



Heritage of Flavors

First Quarterly Report
2016



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Our Story

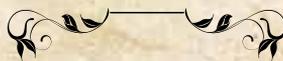




National Foods Limited (NFL), founded in 1970, is Pakistan's leading multi category foods company with over 250 different products in 12 categories. NFL holds ISO 9001, ISO 18001, ISO 22000 and HACCP certifications along with SAP Business Technology to drive its strong commitment to quality and management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

In line with NFL's Vision 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.



Company Information

Board of Directors

Mr. Abdul Majeed	Chairman
Mr. Abrar Hasan	Chief Executive Officer
Mr. Waqar Hasan	Director
Mr. Khawaja Munir Mashooqullah	Director
Mr. Zahid Majeed	Director
Mr. Ebrahim Qassim	Director
Mr. Iqbal Alimohamed	Director

Audit Committee

Mr. Khawaja Munir Mashooqullah	Chairman
Mr. Abdul Majeed	Member
Mr. Zahid Majeed	Member
Mr. Ebrahim Qassim	Member
Mr. Iqbal Alimohamed	Member

Human Resource and Remuneration Committee

Mr. Khawaja Munir Mashooqullah	Chairman
Mr. Zahid Majeed	Member
Mr. Abdul Majeed	Member
Mr. Ebrahim Qassim	Member
Mr. Iqbal Alimohamed	Member

Company Secretary and Acting Chief Financial Officer

Mr. Farhan Latif

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. Farhan Latif	Company Secretary & Acting CFO
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

BankIslami Pakistan Limited

Port Qasim Authority Branch, Karachi

Dubai Islamic Bank Pakistan Limited

S.I.T.E. 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 Quarter ended September 30, 2015

Fellow Shareholders,

The Directors of National Foods are pleased to present the condensed interim financial statements of the Company for the First Quarter ended September 30th, 2015.

Pakistan's economy has continued its' upward trajectory with major changes on the economic horizon such as Pak-China bi-lateral agreements, significantly improved law and order situation and a reduction in the discount rate by 50 bps, sending positive signals all across. However, the period of bearish activity was seen towards the later half of the quarter in the stock market mainly because of the uncertainty in China's economic environment.

The Company has continued to deliver value to all its stakeholders with a continuation of positive performance trend, recording a double digit growth in revenue of 15% for the first quarter primarily driven by the volume growth in key categories.

The Company was able to sustain the double digit growth through its aggressive sales and marketing activities both on the branding as well as the trade front. The Company launched the 3rd season of its successful series, "National Ka Pakistan" during the first quarter. In addition the Company launched a new SKU "3 ki keemat mai 4" which got a promising response in the market. "Recipe mix campaign" and "Made easy" were two other major activities conducted during the quarter on the marketing front. On the international front, the company conducted a distributor conference in the USA which helped foster a relationship with the distributors as well as presented an opportunity of showcasing our innovations assisting in our assessment of the potential market.

NFL's persistent growth is also attributable to other key functions which have worked consistently to ensure that our progress towards vision 20/20 remains on track.

The accomplishment of the company in the year 2015-16 makes itself visible with the following statistics:

	July-Sep 2015-16 PKR Million	July-Sep 2014-15 PKR Million
Net Sales	3,417	3,041
Gross Profit	1,247	1,157
% of Net sales	36%	38%
Operating Profit	436	455
% of Net sales	13%	15%
Net Profit After Tax	296	299
% of Net Sales	9%	10%
Earnings per Share	2.86	2.89

Sales:

Net Sales for the first quarter was PKR 3.42 billion registering growth of 12% compared to the same period over last year. Growth was recorded in all key categories including Recipes, Ketchup & Sauces and Pickle.

Gross Profit:

In absolute terms the Company has registered a growth of 8% at the GP level; however, the margins have gone down by 200 bps owing to the absorption of hike in key raw material prices pre dominantly red chili and black pepper.

