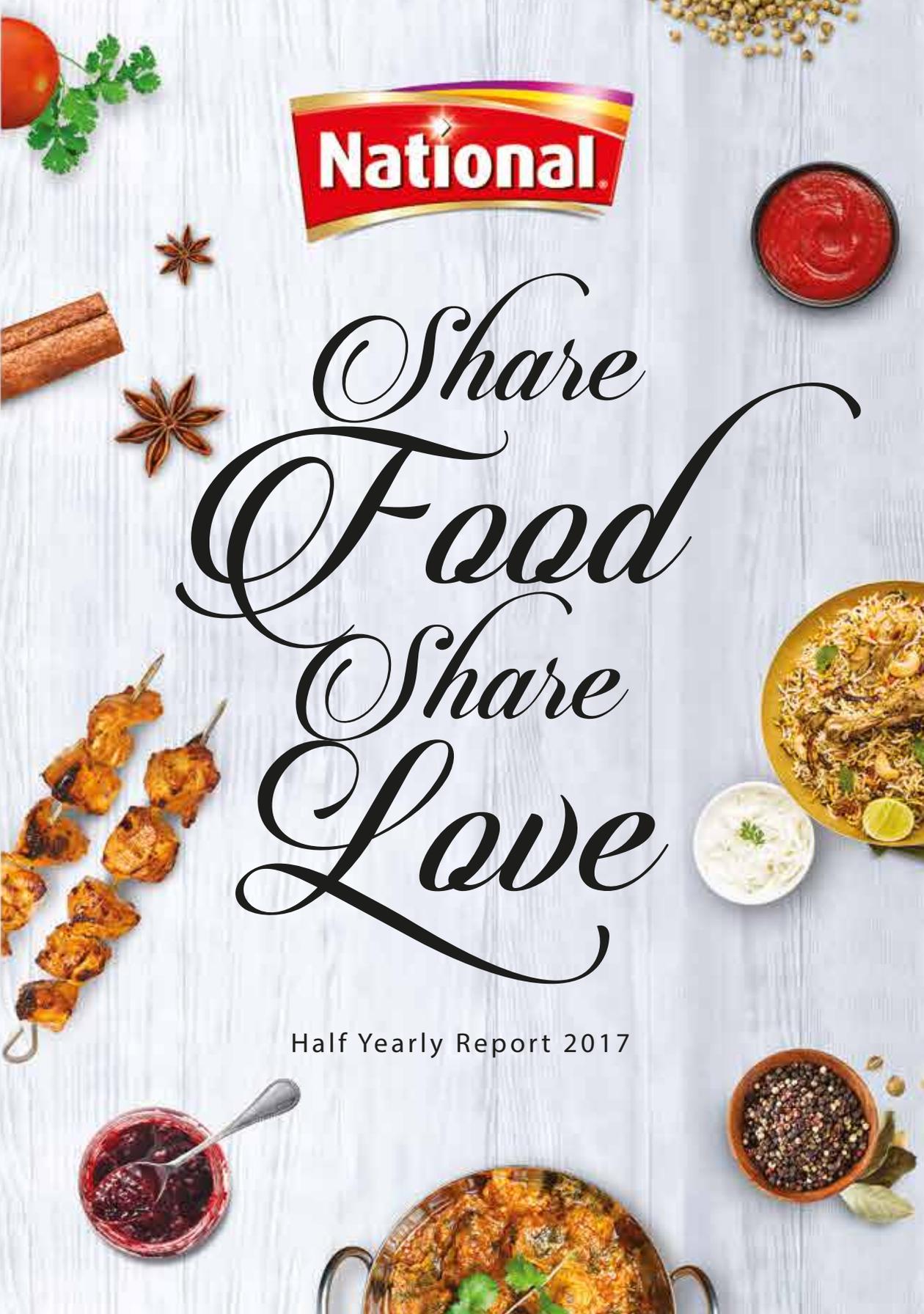




Share Food Share Love

Half Yearly Report 2017



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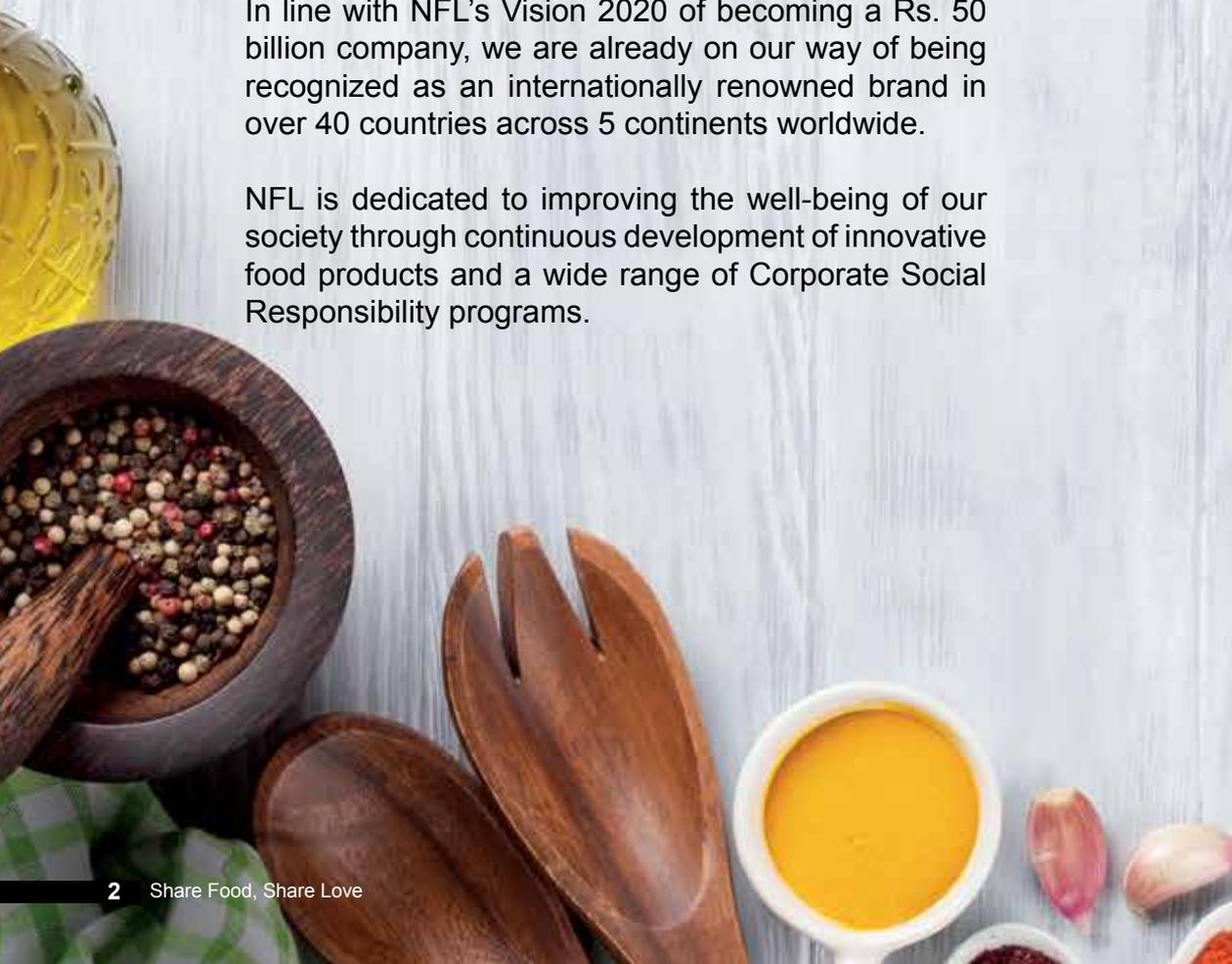


Our Story

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	Chairman
Mr. Abrar Hasan	Chief Executive Officer
Mr. Zahid Majeed	Director
Mr. Ebrahim Qassim	Director
Mrs. Noreen Hasan	Director
Mrs. Saadia Naveed	Director
Mr. Ehsan A. Malik	Director

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Zahid Majeed	Chairman
Mr. Ebrahim Qassim	Member
Mrs. Saadia Naveed	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	Chief Executive
Mr. Kamal Baig	Chief Executive NF DMCC
Mr. Shakaib Arif	Director Integrated Supply Chain
Ms. Saira A. Khan	General Manager-HR, Admin, IR & Security
Mr. Badar Yousuf	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 Shakra-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
New Garden Town Branch, Lahore

Bank Al Falah Limited
(Islamic Banking Group)

UTK Main Branch, Karachi

National Bank of Pakistan
Habib Bank Limited

Chappal Plaza Branch, Karachi
S.I.T.E. Branch, Karachi
Plaza Branch, Karachi.

Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
United Bank Limited

Main Branch, Karachi
Shaheen Complex Branch, Karachi
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.
Phone: 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
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 the condensed interim financial information of the Company for the half year ended December 31, 2016.

Economic outlook

