala) اور کچپ (Ketchup) کی فروخت بڑھانے کیلئے اہم تفریحی اور نیوز چینلوں پر اشتہارات صارفین کی فروغ کے لئے چلائے گئے جن کا مقصد براڈ کے بارے میں معلومات پہنچانا اور صارفین سے اس کا تعلق جوڑنا تھا۔ وسیع پیمانے پر نسخہ مصالحہ (Recipe Masala)، کچپ (Ketchup) اور میٹھے (Desserts) کی صارفین کے حصول کی سرگرمیاں منظم کی گئیں۔ دیگر مصالحوں اور نسخہ مصالحوں کی مقامی جدید تجارتی مراکز (LMT) کے ذریعے ترویج کی گئی جسے پاکستان بھر میں 3 دورانیوں میں چلایا گیا۔

مستقبل کا نقطہ نظر

سال کی تیسری سرمایہ میں کمپنی کافی متحرک رہی جو کہ سال کی پہلی ششماہی کے مقابلے میں معتدل ترقی سے آگے بڑھی۔ کمپنی کا حصول ترقی کی طرف اہم قدم ہے اور انتظامیہ کے ارادے کی عکاسی کرتا ہے کہ وہ سرمایہ کاری کے ذریعے ترقی کو فروغ دے۔

اقرار نامہ

ہم اپنے تمام کاروباری شراکت داروں کا ان کے مسلسل تعاون اور بھروسے کیلئے شکریہ ادا کرتے ہیں اور ہم ان کے تعاون کو سراہتے ہیں۔

عبدالحمید
چیرمین

کراچی:

25 اپریل 2017



ڈائریکٹرز رپورٹ

محترم شیئر ہولڈرز

ڈائریکٹرز نیشنل فوڈز لمیٹڈ بمسرت 31 مارچ 2017 کو ختم ہونے والے 9 ماہ کے لئے کمپنی کی مجموعی عبوری مالیاتی معلومات پیش کر رہے ہیں۔

پہلا قدم

تیسری سہ ماہی کے دوران یکم فروری 2017 کو کمپنی کے ذیلی ادارے این ایف ڈی ایم سی (NF DMCC) نے کینیڈا میں اپنی ذیلی کمپنی نیشنل اپیکچور اینکارپوریشن (National Epicure Inc.) کے ذریعے کینیڈا میں اے ون بیگز اور سپلائرز انکارپوریشن (A1 Bags & Suppliers Inc.) کے حصول کو کامیابی سے مکمل کر لیا۔ کمپنی کے نظریے کو پانے کیلئے یہ حصول متوقع طور پر اس کی ترقی میں محرک ثابت ہوگا۔ ان مالیاتی نتائج میں حاصل کردہ کمپنی کی 2 ماہ کی کارکردگی شامل ہیں جس نے 595 ملین روپے سے فروخت اور 11 ملین روپے سے آمدنی بعد از ٹیکس میں اضافہ کیا۔

آپریٹنگ اور مالیاتی کارکردگی

کمپنی کے مالیاتی نتائج مختصر اور ذیل ہیں:

9 ماہ کا اختتام 30 مارچ پاکستانی روپے ملین میں		سہ ماہی کا اختتام 30 مارچ پاکستانی روپے ملین میں		
2016-17	2015-16	2016-17	2015-16	
11,194	9,369	4,168	2,812	خالص فروخت
3,698 (33.0%)	3,126 (33.4%)	1,273 (30.5%)	869 (30.9%)	مجموعی منافع (خالص فروخت کی شرح)
731 (6.5%)	608 (6.5%)	251 (6.0%)	79 (2.8%)	خالص منافع بعد از ٹیکس (خالص فروخت کی شرح)
1,299	1,048	462	189	ای بی آئی ٹی ڈی اے (EBITDA)
7.06	5.87	2.42	0.77	آمدنی فی شیئر (روپے)
29.67	22.83			بریک اپ ویلیو فی شیئر (روپے)

گروپ کی سب سے عبوری سطح (بشمول حالیہ حصول کے نتائج) میں تیسری سہ ماہی میں 40 فیصد کا اضافہ دیکھنے میں آیا جو گزشتہ سال کے مقابلے میں اب تک 9 ماہ کے دورانیے میں بڑھ کر 17 فیصد ہوا جو کہ ششماہی کے اختتام پر 7.2 فیصد تھا۔ تیسری سہ ماہی میں زیادہ اضافے کی وجوہات ششماہی کے اختتام پر حکمت عملی کے تحت برائے فروغ چار اور صارفین سے ملاپ پر کام ہے جس سے کمپنی کو تیسری سہ ماہی میں حصول کے نتائج بڑھا کر 24.5 فیصد عبوری سطح کا منافع ملا۔ تیسری سہ ماہی میں فی شیئر آمدنی (Earning Per Share) میں 216 فیصد کا اضافہ ظاہر ہوا اور 9 ماہ میں 20 فیصد کا اضافہ دیکھنے میں آیا جس کا اختتام بالترتیب 2.42 اور 7.06 روپے پر ہوا۔