Net Profit:

The Company has maintained its net profit from last year owing to the investment made by the Company to increase its brand image during the quarter. We foresee improvement of the bottom line in the upcoming periods and the management is optimistic of delivering a positive stance in the rest of the year.

Future Outlook:

Your company will continue to create value through investments, innovations and improvement of operations. We will strive to continue the momentum achieved and stay focused to counter the economic and competitive challenges that will come our way.

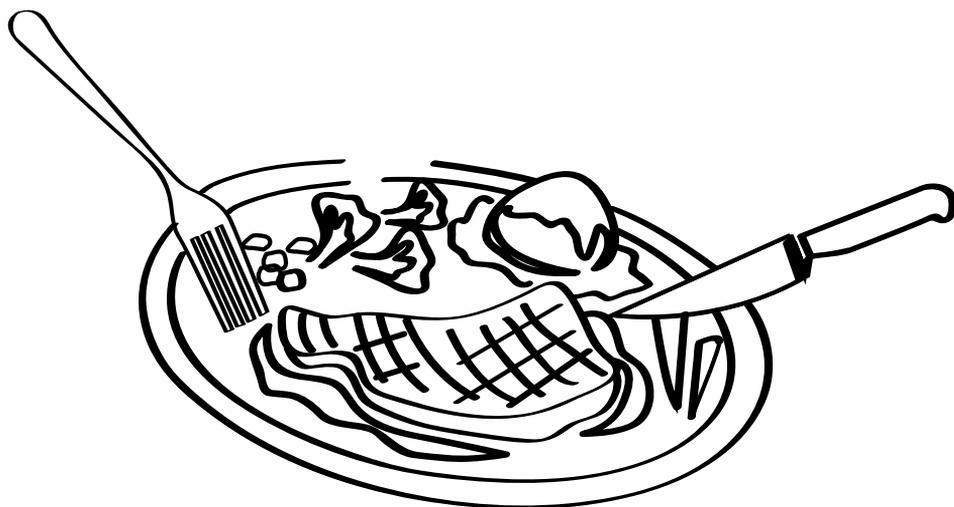


A. Majeed
Chairman

Karachi

October 21, 2015

**Unconsolidated Condensed
Interim
Financial Information**
September 30, 2015



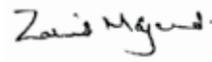
Unconsolidated Condensed Interim Balance Sheet

As at September 30, 2015

	Note	(Unaudited) September 30, 2015	(Audited) June 30, 2015
(Rupees in thousands)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,665,942	1,518,286
Intangibles		34,955	39,089
Long term investment		31,719	31,719
Long term deposits		36,868	34,768
		1,769,484	1,623,862
Current Assets			
Stores, spare parts and loose tools		6,484	5,897
Stock in trade		2,532,704	2,254,723
Trade debts		1,025,923	1,150,666
Advances		80,167	50,404
Trade deposits and prepayments		48,660	29,736
Other receivables		9,566	13,452
Investments		151,054	389,245
Cash and bank balances		150,016	37,041
		4,004,574	3,931,164
		5,774,058	5,555,026
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	6	518,034	518,034
Unappropriated profit		2,535,288	2,238,854
		3,053,322	2,756,888
NON-CURRENT LIABILITIES			
Deferred tax		93,414	93,414
Retirement benefits obligations		20,702	19,495
		114,116	112,909
CURRENT LIABILITIES			
Trade and other payables		1,768,552	1,672,683
Accrued interest / mark up		617	2,520
Short term borrowings	7	193,004	384,094
Taxation - Provision less payments		637,074	484,578
Sales tax payable		7,373	141,354
		2,606,620	2,685,229
COMMITMENTS			
	8	5,774,058	5,555,026

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


Chief Executive


Director

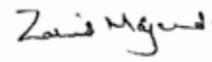
Unconsolidated Condensed Interim Profit and Loss Account