The economic outlook has started to show a positive momentum, on the back drop of increase in pace of China-Pakistan Economic Corridor (CPEC) projects and infrastructure spending by the government. The inflation for the first half of the year has closed at 3.9% with an expectation to remain below the yearly target of 6% for FY17. Large-scale manufacturing has shown an increase of 3.2% in the first half owing to increased private sector borrowings and investment for expansions.

Business performance

In continuity of the growth trajectory, the Company has closed the half year with a steady 7.2% growth in sales over the same period last year. With a high sales season round the corner, the Company has strategically started building brand image and consumer engagements to strongly close the second half, with a full year sales growth in the tune of 15% over last year.

On the profitability front, through effective management of cost of goods sold, the Company has been able to maintain the gross margins at 34.5%. Earnings per share (EPS) has shown a decline of Rs. 0.43/share primarily due to higher investments in brand building and distribution structure in the current half year relative to the same period last year.

Promotional Campaigns

This year, National Salt ran its first ever campaign 'Joray Rakhe Sab Hi Zaiqe' which was aired on major entertainment and news channel in the second quarter of the year. During the first quarter of the year, airing of National Dessert 'Jaisay Dil Chahey' campaign was made on key entertainment, news and kids channels which has resulted in accumulating customer trust. Recipe and Ketchup were invested in both Eid Seasons via airing of, 'Rang Bharti Jao', 'Wohi Pyar Bhari Recipes', and 'National Ketchup Zarori'. Various activities such as 'Asli te Khalis' and 'National Jashne-e-Zaiqa Mela' were conducted in rural areas that has positively impacted the brand name.