*Unconsolidated
Condensed Interim
Financial Information
31 March 2017*

Unconsolidated Condensed Interim Balance Sheet

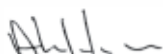
As at 31 March 2017

	Note	31 March 2017 (Unaudited)	30 June 2016 (Audited)
(Rupees in '000)			
ASSETS			
Non - current assets			
Property, plant and equipment	5	2,779,709	1,997,039
Intangibles		66,434	61,295
Long-term investment - subsidiary		31,719	31,719
Long-term deposits		34,311	30,979
		<u>2,912,173</u>	<u>2,121,032</u>
Current assets			
Stores, spare parts and loose tools		7,769	6,605
Stock in trade		3,099,019	3,250,374
Trade debts		983,431	1,000,468
Advances		148,403	95,455
Trade deposits and prepayments		25,422	38,068
Other receivables		6,384	6,272
Cash and bank balances		153,026	56,979
		<u>4,423,454</u>	<u>4,454,221</u>
		<u><u>7,335,627</u></u>	<u><u>6,575,253</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
150,000,000 ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		<u>2,351,919</u>	<u>1,965,738</u>
		<u>2,869,953</u>	<u>2,483,772</u>
Non - current liabilities			
Deferred taxation - net		97,954	80,934
Long term finance	6	137,589	-
Retirement benefit obligations		3,555	13,634
		<u>239,098</u>	<u>94,568</u>
Current liabilities			
Trade and other payables		2,201,039	1,960,435
Accrued interest / mark-up		13,481	8,974
Short term borrowings	7	1,213,138	1,311,326
Taxation - net		594,306	622,721
Sales tax payable		204,612	93,457
		<u>4,226,576</u>	<u>3,996,913</u>
		<u>4,465,674</u>	<u>4,091,481</u>
		<u><u>7,335,627</u></u>	<u><u>6,575,253</u></u>

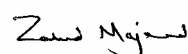
Commitments

8

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



Chief Executive



Director

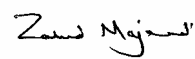
Unconsolidated Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and nine months period ended 31 March 2017

	Note	Quarter ended		Nine months period ended	
		31 March	31 March	31 March	31 March
		2017	2016	2017	2016
----- (Rupees in '000) -----					
Sales	9	3,494,979	2,726,512	10,328,594	9,112,706
Cost of sales		(2,387,459)	(1,908,757)	(6,938,866)	(6,154,781)
Gross profit		1,107,520	817,755	3,389,728	2,957,925
Distribution costs		(607,796)	(562,205)	(1,899,730)	(1,716,639)
Administrative expenses		(123,230)	(127,934)	(404,251)	(385,036)
Other expenses		(26,929)	(9,186)	(73,580)	(63,318)
Other income		6,906	10,042	15,553	45,213
Operating profit		356,471	128,472	1,027,720	838,145
Finance costs		(20,707)	(15,294)	(50,174)	(34,168)
Profit before taxation		335,764	113,178	977,546	803,977
Taxation		(108,967)	(33,340)	(306,446)	(233,267)
Profit after taxation		226,797	79,838	671,100	570,710
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		226,797	79,838	671,100	570,710
----- (Rupees) -----					
Earnings per share - basic and diluted	10	2.19	0.77	6.48	5.51

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


Chief Executive


Director

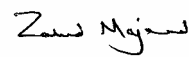
Unconsolidated Condensed Interim Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2017

	Note	31 March 2017	31 March 2016
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	1,688,221	236,226
Finance cost paid		(45,667)	(17,177)
Retirement benefits obligations paid		(13,634)	(19,495)
Income taxes paid		(317,841)	(81,339)
(Increase) / decrease in long-term deposits		(3,332)	3,535
Net cash generated from operating activities		1,307,747	121,750
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(940,854)	(470,929)
Purchase of intangible assets		(29,411)	(27,424)
Proceeds from disposal of property, plant and equipment		3,212	19,514
Purchase of open ended mutual fund units		-	(150,000)
Proceeds from sale of open ended mutual fund units		-	546,048
Purchase of treasury bills		-	(147,810)
Proceeds from sale of treasury bills		-	148,731
Net cash utilised in investing activities		(967,053)	(81,870)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		100,000	1,000,000
Long term borrowings obtained		137,589	-
Repayment of short term borrowings		-	(100,000)
Dividends paid		(284,048)	(1,031,305)
Net cash utilised in financing activities		(46,459)	(131,305)
Net increase / (decrease) in cash and cash equivalents		294,235	(91,425)
Cash and cash equivalents at beginning of the period		(854,347)	(247,053)
Cash and cash equivalents at end of the period	12	(560,112)	(338,478)