For the quarter ended September 30, 2015 - Unaudited

	Note	September 30, 2015	September 30, 2014
(Rupees in thousand)			
Net sales			
Local		3,201,363	2,811,724
Export		215,618	229,367
		3,416,981	3,041,091
Cost of sales		2,170,156	1,883,947
Gross profit		1,246,825	1,157,144
Distribution cost		670,798	557,873
Administrative expenses		135,183	132,996
Other operating expenses		32,469	34,132
		838,450	725,001
		408,375	432,143
Other operating income		28,054	23,151
Profit from operations		436,429	455,294
Finance costs		5,068	17,247
Profit before taxation		431,361	438,047
Taxation		134,927	138,623
Profit after taxation		296,434	299,424
Other comprehensive income		-	-
Total comprehensive income		296,434	299,424
			(Re-stated)
Basic and diluted earnings per share	9	2.86	2.89

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


Chief Executive


Director

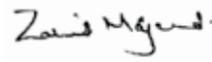
Unconsolidated Condensed Interim Statement of Cash Flows

For the quarter ended September 30, 2015 - Unaudited

	Note	September 30, 2015	September 30, 2014
(Rupees in thousand)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	10	243,799	1,116,837
Financial cost paid		(6,971)	(19,790)
Net increase in long term deposits		(2,100)	(1,786)
Income tax refund		17,569	89,316
Net cash inflow from operating activities		252,297	1,184,577
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(199,666)	(85,686)
Purchase of intangible assets		(1,342)	(3,918)
Sale proceeds from disposal of property, plant and equipment		9,294	216
Sale proceeds of open ended mutual fund units		393,507	105,242
Purchased of open ended mutual fund units		(150,000)	-
Net cash used in investing activities		51,793	15,854
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid		(25)	(104)
Net cash used in financing activities		(25)	(104)
Net increase in cash and cash equivalents		304,065	1,200,327
Cash and cash equivalents at the beginning of the period		(247,053)	(475,345)
Cash and cash equivalents at the end of the period	11	57,012	724,982

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


Chief Executive


Director

Unconsolidated Condensed Interim Statement of Changes in Equity

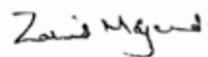
For the period ended September 30, 2015 - Unaudited

	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
Profit for the quarter ended September 30, 2014	-	299,424	299,424
Balance as at September 30, 2014	518,034	1,989,308	2,507,342
Total comprehensive income for nine months ended June 30, 2015	-	663,973	663,973
Final dividend for the year ended June 30, 2014 @ Rs 8.00 per share	-	(414,427)	(414,427)
Balance as at June 30, 2015	518,034	2,238,854	2,756,888
Profit for the quarter ended September 30, 2015	-	296,434	296,434
Balance as at September 30, 2015	518,034	2,535,288	3,053,322

The annexed notes 1 to 15 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 period ended September 30, 2015 - 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 Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

2. BASIS OF PREPARATION

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standards No. 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 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

IFRIC 21, 'Levies' a new interpretation is applicable for the Company for the first time for the financial year beginning on July 1, 2014, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subject to significant levies so the impact on the Company is not material.

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, 2014 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 following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 1, 2015 that may have an impact on the financial statements of the Company.

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.

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

For the period ended September 30, 2015 - Unaudited

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this unconsolidated 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 MANGEMENT

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

Judgments and estimates made by the management in the preparation of this 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 company'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.

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

For the period ended September 30, 2015 - Unaudited

	(Unaudited) September 30, 2015	(Audited) June 30, 2015
5. PROPERTY, PLANT AND EQUIPMENT	(Rupees in thousand)	
5.1 Operating assets - at net book value - Note 5.2	1,194,599	1,210,693
Capital Work in Progress - at cost		
Civil work in progress	144,245	93,856
Plant & machinery	248,974	146,781
Advance against acquisition of Land	78,124	66,956
	1,665,942	1,518,286

	(Unaudited) September 30, 2015	(Unaudited) September 30, 2014
5.2 Additions & Disposals during the period	(Rupees in thousand)	
Additions		
Leasehold Land	-	10,456
Building on Leasehold land	4,431	37,707
Plant & machinery	16,871	21,932
Motor vehicles - Owned	6,291	6,824
Furniture & fittings	650	838
Computers	3,128	4,175
Others	1,748	3,726
	33,119	85,658
Disposals - Net Book Value		
Motor Vehicles	3,707	19
Office Equipment	-	61
Computer equipment	-	4
	3,707	84

6. SHARE CAPITAL

Last year, the Company split its shares by decreasing the face value from Rs 10 per share to Rs 5 per share pursuant to special resolution passed by the members at Annual General Meeting held on October 22, 2014.