Results at a glance

The Company has kept its focus on 2020 strategic targets, even in these challenging times, and below are the key figures for the period:

	July – December 2016-17 PKR Million	July – December 2015-16 PKR Million
Net sales	7,025	6,557
Gross profit	2,424	2,257
% of net sales	34.5%	34.4%
Net profit after tax	484	529
% of net sales	6.9%	8.1%
Earnings per share	4.67	5.10

Acquisition

In an endeavor to provide stimulus to growth of the Company in achievement of its Rs. 50 billion vision, the directors are pleased to inform that the subsidiary of the Company, NF DMCC, via its subsidiary in Canada, National Epicure Inc., has successfully completed acquisition of controlling interest in a Canadian, cash and carry business by the name of A1 Bags & Suppliers Inc. after December 31, 2016. The results of the acquisition will be consolidated in the third quarter of the year.

Outlook

The Company is optimistic and aggressive with regards to its growth prospects. The acquisition in Canada, exhibits this intention of management to continue to create value through investments, innovations and improvement of operations. We will continue to follow a focused approach to aggressively grow the business by driving volumes and reaping the benefits of economies of high scales. The management is hopeful to counter the economic and competitive challenges and continue on the path of growth.

A. Majeed

Chairman

Karachi

February 23, 2017

معزز شیئر ہولڈرز

ڈائریکٹرز نیشنل فوڈز لمیٹڈ بمسرت 31 دسمبر 2016 کو ختم ہونے والی ششماہی کے لئے کمپنی کی مجموعی عبوری مالیاتی معلومات پیش کر رہے ہیں۔

اقتصادی جائزہ

چین پاکستان اقتصادی راہداری منصوبوں کی رفتار اور حکومت کی جانب سے بنیادی ڈھانچے پر خرچے کے پس منظر میں اقتصادی صورتحال میں مثبت رفتار سے ترقی ظاہر ہونا شروع ہوئی۔ سال کی پہلی ششماہی کے لئے افراط زر 3.9 فیصد کی شرح پر اس توقع کے ساتھ بند ہوا کہ مالی سال 17ء کے لئے 6 فیصد سالانہ ہدف سے چلی سطح پر برقرار رہے گا۔ بڑے پیمانے پر مینوفیکچرنگ میں پہلی ششماہی میں 3.2 فیصد اضافہ ظاہر ہوا جس کی وجہ سے شعبے کے قرضہ جات اور توسیع کے لئے سرمایہ کاریاں تھیں۔

کاروبار کی کارکردگی

ترقی کی رفتار کے تسلسل میں کمپنی نے گزشتہ سال کی اسی مدت کے مقابلے میں فروخت کے شعبے میں 7.2 فیصد مسلسل اضافے کے ساتھ ششماہی کا اختتام کیا۔ آنے والے فروخت کے بڑے سیزن کے لئے کمپنی نے حکمت عملی کے تحت برانڈ پروموشن اور صارفین سے ملاپ پر کام شروع کر دیا ہے تاکہ دوسری ششماہی کا مثبت اختتام ہو سکے جس میں پورے سال کی فروخت میں گزشتہ سال کے مقابلے میں 15 فیصد اضافہ ہو۔

منافع جات کے لحاظ سے فروخت کئے گئے سامان کی لاگت کے موثر انتظام کے ذریعے کمپنی 34.5 فیصد پر مجموعی مارجن برقرار رکھنے کے قابل ہو سکی۔ فی شیئر آمدنی (Earnings per share) میں 0.43 روپے فی شیئر کی کمی ظاہر ہوئی جس کی بنیادی وجوہات گزشتہ مالی سال کے مقابلے میں رواں مالی سال کے دوران برانڈ کے فروغ اور تقسیم کے بنیادی ڈھانچے پر کی جانے والی سرمایہ کاری ہے۔

تشہیری مہمات

اس سال نیشنل سالٹ (National Salt) نے اپنی اولین مہم ”جوڑے رکھے سب ہی ذائقے“ چلائی جو اہم تفریحی اور نیوز چینل پر سال کی دوسری سہ ماہی میں پیش کی گئی۔ سال کی پہلی سہ ماہی کے دوران نیشنل کا میٹھا (Dessert) ”جیسے دل چاہے“، مہم اہم تفریحی نیوز اور بچوں کے چینلز پر چلائی گئی جس سے صارفین کا اعتماد حاصل ہوا۔ ریسیپی (Recipe) اور کچ اپ (Ketchup) پر دونوں عیدوں کے سیزن میں ”رنگ بھرتی جاو“، ”وہی بیار بھری ریسیپی“ اور ”نیشنل کچپ ضروری“ مہمات کے ذریعے سرمایہ کاری کی گئی۔ مختلف سرگرمیاں مثلاً ”اصلی تے خالص“ اور ”نیشنل جشن ذائقہ میلہ“ ذہنی علاقوں کے لئے تیار کی گئیں جس سے برانڈ پر مثبت اثرات مرتب ہوئے۔

نتائج ایک نظر میں

کمپنی نے مشکلات کے اس دور کے باوجود 2020 اسٹریٹیجک اہداف پر اپنی توجہ مرکوز کر رکھی ہے اور ذیل میں اس مدت کے لئے اہم اعداد و شمار پیش کئے گئے ہیں:

جولائی - دسمبر 2015-16 پاکستانی روپے بلین میں	جولائی - دسمبر 2016-17 پاکستانی روپے بلین میں	
6,557	7,025	خالص فروخت
2,257 (34.4%)	2,424 (34.5%)	مجموعی منافع (خالص فروخت کی شرح)
529 (8.1%)	484 (6.9%)	خالص منافع بعد از ٹیکس (خالص فروخت کی شرح)
5.10	4.67	آمدنی فی شیئر