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 (Unaudited)

For the nine months period ended 31 March 2017

	Issued subscribed and paid up capital	Unappropriated Profit	Total
	(Rupees in '000)		
Balance as at 1 July 2015	518,034	2,238,854	2,756,888
Total comprehensive income for the nine months period ended 31 March 2016			
- Profit for the nine months period ended 31 March 2016	-	570,710	570,710
- Other comprehensive income for the nine months period ended 31 March 2016	-	-	-
	-	570,710	570,710
Transactions with owners			
- Final dividend for the year ended 30 June 2015 at the rate of Rs. 10 per share	-	(1,036,069)	(1,036,069)
Balance as at 31 March 2016	518,034	1,773,495	2,291,529
Balance as at 1 July 2016	518,034	1,965,738	2,483,772
Total comprehensive income for the nine months period ended 31 March 2017			
- 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
Transactions with owners			
- 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

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


Chief Executive


Director

Notes to the Unconsolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

1. THE COMPANY AND ITS OPERATIONS

National Foods Limited (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 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 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. Its registered address is Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. 01 Jumeirah Lakes Towers Dubai, United Arab Emirates.

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

NF DMCC also has following two wholly owned subsidiaries:

a) National Foods Pakistan (UK) Limited

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

b) National Epicure Inc.

National Epicure Inc. (NEI) was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. It is principally engaged in the trading of food products. Its registered office is situated at 193 Maxome Avenue, Toronto, Ontario, Canada.

NEI also has the following subsidiary:

A1 Bags & Suppliers Inc.

A1 Bags & Suppliers Inc., was incorporated in Canada on 14 March 2001, under the Canada Business Corporations Act. It 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.

Notes to the Unconsolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

2. BASIS OF PREPARATION

2.1 Statement of compliance

The unconsolidated condensed interim financial information of the Company for the nine months period ended 31 March 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 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 2016.

2.2 Basis of measurement

This 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, on annual basis.

2.3 Functional and presentation currency

This 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 2016. 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.

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 2016.

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 2016.

Notes to the Unconsolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

5. PROPERTY, PLANT AND EQUIPMENT

	31 March 2017 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Operating fixed assets	1,769,996	1,227,020
Capital work in progress	1,009,713	770,019
	2,779,709	1,997,039

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

	Nine months period ended	
	31 March 2017	31 March 2016
	(Rupees in '000)	
Additions / transfers from CWIP		
Leasehold land	1,943	-
Building on leasehold land	243,011	5,674
Plant and machinery	387,526	97,980
Vehicles	15,533	14,248
Furniture and fittings	6,312	1,786
Computer equipment	5,633	12,795
Others	41,202	5,965
Capital work in progress	239,694	332,481
	940,854	470,929
Disposal - Net Book value		
Vehicles [cost Rs. 0.37 million (2016: Rs. 15.95 million)]	23	9,918
Plant & Machinery [cost Rs. 2.45 million (2016: Rs. Nil)] - write off	17	-
Computer equipment [cost Rs. 2.92 million (2016: Rs. 4.77 million)]	16	30

6. LONG TERM FINANCE

This represents long term finance facility (LTFF) obtained from MCB Bank Limited for a period of ten years having mark-up of SBP base rate + 0.3%. The loan is secured by way of hypothecation on present and future fixed assets of the Company.

Notes to the Unconsolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

7. SHORT TERM BORROWINGS

		31 March 2017 (Unaudited)	30 June 2016 (Audited)
		(Rupees in '000)	
Running finance under mark up arrangements	7.1 & 7.2	713,138	911,326
Export re-finance		500,000	400,000
		1,213,138	1,311,326

7.1 This includes running finance balance maintained with Islamic Bank having balance of Rs. 141.86 million (30 June 2016: Rs. 287.37 million).

7.2 The facilities available from various banks amount to Rs. 3.24 billion (30 June 2016: Rs. 2.93 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 2017. The rates of mark up range from one month KIBOR plus 0.05% to one month KIBOR plus 0.2% per annum (30 June 2016: one month KIBOR plus 0.05% to six months KIBOR plus 0.2% per annum).

8. COMMITMENTS

8.1 Aggregate commitments for capital expenditure as at 31 March 2017 amount to Rs. 810.25 million (30 June 2016: Rs. 404.46 million).