Authorised share capital

As a result of above share split, the number of shares in authorised capital increased from 75,000,000 ordinary shares of Rs 10 each to 150,000,000 ordinary shares of Rs 5 each.

Issued, subscribed and paid-up capital

The above share split also increased the number of shares issued, subscribed and paid-up capital from 51,803,429 ordinary shares of Rs 10 each to 103,606,858 ordinary shares of Rs 5 each.

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

For the period ended September 30, 2015 - Unaudited

	(Unaudited) September 30, 2015	(Audited) June 30, 2015
(Rupees in thousand)		
7. SHORT TERM BORROWINGS		
Running finance under mark up arrangements	93,004	284,094
Export re-finance	100,000	100,000
	193,004	384,094

8. COMMITMENTS

Aggregate commitments for capital expenditure as at September 30, 2015 amounted to Rs. 29.28 million (June 30, 2015 : Rs. 188.60 million)

	(Unaudited) September 30, 2015	(Unaudited) September 30, 2014
(Rupees in thousand)		
9. EARNING PER SHARE		
Profit after taxation attributable to ordinary shareholders	296,434	299,424
Weighted average number of shares in issue during the period	103,607	103,607
Earning per share - basic and diluted (Rs.)	2.86	2.89

For the purpose of calculating earning per share, number of shares outstanding as at September 30, 2014 have been increased to reflect the share split during the period.

There were no convertible dilutive potential ordinary shares in issue as at September 30, 2014 and 2015.

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

For the period ended September 30, 2015 - Unaudited

	(Unaudited) September 30, 2015	(Unaudited) September 30, 2014
(Rupees in thousand)		
10. CASH FLOW FROM OPERATIONS		
Profit before taxation	431,361	438,047
Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	48,303	41,575
Amortization on intangibles	5,476	4,004
Finance cost	5,068	17,247
Gain on disposal of property, plant and equipment	(5,724)	(132)
Property, plant and equipment written off	137	-
Gain on re-measurement of fair value of investment in mutual fund units	(4,483)	-
Deferred Liability - Retirement benefits	1,207	2,499
Exchange gain	(15,352)	(13,934)
Working capital changes	(221,361)	634,771
	(187,562)	678,790
Cash generated from operations	243,799	1,116,837
10.1 Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(587)	(630)
Stock in trade	(277,981)	281,749
Trade debts	140,095	89,962
Advances	(29,763)	(55,118)
Deposits and prepayments	(18,924)	(19,911)
Other receivables	3,886	842
	(183,274)	296,894
Increase / (Decrease) in current liabilities		
Trade and other payables	95,894	261,969
Due to the government	(133,981)	75,908
	(38,087)	337,877
	(221,361)	634,771
11. CASH AND CASH EQUIVALENTS		
Cash and bank balances	150,016	855,270
Running finance under mark up arrangements	(93,004)	(130,288)
	57,012	724,982

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

For the period ended September 30, 2015 - Unaudited

12. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Company	Nature of transaction	(Unaudited)	(Unaudited)
		Sep 30, 2015	Sep 30, 2014
		(Rupees in thousand)	
Subsidiary Company:	Commission expense	-	18,405
	Sale of goods	216,982	-
Associated Companies / Undertakings:	Sale of goods	438,364	272,054
	Purchase of goods	-	17,364
	Rent payment	2,180	2,296
Staff retirement funds:	Expense charged for defined contribution plan	7,940	6,731
	Payments to retirement contribution plan	18,725	16,709
Directors:	Technical advisory services	9,660	2,100
Key management personnel compensation:			
	Salaries and other short-term employee benefits	50,926	36,319
	Retirement benefits	1,821	1,586
	Post retirement benefits of Executive Directors	1,207	2,499