حصول

50 ارب روپے کے وژن کے حصول کے لئے کمپنی کی ترقی کو ایک محرک فراہم کرنے کی کوشش کے طور پر ڈائریکٹر ہمسرت آگاہ کرتے ہیں کہ کمپنی کے ذیلی ادارے این ایف ڈی ایم سی (NF DMCC) نے کینیڈا میں اپنی ذیلی کمپنی نیشنل اپی کیور انکارپوریشن (National Epicure Inc.) کے ذریعے کامیابی سے کینیڈا میں اے ون نیگز اینڈ سپلائرز انکارپوریشن (A1 Bags & Suppliers Inc.) کے نام سے کیش اور کیری کاروبار کا حصول دسمبر 31، 2016 کے بعد مکمل کر لیا ہے۔ حصول کے نتائج سال کی تیسری سہ ماہی میں اکٹھے کئے جائیں گے۔

مستقبل کا نقطہ نظر

کمپنی اپنی ترقی کے امکانات کے حوالے سے پر امید اور متحرک ہے۔ کینیڈا میں کمپنی کا حصول انتظامیہ کے اس ارادے کی عکاسی کرتا ہے کہ وہ سرمایہ کاریوں، جدت اور معاملات میں بہتری کے ذریعے اپنی وسعت اور ترقی کا سلسلہ جاری رکھنا چاہتی ہے۔ ہم کاروبار کی ترقی کے لئے حجم میں اضافے اور بڑے پیمانے پر اقتصادی فوائد کے ذریعے طے شدہ ہدف حاصل کرنے کی کوششیں جاری رکھنا چاہتے ہیں۔ انتظامیہ پر امید ہے کہ اقتصادی اور مسابقتی چیلنجوں سے نمٹ کر ترقی کی راہ پر سفر جاری رکھا جائے گا۔

عبدالحمید
چیئر مین

کراچی

23 فروری 2017

Auditors' Report to the Members on Review of Unconsolidated Condensed Interim Financial Information

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of National Foods Limited ("the Company") as at 31 December 2016, the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial information for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other matters

The figures for the quarters ended 31 December 2016 and 31 December 2015 in the unconsolidated condensed interim profit and loss account have not been reviewed by us and we do not express a conclusion on them.

The financial statements of the Company for the year ended 30 June 2016 and for the half year ended 31 December 2015 were audited and reviewed by another firm of Chartered Accountants who have expressed an unmodified opinion and conclusion thereon vide their reports dated 6 September 2016 and 19 February 2016 respectively.

KPMG Taseer Hadi & Co.

Chartered Accountants

Karachi

Date: 23 February 2017

Name of the Engagement Partner: Moneeza Usman Butt

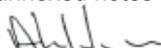
*Unconsolidated
Condensed Interim
Financial Information
31 December 2016*

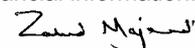
Unconsolidated Condensed Interim Balance Sheet

As at 31 December 2016

	Note	31 December 2016 (Unaudited)	30 June 2016 (Audited)
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,544,108	1,997,039
Intangibles		71,734	61,295
Long-term investment - subsidiary		31,719	31,719
Long-term deposits		33,503	30,979
		<u>2,681,064</u>	<u>2,121,032</u>
Current assets			
Stores, spare parts and loose tools		6,563	6,605
Stock in trade	6	3,154,591	3,250,374
Trade debts		879,933	1,000,468
Advances		149,095	95,455
Trade deposits and prepayments		37,086	38,068
Other receivables		7,945	6,272
Cash and bank balances	7	743,007	56,979
		<u>4,978,220</u>	<u>4,454,221</u>
Total Assets		<u><u>7,659,284</u></u>	<u><u>6,575,253</u></u>
EQUITY AND LIABILITIES			
Share Capital and reserves			
Authorised share capital		750,000	750,000
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		2,125,122	1,965,738
		<u>2,643,156</u>	<u>2,483,772</u>
Non-current liabilities			
Deferred taxation - net		97,954	80,934
Retirement benefit obligations		2,370	13,634
		<u>100,324</u>	<u>94,568</u>
Current liabilities			
Trade and other payables		2,304,567	1,960,435
Accrued interest / mark-up		6,086	8,974
Short term borrowings	8	1,830,105	1,311,326
Taxation - net		612,908	622,721
Sales tax payable		162,138	93,457
		<u>4,915,804</u>	<u>3,996,913</u>
		<u><u>7,659,284</u></u>	<u><u>6,575,253</u></u>
Commitments	9		

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


Chief Executive


Director

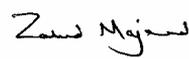
Unconsolidated Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and half year ended 31 December 2016

	Note	Quarter ended		Half year ended	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
(Rupees in '000)					
Sales	10	3,197,368	2,969,214	6,833,615	6,386,195
Cost of sales		(2,203,641)	(2,075,869)	(4,551,407)	(4,246,025)
Gross profit		993,727	893,345	2,282,208	2,140,170
Distribution costs		(596,431)	(483,636)	(1,291,934)	(1,154,434)
Administrative expenses		(138,151)	(121,919)	(281,021)	(257,102)
Other expenses		(16,533)	(21,663)	(46,651)	(54,132)
Other income		1,102	7,117	8,647	35,171
Operating profit		243,714	273,244	671,249	709,673
Finance costs		(13,557)	(13,806)	(29,467)	(18,874)
Profit before taxation		230,157	259,438	641,782	690,799
Taxation		(71,302)	(65,000)	(197,479)	(199,927)
Profit after taxation		158,855	194,438	444,303	490,872
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		158,855	194,438	444,303	490,872
(Rupees)					
Earnings per share - basic and diluted	11	1.53	1.88	4.29	4.74