8.2 The facilities for opening letters of credit amount to Rs. 1.59 billion (30 June 2016: Rs. 1.19 billion) and for letters of guarantee amount to Rs. 145 million (30 June 2016: Rs. 243.3 million) as at 31 March 2017 of which the amount remaining unutilised at period end were Rs. 1.11 billion (30 June 2016: Rs. 1.07 billion) and Rs. 75 million (30 June 2016: Rs. 76.75 million) respectively.

8.3 Aggregate commitments in respect of ujarah payments for ijarah financing of motor vehicles bearing a mark up ranging from six months KIBOR + 0.6% to six months KIBOR + 0.9% (30 June 2016: six months KIBOR + 0.6% to six months KIBOR + 0.9%) per annum for rentals payable monthly as at 31 March 2017 amount to:

	31 March 2017 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Payable within one year	52,622	55,332
Payable over one to five years	66,330	80,769
	118,952	136,101

Notes to the Unconsolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

9. SALES

Manufactured goods

Gross sales

- Local sales

- Export sales

Sales tax

Less:

- Discount, rebates and allowance

- Sales return

(Unaudited)	
Nine months period ended	
31 March 2017	31 March 2016
(Rupees in '000)	

13,769,672	12,240,809
838,694	740,078
14,608,366	12,980,887
(1,868,522)	(1,649,681)
12,739,844	11,331,206
(2,302,090)	(2,004,495)
(109,160)	(214,005)
(2,411,250)	(2,218,500)
10,328,594	9,112,706

10. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation

671,100	570,710
---------	---------

(Number of shares)	
(In '000')	

Weighted average number of ordinary shares
outstanding during the period

103,607	103,607
---------	---------

(Rupees)	
----------	--

Earnings per share - basic and diluted

6.48	5.51
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Notes to the Unconsolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

11. CASH GENERATED FROM OPERATIONS

		(Unaudited) Nine months period ended	
		31 March 2017	31 March 2016
		(Rupees in '000)	
Profit before taxation		977,546	803,977
Adjustment for non-cash charges and other items:			
Depreciation		158,130	144,451
Amortization		24,272	17,684
Retirement benefit expenses		3,555	3,621
Gain on sale of investment		-	(6,803)
Gain on disposal of property, plant and equipment		(3,159)	(9,565)
Income from Govt securities		-	(921)
Provision for slow moving and obsolete stock		9,549	25,316
Provision for doubtful debts		-	21,153
Exchange loss / (gain)		303	(22,121)
Finance cost		50,174	34,168
Working capital changes	11.1	467,850	(774,734)
		1,688,221	236,226

11.1 Working capital changes

Decrease / (increase) in current assets

Stores and spares	(1,164)	(520)
Stock in trade	141,806	(723,163)
Trade debts	17,037	162,282
Advances	(53,251)	(61,818)
Trade deposits and prepayments	12,646	(15,688)
Other receivables	(112)	585
	116,962	(638,322)

Increase / (decrease) in current liabilities

Trade and other payables	239,733	(123,702)
Sales tax payable	111,155	(12,710)
	350,888	(136,412)
	467,850	(774,734)

12. CASH AND CASH EQUIVALENTS

	31 March 2017	31 March 2016
	(Rupees in '000)	
Cash and bank balances	153,026	130,158
Running finance under mark-up arrangement	(713,138)	(468,636)
Cash and cash equivalents at end of the period	(560,112)	(338,478)

Notes to the Unconsolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

13. TRANSACTIONS WITH RELATED PARTIES

	Nine months period ended	
	31 March 2017	31 March 2016
	(Rupees in '000)	
Subsidiary Company		
Sale of goods	838,694	745,063
Dividend income	3,141	-
Associated Companies / Undertakings		
Sale of goods	1,059,096	1,038,238
Rent payment	6,786	6,375
Commission expense	23,229	26,550
Staff retirement funds		
Expense charged for defined contribution plan	28,800	25,432
Payment to defined contribution plan	68,548	65,200
Directors		
Technical advisory services	7,119	7,182
Key Management Personnel:		
Salaries and other short-term employee benefits	128,709	136,457
Contribution to Provident Fund	6,258	5,320
Post retirement benefits of Executive Directors	3,555	3,621

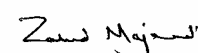
14. GENERAL

14.1 Following reclassification has been made for better presentation:

Reclassification from Component	Reclassification to Component	(Rupees in '000)
Profit and loss account		
Distribution cost	Sales - discount, rebates and allowances	29,602

14.2 This unconsolidated condensed interim financial information has been authorised for issue on 25 April 2017 by the Board of Directors of the Company.