13. DIVIDEND

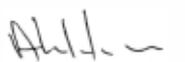
The Board of Directors in its meeting held on August 21, 2015 proposed a cash dividend for the year ended June 30, 2015 of Rs. 10 per share amounting to Rs. 1.04 billion (2014: cash dividend of Rs. 8 per share amounting to Rs. 414.43 million), subject to the approval of the Company in the annual general meeting.

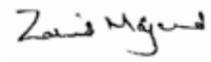
14. SEASONALITY

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.

15. DATE OF AUTHORISATION

This condensed interim financial information was authorized for issue on October 21, 2015 by the Board of Directors of the company.


Chief Executive


Director

Consolidated Condensed Interim Financial Information

September 30, 2015



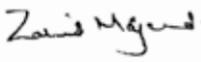
Consolidated Condensed Interim Balance Sheet

As at September 30, 2015

	Note	(Unaudited) September 30, 2015	(Audited) June 30, 2015
(Rupees in thousand)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,666,072	1,518,435
Intangibles		34,955	39,089
Long term deposits		37,667	34,768
		1,738,694	1,592,292
Current Assets			
Stores, spare parts and loose tools		6,484	5,897
Stock in trade		2,548,608	2,269,636
Trade debts		905,996	1,072,111
Advances		151,470	50,651
Trade deposits and prepayments		48,660	30,517
Other receivables		7,193	11,017
Investments		151,054	389,245
Cash and bank balances		305,541	174,547
		4,125,006	4,003,621
		5,863,700	5,595,913
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	6	518,034	518,034
Unappropriated profit		2,582,223	2,272,475
Exchange revaluation reserve		2,757	939
		3,103,014	2,791,448
NON-CURRENT LIABILITIES			
Deferred tax		93,414	93,414
Retirement benefits obligations		20,702	19,495
		114,116	112,909
CURRENT LIABILITIES			
Trade and other payables		1,808,502	1,679,010
Accrued interest / mark up		617	2,520
Short term borrowings	7	193,004	384,094
Taxation - Provision less payments		637,074	484,578
Sales tax payable		7,373	141,354
		2,646,570	2,691,556
COMMITMENTS			
	8	5,863,700	5,595,913

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


Chief Executive


Director

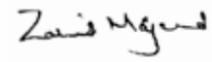
Consolidated Condensed Interim Profit and Loss Account

For the quarter ended September 30, 2015 - Unaudited

	Note	September 30, 2015	September 30, 2014
(Rupees in thousand)			
Net sales			
Local		3,201,363	2,811,724
Export		272,675	233,206
		3,474,038	3,044,930
Cost of sales		2,174,380	1,886,415
Gross profit		1,299,658	1,158,515
Distribution cost		711,251	572,685
Administrative expenses		135,185	132,996
Other operating expenses		31,533	34,514
		877,969	740,195
Other income		29,672	23,151
Profit from operations		451,361	441,471
Finance costs		6,686	19,468
Profit before taxation		444,675	422,003
Taxation		134,927	138,623
Profit after taxation		309,748	283,380
Other comprehensive income		1,818	2,187
Total comprehensive income		311,567	285,567
			(Re-stated)
Earnings per share - Rupees	9	2.99	2.74

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


Chief Executive


Director

Consolidated Condensed Interim Statement of Cash Flows

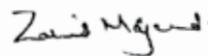
For the quarter ended September 30, 2015 - Unaudited