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


Chief Executive


Director

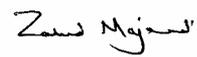
Unconsolidated Condensed Interim Cash Flow Statement (Unaudited)

For the Half year ended 31 December 2016

	Note	31 December 2016	31 December 2015
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,357,280	4,403
Finance cost paid		(32,355)	(13,434)
Retirement benefits obligations paid		(13,634)	(19,495)
Income taxes paid		(190,272)	(16,013)
(Increase) / decrease in long-term deposits		(2,524)	5,348
Net cash generated from / (used in) operating activities		1,118,495	(39,191)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(647,618)	(294,809)
Purchase of intangible assets		(26,352)	(3,932)
Proceeds from disposal of property, plant and equipment		3,107	15,977
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 (used in) / generated from investing activities		(670,863)	114,205
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		100,000	1,000,000
Repayment of short term borrowings		-	(100,000)
Dividends paid		(280,383)	(1,030,063)
Net cash used in financing activities		(180,383)	(130,063)
Net increase / (decrease) in cash and cash equivalents		267,249	(55,049)
Cash and cash equivalents at beginning of the period		(854,347)	(247,053)
Cash and cash equivalents at end of the period	13	(587,098)	(302,102)

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


Chief Executive


Director

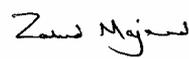
Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the Half year ended 31 December 2016

	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 half year ended 31 December 2015			
- Profit for the half year ended 31 December 2015	-	490,872	490,872
- Other comprehensive income for the half year ended 31 December 2015	-	-	-
	-	490,872	490,872
Transactions with owners recorded directly in equity - distributions			
- 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 December 2015	518,034	1,693,657	2,211,691
Balance as at 1 July 2016	518,034	1,965,738	2,483,772
Total comprehensive income for the half year ended 31 December 2016			
- Profit for the half year ended 31 December 2016	-	444,303	444,303
- Other comprehensive income for the half year ended 31 December 2016	-	-	-
	-	444,303	444,303
Transactions with owners recorded directly in equity - distributions			
- 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 December 2016	518,034	2,125,122	2,643,156

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


Chief Executive


Director

Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan on 19 February 1970 as a private limited company under the Companies Act, 1913 and subsequently converted into a public limited company under the Companies Ordinance, 1984 by special resolution passed in the extra ordinary general meeting held on 30 March 1988. The Company is principally engaged in the manufacture and sale of convenience based food products. 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. 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 primary objective of NF DMCC is to boost export sales of its parent company through trading in food stuff and other services.

National Foods DMCC also has following two wholly owned subsidiaries:

a) National Epicure Inc.

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

Subsequent to the period end, NEI has acquired a controlling interest in A1 Bags & Suppliers Inc., a company based in Canada.

b) National Foods Pakistan (UK) Limited

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The unconsolidated condensed interim financial information of the Company for the half year ended 31 December 2016 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 Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

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.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Company as at and for the year ended 30 June 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 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 half year ended 31 December 2016

5. PROPERTY, PLANT AND EQUIPMENT

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
(Rupees in '000)		
Operating fixed assets	1,224,810	1,227,020
Capital work in progress	1,319,298	770,019
	<u>2,544,108</u>	<u>1,997,039</u>

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

	Half year ended	
	31 December 2016 (Unaudited)	31 December 2015 (Unaudited)
(Rupees in '000)		
Additions / transfers from CWIP		
Leasehold land	1,321	-
Building on leasehold land	17,034	5,563
Plant and machinery	39,502	62,966
Vehicles	2,543	14,248
Furniture and fittings	2,368	791
Computer equipment	4,387	8,645
Others	31,259	5,349
Capital work in progress	549,204	197,247
	<u>647,618</u>	<u>294,809</u>
Disposal - Net Book value		
Vehicles [cost Rs. 0.30 million (2015: Rs. 10.58 million)]	23	7,078
Computer equipment [cost Rs. 2.62 million (2015: Rs. Nil)]	-	-

6. STOCK IN TRADE

Stock in trade includes items costing Rs. 47.33 million (30 June 2016: Rs. 59.75 million) valued at net realisable value of Rs. 39.55 million (30 June 2016: Rs. 51.74 million).

7. CASH AND BANK BALANCES

This includes term deposit receipt amounting to Rs. 700 million (30 June 2016: Rs. Nil) placed with a bank, having original maturity of 7 days and carrying markup at the rate of 7% per annum.

Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

8. SHORT TERM BORROWINGS

		31 December 2016 (Unaudited)	30 June 2016 (Audited)
(Rupees in '000)			
Running finance under mark-up arrangements	8.1 & 8.2	1,330,105	911,326
Export re-finance		500,000	400,000
		1,830,105	1,311,326

8.1 This includes running finance balance maintained with Islamic Bank having balance of Rs. 494.36 million (30 June 2016: Rs. 287.37 million).

8.2 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).

9. COMMITMENTS

9.1 Aggregate commitments for capital expenditure as at 31 December 2016 amount to Rs. 634.89 million (30 June 2016: Rs. 404.46 million).