Chief Executive


Director

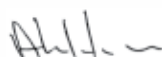
*Consolidated
Condensed Interim
Financial Information
31 March 2017*

Consolidated Condensed Interim Balance Sheet

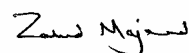
As at 31 March 2017

	Note	(Unaudited) 31 March 2017	(Audited) 30 June 2016
(Rupees in '000)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	2,927,124	1,997,110
Goodwill		344,704	-
Intangibles		66,434	61,295
Long term deposits		35,120	30,979
		<u>3,373,382</u>	<u>2,089,384</u>
Current Assets			
Stores, spare parts and loose tools		7,769	6,605
Stock in trade		3,503,684	3,280,590
Trade debts		1,140,595	933,274
Advances		223,468	138,928
Trade deposits and prepayments		38,766	38,870
Other receivables		1,950	5,071
Cash and bank balances		303,182	249,667
		<u>5,219,414</u>	<u>4,653,005</u>
		<u><u>8,592,796</u></u>	<u><u>6,742,389</u></u>
EQUITY AND LIABILITIES			
Share Capital and reserves			
Authorised share capital 150,000,000 ordinary shares of Rs. 5 each		<u>750,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		2,464,540	2,022,873
Non controlling interest		87,118	-
Exchange revaluation reserve		4,730	2,849
		<u>3,074,422</u>	<u>2,543,756</u>
NON-CURRENT LIABILITIES			
Deferred tax - net		97,954	80,934
Long term financing	6	453,169	-
Long term deposit		2,699	-
Deferred consideration payable		149,352	-
Retirement benefits obligations		4,789	13,634
		<u>707,963</u>	<u>94,568</u>
CURRENT LIABILITIES			
Trade and other payables		2,597,933	2,067,587
Accrued interest / mark up		13,481	8,974
Short term borrowings	7	1,243,847	1,311,326
Current maturity - Deferred consideration payable		155,371	-
Taxation - net		596,034	622,721
Sales tax payable		203,745	93,457
		<u>4,810,411</u>	<u>4,104,065</u>
		<u>5,518,374</u>	<u>4,198,633</u>
COMMITMENTS			
	8	<u><u>8,592,796</u></u>	<u><u>6,742,389</u></u>

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



Chief Executive



Director

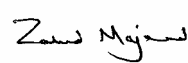
Consolidated Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and nine months period ended 31 March 2017

		Quarter ended		Nine months period ended	
		31 March	31 March	31 March	31 March
		2017	2016	2017	2016
Note		(Rupees in '000)			
	9	4,168,226	2,811,569	11,193,511	9,368,323
Sales		2,895,639	1,942,413	7,495,932	6,242,491
Cost of sales		1,272,587	869,156	3,697,580	3,125,832
Gross profit					
Distribution cost		719,503	609,369	2,080,213	1,838,287
Administrative expenses		134,079	127,934	443,524	385,036
Other operating expenses		26,929	9,186	73,581	63,318
		880,511	746,489	2,597,319	2,286,641
Other income		3,343	10,042	9,925	45,213
Operating profit		395,419	132,710	1,110,186	884,405
Finance costs		31,601	19,890	68,915	42,932
Profit before taxation		363,818	112,820	1,041,271	841,473
Taxation		112,733	33,340	310,211	233,267
Profit after taxation		251,085	79,480	731,060	608,206
Other comprehensive income:					
Items that may be subsequently reclassified to Profit and Loss					
Exchange differences on translation of foreign operations		1,823	(271)	1,881	1,767
Total comprehensive income		252,908	79,209	732,941	609,973
Profit attributable to:					
Share holders of the Parent Company		246,611	79,480	726,586	608,206
Non-controlling interests		4,474	-	4,474	-
		251,085	79,480	731,060	608,206
Total comprehensive income attributable to:					
Share holders of the Parent Company		248,420	79,209	728,453	609,973
Non-controlling interests		4,488	-	4,488	-
		252,908	79,209	732,941	609,973
		(Rupees)			
Earnings per share - basic and diluted	10	2.42	0.77	7.06	5.87

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


Chief Executive


Director

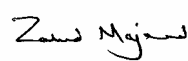
Consolidated Condensed Interim Cash Flow Statement (Unaudited)

For the nine months period ended 31 March 2017

	Note	31 March 2017	31 March 2016
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	1,634,250	298,470
Finance cost paid		(62,383)	(25,941)
Income tax paid		(318,755)	(81,339)
Retirement benefit obligation paid		(13,634)	(19,495)
Net increase in long term deposits		(3,332)	2,733
Net cash generated from operating activities		1,236,146	174,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(941,167)	(472,831)
Purchase of intangible assets		(29,411)	(27,424)
Sale proceeds on disposal of property, plant and equipment		3,212	19,514
Acquisition of subsidiary		(182,857)	-
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
Net cash utilized in investing activities		(1,150,223)	(83,772)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		100,000	1,000,000
Long term borrowings obtained		325,305	-
Dividend paid		(284,048)	(1,031,305)
Repayment of short term borrowings		-	(100,000)
Net cash generated from / (utilized) in financing activities		141,257	(131,305)
Net increase / (decrease) in cash and cash equivalents		227,180	(40,647)
Cash and cash equivalents at beginning of the period		(661,659)	(109,547)
Currency translation difference on cash and cash equivalents		(6,185)	-
Cash and cash equivalents at end of the period	12	(440,665)	(150,194)