	Note	September 30, 2015	September 30, 2014
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	264,236	1,125,022
Finance cost paid		(8,589)	(22,011)
Income tax refund		17,569	89,316
Net increase in long term deposits		(2,899)	(2,577)
Net cash from operating activities		270,317	1,189,750
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(199,667)	(85,689)
Sale proceeds on disposal of property, plant and equipment		9,294	216
Purchase of open ended mutual fund units		(150,000)	-
Sale proceeds of open ended mutual fund units		393,507	105,242
Purchase of intangible assets		(1,342)	(3,918)
Net cash used in investing activities		51,792	15,851
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(25)	(104)
Net cash used in financing activities		(25)	(104)
Net increase in cash and cash equivalents		322,084	1,205,497
Cash and cash equivalents at beginning of the period		(109,547)	(456,467)
Cash and cash equivalents at end of the period	11	212,537	749,030

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



Chief Executive



Director

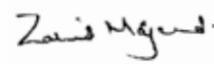
Consolidated Condensed Interim Statement of Changes in Equity

For the period ended September 30, 2015 - 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
Other comprehensive income for the quarter ended September 30, 2014	-	-	2,187	2,187
Profit for the quarter ended September 30, 2014	-	283,380	-	283,380
Balance as at September 30, 2014	518,034	2,005,292	1,058	2,524,383
Final dividend for the year ended June 30, 2014 @ Rs 8.00 per share	-	(414,427)	-	(414,427)
Other comprehensive income for nine months ended June 30, 2015	-	(30,166)	(119)	(30,285)
Profit for nine months ended June 30, 2014	-	711,776	-	711,776
Balance as at June 30, 2015	518,034	2,272,475	939	2,791,448
Other comprehensive income for the quarter ended September 30, 2015	-	-	1,818	1,818
Profit for the quarter ended September 30, 2015	-	309,748	-	309,748
Balance as at September 30, 2015	518,034	2,582,223	2,757	3,103,014

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


Chief Executive


Director

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

For the quarter ended September 30, 2015 - 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 Karachi, Lahore and Islamabad Stock Exchanges. 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. O1 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.

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

For the quarter ended September 30, 2015 - Unaudited

1.2 Basis of consolidation

The consolidated financial statements include the financial statements of National Foods Limited and National Foods DMCC, Dubai, UAE. 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 condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standards No. 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 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

IFRIC 21, 'Levies' a new interpretation is applicable for the Group for the first time for the financial year beginning on July 1, 2014, sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subject to significant levies so the impact on the Group is not material.

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, 2014 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 following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 1, 2015 that may have an impact on the financial statements of the Group.

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 Group.

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

For the quarter ended September 30, 2015 - Unaudited

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.

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.

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 group for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANGEMENT

The preparation of this 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 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.

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

For the quarter ended September 30, 2015 - Unaudited

	(Unaudited) September 30, 2015	(Audited) June 30, 2015
(Rupees in thousand)		
5. PROPERTY, PLANT AND EQUIPMENT		
5.1 Operating assets - at net book value - Note 5.2	1,194,729	1,210,842
Capital work in progress - at cost		
Civil work in progress	144,245	93,856
Plant and machinery	248,974	146,781
Advance against acquisition of land	78,124	66,956
	1,666,072	1,518,435

	(Unaudited) September 30, 2015	(Unaudited) September 30, 2014
(Rupees in thousand)		
5.2 Additions and Disposals during the period		
Additions		
Leasehold land	-	10,456
Building on leasehold land	4,431	37,707
Plant & machinery	16,871	21,932
Motor vehicles - Owned	6,291	6,824
Furniture & fittings	650	838
Computers	3,128	4,175
Others	1,748	3,726
	33,119	85,658
Disposals - Net Book Value		
Office Equipment	-	61
Motor vehicles	3,707	19
Computer equipment	-	4
	3,707	84

6. SHARE CAPITAL

Last year, the Group split its shares by decreasing the face value from Rs. 10 per share to Rs. 5 per share pursuant to special resolution passed by members at Annual General Meeting held on October 22, 2014.

Authorised share capital

As a result of above share split, the number of shares in authorised capital increased from 75,000,000 ordinary shares of Rs. 10 each to 150,000,000 ordinary shares of Rs. 5 each.