9.2 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. 131.3 million (30 June 2016: Rs. 243.3 million) as at 31 December 2016 of which the amount remaining unutilised at year end were Rs. 1.29 billion (30 June 2016: Rs. 1.07 billion) and Rs. 70 million (30 June 2016: Rs. 76.75 million) respectively.

9.3 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 December 2016 amount to:

		31 December 2016 (Unaudited)	30 June 2016 (Audited)
(Rupees in '000)			
Payable within one year		58,123	55,332
Payable over one to five years		98,013	80,769
		156,136	136,101

Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

10. SALES

	Half year ended	
	31 December 2016	31 December 2015
(Unaudited)		
(Rupees in '000)		
Manufactured goods		
Gross sales		
- Local sales	9,201,553	8,579,906
- Export sales	520,620	507,630
	<u>9,722,173</u>	<u>9,087,536</u>
Sales tax	(1,246,365)	(1,163,501)
	<u>8,475,808</u>	<u>7,924,035</u>
Less:		
- Discounts, rebates and allowances	(1,567,699)	(1,449,627)
- Sales returns	(74,494)	(88,213)
	<u>(1,642,193)</u>	<u>(1,537,840)</u>
	<u><u>6,833,615</u></u>	<u><u>6,386,195</u></u>

11. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation	<u>444,303</u>	<u>490,872</u>
	(Number of shares)	
	(In '000')	
Weighted average number of ordinary shares outstanding during the period	<u>103,607</u>	<u>103,607</u>
	(Rupees)	
Earnings per share - basic and diluted	<u>4.29</u>	<u>4.74</u>

Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

12. CASH GENERATED FROM OPERATIONS

	Half year ended	
	31 December 2016	31 December 2015
	(Unaudited)	
	(Rupees in '000)	
Profit before taxation	641,782	690,799
Adjustment for non-cash charges and other items:		
Depreciation	100,526	96,297
Amortization	15,913	11,322
Retirement benefit expenses	2,370	2,414
Gain on sale of investment	-	(7,724)
Gain on disposal of property, plant and equipment	(3,084)	(8,899)
Provision for slow moving and obsolete stock	18,145	55,316
Provision for doubtful debts	-	9,206
Exchange loss / (gain)	507	(13,916)
Finance cost	29,467	18,874
Working capital changes	12.1 551,654	(849,286)
	1,357,280	4,403
12.1 Working capital changes		
Decrease / (increase) in current assets		
Stores and spares	42	(468)
Stock in trade	77,638	(589,499)
Trade debts	120,535	172,026
Advances	(54,147)	(89,363)
Trade deposits and prepayments	982	(11,010)
Other receivables	(1,673)	889
	143,377	(517,425)
Increase / (decrease) in current liabilities		
Trade and other payables	339,596	(227,147)
Sales tax payable	68,681	(104,714)
	408,277	(331,861)

Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

13. CASH AND CASH EQUIVALENTS

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
(Rupees in '000)		
Cash and bank balances	743,007	52,332
Running finance under mark-up arrangement	(1,330,105)	(354,434)
Cash and cash equivalents at end of the period	(587,098)	(302,102)

14. TRANSACTIONS WITH RELATED PARTIES

	Half year ended	
	31 December 2016 (Unaudited)	31 December 2015
(Rupees in '000)		
Subsidiary Company		
Sale of goods	519,523	507,630
Dividend income	3,141	-
Associated Companies / Undertakings		
Sale of goods	707,364	741,642
Rent payment	4,524	4,359
Commission expense	18,294	14,287
Staff retirement funds		
Expense charged for defined contribution plan	19,493	16,580
Payment to defined contribution plan	50,483	43,154
Directors		
Technical advisory services	4,746	4,788
Key Management Personnel:		
Salaries and other short-term employee benefits	91,889	103,484
Contribution to Provident Fund	4,216	3,530
Post retirement benefits of Executive Directors	2,370	2,414

Notes to the Unconsolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

15. GENERAL

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

Reclassification from Component	Reclassification to Component	(Rupees in '000)
Profit and loss account		
Distribution cost	Sales - discounts, rebates and allowances	18,360

15.2 This unconsolidated condensed interim financial information has been authorised for issue on 23 February, 2017 by the Board of Directors of the Company.



Chief Executive



Director

*Consolidated
Condensed Interim
Financial Information
31 December 2016*

Consolidated Condensed Interim Balance Sheet

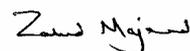
As at 31 December 2016

	Note	31 December 2016 (Unaudited)	30 June 2016 (Audited)
(Rupees in '000)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	2,544,293	1,997,110
Intangibles		71,734	61,295
Long term deposits		33,503	30,979
		<u>2,649,530</u>	<u>2,089,384</u>
Current Assets			
Stores, spare parts and loose tools		6,563	6,605
Stock in trade	6	3,181,063	3,280,590
Trade debts		789,402	933,274
Advances		149,095	138,928
Trade deposits and prepayments		37,888	38,870
Other receivables		25,509	5,071
Cash and bank balances	7	941,035	249,667
		<u>5,130,555</u>	<u>4,653,005</u>
		<u>7,780,085</u>	<u>6,742,389</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		2,221,959	2,022,873
Exchange revaluation reserve		2,907	2,849
		<u>2,742,900</u>	<u>2,543,756</u>
NON-CURRENT LIABILITIES			
Deferred tax - net		97,954	80,934
Retirement benefits obligations		2,370	13,634
		<u>100,324</u>	<u>94,568</u>
CURRENT LIABILITIES			
Trade and other payables		2,325,624	2,067,587
Accrued interest / mark up		6,086	8,974
Short term borrowings	8	1,830,105	1,311,326
Taxation - net		612,908	622,721
Sales tax payable		162,138	93,457
		<u>4,936,861</u>	<u>4,104,065</u>
		<u>5,037,185</u>	<u>4,198,633</u>
COMMITMENTS			
	9	<u>7,780,085</u>	<u>6,742,389</u>