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


Chief Executive


Director

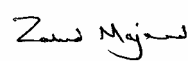
Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine months period ended 31 March 2017

	Issued subscribed and paid up capital	Unappropriated profit	Currency Translation Reserve	Non-controlling Interest	Total
	(Rupees in '000)				
Balance as at 1 July 2015	518,034	2,272,475	939	-	2,791,448
Transactions with owners in their capacity as owners					
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 period ended March 31, 2016					
Other comprehensive income for the nine months period ended March 31, 2016	-	-	1,767	-	1,767
Profit for the nine months period 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
Balance as at July 01, 2016	518,034	2,022,873	2,849	-	2,543,756
Transactions with owners in their capacity as owners					
Final dividend for the year ended June 30, 2016 @ Rs. 2.75 per share	-	(284,919)	-	-	(284,919)
Non-controlling interest on acquisition of subsidiary (refer note 1.2)	-	-	-	82,644	82,644
Total comprehensive income for the nine months period ended March 31, 2017					
Other comprehensive income for the nine months period ended March 31, 2017	-		1,881	-	1,881
Profit for the nine months period ended March 31, 2017	-	726,586	-	4,474	731,060
	-	726,586	1,881	4,474	732,941
Balance as at March 31, 2017	518,034	2,464,540	4,730	87,118	3,074,422

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


Chief Executive


Director

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

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. It is principally engaged in the manufacture and sale of convenience based food products. It is listed on Pakistan Stock Exchange. Its registered office 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. Its registered address is Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. 01 Jumeirah Lakes Towers Dubai, United Arab Emirates.

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

NF DMCC also has following two wholly owned subsidiaries:

a) National Foods Pakistan (UK) Limited

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

b) National Epicure Inc.

National Epicure Inc. (NEI) was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. It is principally engaged in the trading of food products. Its registered office is situated at 193 Maxome Avenue, Toronto, Ontario, Canada.

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

NEI also has the following subsidiary:

A1 Bags & Suppliers Inc.

A1 Bags & Suppliers Inc., was incorporated in Canada on 14 March 2001, under the Canada Business Corporations Act. It 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.

1.2 ACQUISITION OF SUBSIDIARY

Effective 1 February 2017, NEI entered into a Share Purchase Agreement (SPA) for investment in A1 Bags and Suppliers Inc. (Acquiree), engaged in cash and carry business. Under the terms of the SPA, NEI has acquired 60% controlling stake in the Company and nominated 2 out of 3 directors on the Board of Directors of the Acquiree. Consideration for the acquisition aggregating to CAD 6 million will be made in 3 equal tranches within 18 months from the SPA date (the first due and paid on 1 February 2017). The acquired shares are currently held in escrow.

The acquisition is expected to increase the Group's market share and reduce costs through economies of scale.

The acquired business contributed revenues of Rs. 595 million and net profit of Rs. 11.2 million to the Group during the period from 1 February 2017 to 31 March 2017. If the acquisition had occurred on 1 July 2016, the consolidated revenue and consolidated profit after tax for the nine months period ended 31 March 2017 would have been Rs. 17.7 billion and Rs. 764.8 million respectively.

1.2.1 The breakup of consideration transferred is as follow:

Cash paid

Deferred consideration

Total purchase consideration

(Rupees in '000)

159,285

306,289

465,574

The fair value of the deferred consideration of the acquisition price has been determined by discounting the amounts payable to their present value at the date of acquisition. The present value is determined using a discount rate of 3 month LIBOR + 3% (4.03%) which is considered to be appropriate to determine its fair value.

1.2.2 The Company incurred acquisition-related costs of Rs. 16.9 million on legal fees and due diligence costs. These costs have been included in administrative expenses in the consolidated profit and loss account.

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

- 1.2.3** The provisional fair values of identifiable assets and liabilities of the Acquiree as at the date of acquisition were as follows:

	(Rupees in '000)
Property, plant and equipment	154,059
Goodwill	7,157
Inventories	368,189
Receivables	140,685
Trade deposits and prepayments	11,114
Other receivables	91
Cash and cash equivalents	(23,267)
Payables	(317,835)
Borrowings	(130,851)
Long term deposits	(2,731)
Total identifiable net assets acquired	206,611

- 1.2.4** The fair values of assets and liabilities disclosed above have been determined provisionally using the carrying values appearing in the books of the Acquiree. Management has engaged an independent firm to carry out fair valuation of identifiable assets and liabilities and the review is expected to be completed by June 30, 2017. Accounting for the business combination, including valuation of goodwill, is therefore provisional and will be adjusted in the annual financial statements for the year ended June 30, 2017 to reflect the results of the valuation.