Issued, subscribed and paid-up capital

The above share split also increased the number of shares issued, subscribed and paid-up capital from 51,803,429 ordinary shares of Rs. 10 each to 103,606,858 ordinary shares of Rs. 5 each.

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

For the quarter ended September 30, 2015 - Unaudited

	(Unaudited) September 30, 2015	(Audited) June 30, 2015
(Rupees in thousand)		
7. SHORT TERM BORROWINGS		
Running finance under mark up arrangements	93,004	284,094
Export re-finance	100,000	100,000
	193,004	384,094

8. COMMITMENTS

Aggregate commitments for capital expenditure as at September 30, 2015 amounted to Rs 29.28 million (June 30, 2015: Rs 188.60 million).

	(Unaudited) September 30, 2015	(Unaudited) September 30, 2014
(Rupees in thousand)		
9. EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholder	309,748	283,380
Weighted average number of shares in issue during the period	103,607	103,607
Earnings per share - Rupees	2.99	2.74

For the purpose of calculating earning per share, number of shares outstanding as at September 30, 2014 have been increased to reflect the share split during the period.

There were no convertible dilutive potential ordinary shares in issue as at September 30, 2014 and 2015.

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

For the quarter ended September 30, 2015 - Unaudited

	(Unaudited) September 30, 2015	(Unaudited) September 30, 2014
	(Rupees in thousand)	
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation	444,675	422,003
Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	48,323	41,589
Retirement benefits expense	1,207	2,499
Amortisation of intangibles	5,476	4,004
Profit on disposal of property, plant and equipment	(5,724)	(132)
Property, plant and equipment written off	137	-
Gain on re-measurement of fair value of open ended mutual fund units	(833)	(7,240)
Gain on sale of investments	(4,483)	-
Unrealised foreign exchange gains - net	1,818	2,187
Exchange gain	(15,351)	(13,727)
Finance cost	6,686	19,468
Working capital changes	(217,695)	654,371
	(180,439)	703,019
Cash generated from operations	264,236	1,125,022
10.1 EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	(587)	(630)
Stock in trade	(279,972)	284,248
Trade debts	181,467	88,010
Advances	(100,819)	(54,733)
Deposits and prepayments	(18,143)	(19,151)
Other receivables	3,824	(1,443)
	(213,231)	296,301
(Decrease) / increase in current liabilities		
Trade and other payables	129,517	282,162
Due to the government	(133,981)	75,908
	(217,695)	654,371

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

For the quarter ended September 30, 2015 - Unaudited

	(Unaudited) September 30, 2015	(Unaudited) September 30, 2014
	(Rupees in thousand)	
11. CASH AND CASH EQUIVALENTS		
Cash and bank balances	305,541	937,243
Running finance under mark up arrangements	(93,004)	(188,213)
	212,537	749,030

12. TRANSACTIONS WITH RELATED PARTIES

Relationship with the group	Nature of transactions	(Unaudited) September 30, 2015	(Unaudited) September 30, 2014
		(Rupees in thousand)	
Associated companies / Undertakings:	Sale of goods	438,364	272,054
	Purchase of goods	-	17,364
	Rent Payment	2,180	2,296
Staff retirement fund:	Expense charged for defined contribution plan	7,940	6,731
	Payments to retirement contribution plan	18,725	16,709
Directors	Technical advisory services	9,660	2,100
Key management compensation:			
	Salaries and other short-term employee benefits	50,926	36,319
	Contribution to Provident Fund	1,821	1,586
Post retirement benefits of Executive Directors		1,207	2,499

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

For the quarter ended September 30, 2015 - Unaudited

13. DIVIDEND

The Board of Directors in its meeting held on August 21, 2015 proposed a cash dividend for the year ended June 30, 2015 of Rs. 10 per share amounting to Rs. 1.04 billion (2014: cash dividend of Rs. 8 per share amounting to Rs. 414.43 million) subject to the approval of the Group in the annual general meeting.

14. 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.

15. DATE OF AUTHORISATION OF ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors of the group on October 21, 2015.



Chief Executive



Director

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