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



Chief Executive



Director

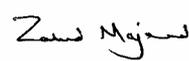
Consolidated Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and half year ended 31 December 2016

	Note	Quarter ended		Half year ended	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
(Rupees in '000)					
Sales	10	3,312,023	3,082,716	7,025,285	6,556,754
Cost of sales		2,253,548	2,125,698	4,600,293	4,300,078
Gross profit		1,058,475	957,018	2,424,992	2,256,676
Distribution cost		620,645	517,667	1,356,680	1,228,918
Administrative expenses		166,575	121,917	309,445	257,102
Other operating expenses		16,534	22,599	46,652	54,132
		803,754	662,183	1,712,777	1,540,152
Other income		2,541	5,499	6,582	35,171
Operating profit		257,262	300,334	718,797	751,695
Finance costs		19,533	16,356	37,314	23,042
Profit before taxation		237,729	283,978	681,483	728,654
Taxation		71,301	65,000	197,478	199,927
Profit after taxation		166,428	218,978	484,005	528,727
Other comprehensive income:					
Items that may be subsequently reclassified to Profit or Loss					
Exchange differences on translation of foreign operations		308	219	58	2,038
Total comprehensive income		166,736	219,197	484,063	530,765
(Rupees)					
Earnings per share - basic & diluted	11	1.61	2.11	4.67	5.10

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


Chief Executive


Director

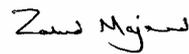
Consolidated Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended 31 December 2016

	Note	31 December 2016	31 December 2015
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,370,644	39,708
Finance cost paid		(40,202)	(17,602)
Income tax refund / (paid)		(190,271)	(16,013)
Retirement benefit obligation paid		(13,634)	(19,495)
Net increase in long term deposits		(2,524)	4,546
Net cash generated from / (used in) operating activities		1,124,013	(8,856)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(647,797)	(296,171)
Purchase of intangible assets		(26,352)	(3,932)
Sale proceeds on disposal of property, plant and equipment		3,107	15,977
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 (used in) / generated from investing activities		(671,042)	112,843
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		100,000	1,000,000
Dividend paid		(280,382)	(1,030,062)
Repayment of short term borrowings		-	(100,000)
Net cash used in financing activities		(180,382)	(130,062)
Net increase / (decrease) in cash and cash equivalents		272,589	(26,075)
Cash and cash equivalents at beginning of the period		(661,659)	(109,547)
Cash and cash equivalents at end of the period	13	(389,070)	(135,622)

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


Chief Executive


Director

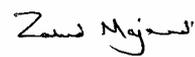
Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the half year ended 31 December 2016

	Issued subscribed and paid up capital	Unappropriated profit	Exchange Revaluation Reserve	Total
(Rupees in '000)				
Balance as at 1 July 2015	518,034	2,272,475	939	2,791,448
Final dividend for the year ended 30 June 2015 @ Rs 10.00 per share	-	(1,036,069)	-	(1,036,069)
Total comprehensive income for the half year ended 31 December 2015				
Other comprehensive loss for the half year ended 31 December 2015	-	-	2,038	2,038
Profit for the half year ended 31 December 2015	-	528,727	-	528,727
	-	528,727	2,038	530,765
Balance as at 31 December 2015	518,034	1,765,133	2,977	2,286,144
Balance as at 01 July 2016	518,034	2,022,873	2,849	2,543,756
Final dividend for the year ended 30 June 2016 @ Rs 2.75 per share	-	(284,919)	-	(284,919)
Total comprehensive income for the half year ended 31 December 2016				
Other comprehensive income for the half year ended 31 December 2016	-	-	58	58
Profit for the half year ended 31 December 2016	-	484,005	-	484,005
	-	484,005	58	484,063
Balance as at 31 December 2016	518,034	2,221,959	2,907	2,742,900

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


Chief Executive


Director

Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

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 19 February 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 30 March 1988. The Company is principally engaged in the manufacture and sale of convenience 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.

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

Subsequent to the period end, NEI has acquired a controlling interest in A1 Bags & Suppliers Inc., a company based in Canada.

b) National Foods Pakistan (UK) Limited

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

Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

2. BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim financial information of the Group for the half year ended 31 December 2016 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 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.

2.3 Functional and presentation currency

The 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. 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.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this 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.

Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 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

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
	(Rupees in '000)	
Operating assets - Note 5.1	1,224,995	1,227,091
Capital work in progress	1,319,298	770,019
	2,544,293	1,997,110

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

	Half year ended	
	31 December 2016 (Unaudited)	31 December 2015
	(Rupees in '000)	
Additions / transfers from CWIP		
Leasehold land	1,321	-
Building on leasehold land	17,034	5,563
Plant and machinery	39,502	62,966
Vehicles	2,543	14,248
Furniture & fittings	2,368	791
Computer equipment	4,566	8,645
Others	31,259	5,349
Capital work in progress	549,204	198,609
	647,797	296,171
Disposals - Net Book Value		
Vehicles [cost Rs. 0.30 million (2015: Rs. 10.58 million)]	23	7,078
Computer equipment [cost Rs. 2.62 million (2015: Rs. Nil)]	-	-
	23	7,078

6. STOCK IN TRADE

Stock in trade includes items costing Rs. 47.33 million (30 June 2016: Rs. 59.75 million) valued at net realisable value of Rs. 39.55 million (30 June 2016: Rs. 51.74 million).

Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

7. CASH AND BANK BALANCES

This includes term deposit receipt amounting to Rs. 700 million (30 June 2016: Rs. Nil) placed with a bank, having original maturity of 7 days and carrying markup at the rate of 7% per annum.

8. SHORT TERM BORROWINGS

		31 December 2016 (Unaudited)	30 June 2016 (Audited)
		(Rupees in '000)	
Running finance under mark up arrangements	8.1 & 8.2	1,330,105	911,326
Export re-finance		500,000	400,000
		1,830,105	1,311,326

8.1 This includes running finance balance maintained with Islamic Bank having balance of Rs. 494.36 million (30 June 2016: Rs. 287.37 million).

8.2 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 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).

9. COMMITMENTS

9.1 Aggregate commitments for capital expenditure as at 31 December 2016 amount to Rs. 634.89 million (30 June 2016: Rs. 404.46 million).

9.2 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. 131.3 million (30 June 2016: Rs. 243.3 million) as at 31 December 2016 of which the amount remaining unutilised at year end were Rs. 1.29 billion (30 June 2016: Rs. 1.07 billion) and Rs. 70 million (30 June 2016: Rs. 76.75 million) respectively.

Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

- 9.3** 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 December 2016 amount to:

	31 December 2016 (Unaudited)	30 June 2016 (Audited)
(Rupees in '000)		
Payable within one year	58,123	55,332
Payable over one to five years	98,013	80,769
	156,136	136,101

10. SALES

	Half year ended	
	31 December 2016 (Unaudited)	31 December 2015
(Rupees in '000)		
Manufactured goods		
Gross sales		
Local sales	9,272,951	8,581,412
Export sales	662,150	676,683
	9,935,101	9,258,095
Sales tax	(1,246,365)	(1,163,501)
	8,688,736	8,094,594
Less:		
Discounts, rebates and allowances	1,588,957	1,449,627
Sales returns	74,494	88,213
	1,663,451	1,537,840
	7,025,285	6,556,754

11. EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholder	484,005	528,727
Weighted average number of shares in issue during the period	103,607	103,607
Earnings per share - Rupees	4.67	5.10

Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

	Half year ended	
	31 December 2016	31 December 2015
	(Unaudited)	
	(Rupees in '000)	
12. CASH GENERATED FROM OPERATIONS		
Profit before taxation	681,483	728,654
Adjustments for non-cash charges and other items		
Depreciation	100,591	97,698
Retirement benefit expense	2,370	2,414
Amortisation	15,913	11,322
Gain on disposal of property, plant and equipment	(3,084)	(8,899)
Gain on sale of investments	-	(7,724)
Provision for slow moving and obsolete stock	18,145	55,316
Provision for doubtful debts	-	9,206
Exchange loss / (gain)	58	(11,878)
Finance cost	37,314	23,043
Working capital changes	517,854	(859,444)
	689,161	(688,946)
Cash generated from operations	1,370,644	39,708
12.1 Working Capital Changes		
Decrease / (Increase) in current assets		
Stores, spare parts and loose tools	42	(468)
Stock in trade	81,382	(587,517)
Trade debts	143,872	151,122
Advances	(10,167)	(192,542)
Deposits and prepayments	982	(10,229)
Other receivables	(20,438)	(1,977)
	195,673	(641,611)
Increase / (Decrease) in current liabilities		
Trade and other payables	253,500	(113,119)
Sales tax payable	68,681	(104,714)
	517,854	(859,444)
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	941,035	218,812
Running finance under mark up arrangements	(1,330,105)	(354,434)
	(389,070)	(135,622)

Notes to the Consolidated Condensed Interim Financial Information

For the half year ended 31 December 2016

14. TRANSACTIONS WITH RELATED PARTIES

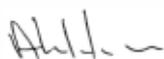
Relationship with the group	Nature of transactions	Half year ended	
		31 December 2016	31 December 2015
		(Unaudited)	
		(Rupees in '000)	
Associated companies / Undertakings:			
	Sale of goods	707,364	741,642
	Commission expense	18,294	14,287
	Rent Payment	4,524	4,359
Staff retirement fund:			
	Expense charged for defined contribution plan	19,493	16,580
	Payments to retirement contribution plan	50,483	43,154
Directors	Technical advisory services	4,746	4,788
Key management personnel compensation:			
	Salaries and other short-term employee benefits	91,889	103,484
	Contribution to Provident Fund	4,216	3,530
	Post retirement benefits of Executive Directors	2,370	2,414

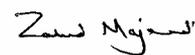
15. GENERAL

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

Reclassification from Component	Reclassification to Component	(Rupees in '000)
Distribution cost	Sales - Discounts, rebates and allowances	18,360

15.2 This condensed interim financial information has been authorised for issue on 23 February, 2017 by the Board of Directors of the Company.


Chief Executive


Director

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