- 1.2.5** Goodwill arising from the acquisition has been recognised as follows.

	(Rupees in '000)
Consideration transferred	465,574
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities	82,644
Provisional fair value of identifiable net assets	(206,611)
Goodwill	341,607

The goodwill is attributable to synergies expected to arise after the Company's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes.

- 1.2.6** Non-controlling interest (NCI) is initially recognised at the proportionate share of the acquiree's identifiable net assets at the date of acquisition.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial information of the Group for the nine months ended 31 March 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the Companies Ordinance, 1984 have been followed.

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

The 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 2016.

2.2 Basis of measurement

This 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 an annual basis.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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 2016 except for the policies mentioned below. 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.

3.1 Basis of consolidation

a) Business combination

Business combination is accounted for using the acquisition method at acquisition date. The consideration transferred on the acquisition is measured at fair value, as are the identifiable net assets acquired. Goodwill arising on acquisition date is measured as the excess of the purchase consideration over the fair value of the identifiable assets acquired and liabilities assumed including contingent liabilities less impairment losses, if any. Any goodwill that arises is tested annually for impairment.

b) 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.

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this unconsolidated condensed interim financial information requires 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 2016.

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 2016.

5. PROPERTY, PLANT AND EQUIPMENT

(Unaudited) 31 March 2017	(Audited) 30 June 2016
(Rupees in '000)	
Operating assets - Note 5.1	1,227,091
Capital work in progress	770,019
2,927,124	1,997,110

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

	Nine months period ended 31 March 2017	31 March 2016
	(Rupees in '000)	
Additions / transfers from CWIP		
Leasehold land	1,943	-
Building on leasehold land	243,011	5,674
Plant and machinery	387,526	97,980
Vehicles	15,533	14,248
Furniture & fittings	6,312	1,786
Computer equipment	5,633	12,795
Others	41,515	5,965
Capital work in progress	239,694	334,383
	941,167	472,831
Disposals - Net Book Value		
Vehicles [cost Rs. 0.37 million (2016: Rs. 15.95 million)]	23	9,918
Plant & Machinery [cost Rs. 2.45 million (2016: Rs. Nil)] - write off	17	-
Computer equipment [cost Rs. 2.92 million (2016: Rs. 4.77 million)]	16	30
	39	9,948

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

6. LONG TERM FINANCE

6.1 This includes long term finance facility (LTFF) obtained from MCB Bank Limited for ten years having mark-up of SBP base rate + 0.3%. This loan is secured by way of hypothecation on present and future fixed assets of the Company.

6.2 This includes long term loan obtained by National Foods DMCC amounting to USD 1.52 million from MCB Dubai having mark-up of 3-month LIBOR plus 3% for a period of five years.

It also includes interest-free loan from related parties obtained by A1 Bags & Suppliers Inc. amounting to CAD 0.6 million and loan obtained from Business Development Bank of Canada amounting to CAD 1.4 million with effective interest rate from 5.2% - 7.75%.

7. SHORT TERM BORROWINGS

	(Unaudited) 31 March 2017	(Audited) 30 June 2016
	(Rupees in '000)	
Running finance under mark up arrangements 7.1 & 7.2	743,847	911,326
Export re-finance	500,000	400,000
	<u>1,243,847</u>	<u>1,311,326</u>

7.1 This includes running finance balance maintained with Islamic Bank having balance of Rs. 141.86 million (30 June 2016: Rs. 287.37 million).

7.2 The facilities available from various banks amount to Rs. 2.49 billion (30 June 2016: Rs. 2.93 billion). The arrangements are secured by way of pari-passu charge against hypothecation of NFL stock in trade, movables and trade debts. The facilities expiring within one year are annual facilities subject to review at various dates during 2017. The rates of mark up range from one month KIBOR plus 0.05% to one month KIBOR plus 0.2% per annum (30 June 2016: one month KIBOR plus 0.05% to six months KIBOR plus 0.2% per annum).

8. COMMITMENTS

8.1 Aggregate commitments for capital expenditure as at 31 March 2017 amounting to Rs. 810.25 million (30 June 2016: Rs. 404.46 million).

8.2 The facilities for opening letters of credit amount to Rs. 1.59 billion (30 June 2016: Rs. 1.19 billion) and for letters of guarantee amount to Rs. 145 million (30 June 2016: Rs. 243.3 million) as at 31 March 2017 of which the amount remaining unutilised at period end were Rs. 1.11 billion (30 June 2016: Rs. 1.07 billion) and Rs. 75 million (30 June 2016: Rs. 76.75 million) respectively.

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

- 8.3** Aggregate commitments in respect of ujarah payments for ijarah financing of motor vehicles bearing a mark up ranging from six months KIBOR + 0.6% to six months KIBOR + 0.9% (30 June 2016: six months KIBOR + 0.6% to six months KIBOR + 0.9%) per annum for rentals payable monthly as at 31 March 2017 amount to:

	(Unaudited) 31 March 2017	(Audited) 30 June 2016
	(Rupees in '000)	
Payable within one year	52,622	55,332
Payable over one to five years	66,330	80,769
	118,952	136,101

9. SALES

	Nine months period ended	
	31 March 2017	31 March 2016
	(Rupees in '000)	
Manufactured goods		
Gross sales		
Local sales	13,769,673	12,240,809
Export sales	1,760,028	995,695
	15,529,701	13,236,504
Sales tax	(1,882,836)	(1,649,681)
	13,646,865	11,586,823
Less:		
Discount, rebates and allowances	2,344,194	2,004,495
Sales return	109,160	214,005
	2,453,354	2,218,500
	11,193,511	9,368,323

10. EARNINGS PER SHARE - BASIC AND DILUTED

	Nine months period ended	
	31 March 2017	31 March 2016
	(Rupees in '000)	
Profit after taxation attributable to ordinary shareholders	731,060	608,206
Weighted average number of shares in issue during the period	103,607	103,607
Earnings per share - basic and diluted	7.06	5.87

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

11. CASH GENERATED FROM OPERATIONS

		Nine months period ended 31 March 2017 31 March 2016 (Rupees in '000)	
Profit before taxation		1,041,271	841,473
Adjustments for non-cash charges and other items			
Depreciation		163,429	146,406
Retirement benefits expense		4,789	3,621
Amortisation of intangibles		24,272	17,684
Profit on disposal of property, plant and equipment		(3,159)	(9,565)
Income from Govt. Securities		-	(921)
Gain on sale of investments		-	(6,803)
Provision for slow moving and obsolete stock		9,549	25,316
Provision for doubtful debts		-	21,153
Unrealised foreign exchange gains - net		-	1,767
Exchange gain		303	(22,121)
Finance cost		68,915	42,932
Working capital changes	11.1	324,881	(762,472)
		592,979	(543,003)
Cash generated from operations		1,634,250	298,470

11.1 WORKING CAPITAL CHANGES

		Nine months period ended 31 March 2017 31 March 2016 (Rupees in '000)	
Increase in current assets			
Stores, spare parts and loose tools		(1,164)	(520)
Stock in trade		115,644	(728,482)
Trade debts		267,227	115,137
Advances		(804,152)	(273,786)
Deposits and prepayments		15,038	(14,907)
Other receivables		32,584	(215)
		(374,823)	(902,773)
Increase / (decrease) in current liabilities			
Trade and other payables		588,371	153,011
Sales tax payable		111,333	(12,710)
		324,881	(762,472)

Notes to the Consolidated Condensed Interim Financial Information

For the nine months period ended 31 March 2017

		Nine months period ended	
		31 March 2017	31 March 2016
		(Rupees in '000)	
12.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	303,182	318,442
	Running finance under mark up arrangements	(743,847)	(468,636)
		<u>(440,665)</u>	<u>(150,194)</u>
13.	TRANSACTIONS WITH RELATED PARTIES		
	Relationship with the group		
	Associated companies / Undertakings:		
	Sale of goods	1,059,096	1,038,238
	Commission expense	23,229	26,550
	Rent Payment	6,786	6,375
	Staff retirement fund:		
	Expense charged for defined contribution plan	28,800	25,432
	Payments to retirement contribution plan	68,548	65,200
	Directors		
	Technical advisory services	7,119	7,182
	Other related parties		
	Long term loan	31,412	-
	Key management personnel compensation:		
	Salaries and other short-term employee benefits	131,455	136,457
	Contribution to Provident Fund	6,258	5,320
	Post retirement benefits of Executive Directors	3,555	3,621

Notes to the Consolidated Condensed Interim Financial Information

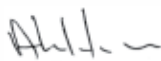
For the nine months period ended 31 March 2017

14. GENERAL

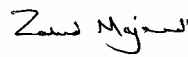
14.1 Following reclassification has been made for better presentation:

Reclassification from Component	Reclassification to Component	(Rupees in '000)
Profit and loss account		
Distribution cost	Sales - Discount, rebates and allowances	29,602

14.2 This condensed interim financial information has been authorised for issue on 25 April 2017 by the Board of Directors of the Holding Company.



Chief Executive



Director



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