



National

Share Food
Share Love

Half Yearly Report 2018

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Our Story

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

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

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



Vision & Mission

“Our vision is to be a Rs. 50 billion food company by the year 2020 in the convenience food segment by launching products and services in the domestic and international markets that enhance lifestyle and value for our customers through management excellence at all levels.”



Company *Information*

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE AND REMUNERATION COMMITTEE

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

DIRECTOR CORPORATE FINANCE / CHIEF FINANCIAL OFFICER

Mr. Syed Farhan Ali Rizvi

COMPANY SECRETARY

Mr. Fazal ur Rehman Hajano

HEAD OF INTERNAL AUDIT AND SECRETARY AUDIT COMMITTEE

Mr. Shahid Hussain

INTERNAL AUDITORS

Messrs. Ernst & Young Ford Rhodes & Co., Chartered Accountants

COMPANY MANAGEMENT

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

AUDITORS

Messrs. KPMG Taseer Hadi & Co.
Chartered Accountants

Shaikh Sultan Trust Building No. 2
Beaumont Road, Karachi

SHARE REGISTRATION OFFICE

Central Depository Company of Pakistan Ltd.

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

PRINCIPAL BANKERS

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

Meezan Bank Limited
United Bank Limited
Habib Bank AG Zurich
MCB Dubai
Toronto Dominion Canada Trust Bank
Bank of Montreal
Business Development Bank of Canada

REGISTERED OFFICE

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

SITE PLANT

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

PORT QASIM PLANT

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

MURIDKE PLANT

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

GUJRANWALA PLANT

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

Web Presence: Updated company information and latest corporate reports can be accessed at: www.nfoods.com

Directors' Report

Fellow shareholders

The Directors of National Foods Limited are pleased to present their review, together with the unaudited condensed Interim Financial Information of the Group for the six months period ended December 31, 2017.

Business performance overview

Core business

The Company performed well in the core business posting a double-digit growth at net sales level. Significant progress was made in two key strategic objectives for the year i.e. 1) Revenue transformation and 2) Cost transformation. These initiatives have resulted in better gross profitability. In line with the long-term vision, the company increased strategic investments behind brand building initiatives, infrastructure deployment and step changed sales and organizational capability. Whilst these investments have impacted the net profitability of the company in the short term but will act as a catalyst in driving growth in the long run.

New categories i.e. snacks and mayonnaise, launched in the first quarter of the year have shown great progress and are in line with our planned growth projections. The products have been well received by the consumers and the Company will continue to invest behind these categories to enable diversification of portfolio over the longer term.

Key category review

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

- Convenience based “Lazzat Bhari Sahulat” thematic campaign, coupled with shopper activations in Modern and General Trade. A dedicated Sachet campaign has been aired in the second quarter to drive offtake thereby increasing our core product market share;
- The Plain Spices portfolio has been supported through re-airing of the Kitchen Cabinet campaign, with Salt also included in the campaign to drive offtake;
- The iconic National Ka Pakistan entered its fifth season, with Chef Saadat exploring new places and unique local cuisines, along with renowned composer Shuja Haider. The content garnered over 8 million video views.

A1 Bags & Supplies Inc.

A1 continued to grow at a rapid pace during the half year. During this period, one more store was opened and current store capacity was enhanced by 50%. Gross margins remained steady and in line with our target. It has contributed significantly to our top line and bottom line consolidated position.

Operating and financial performance

The financial results of the Group for the half year are summarized below:

Amounts in PKR Million

	Core Business			A-1 Bags & Supplies Inc.	Group		
	H1 FY18	H1 FY17	Change	H1 FY18	H1 FY18	H1 FY17	Change
Net sales	7,745	7,012	10%	2,367	10,112	7,012	44%
Gross profit	2,727	2,411	13%	419	3,146	2,411	30%
as % of net sales	35.2%	34.4%		17.7%	31.1%	34.4%	
EBITDA	700	835	-16%	115	815	835	-2%
as % of net sales	9.0%	11.9%		4.9%	8.1%	11.9%	
Net profit after tax	295	484	-39%	61	351*	484	-27%
as % of net sales	3.8%	6.9%		2.6%	3.5%	6.9%	
Earnings per share (Rupees)	2.85	4.67	-39%		3.17	4.67	-32%

* This includes amortization of Rs. 5 million (2017: Rs. nil) on intangibles recognized on consolidation of A1 Bags and Supplies Inc.

Future Outlook

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

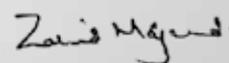
Acknowledgement

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

On behalf of Board of Directors



Chief Executive Officer



Director

Auditor's 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 2017, 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 2017 and 31 December 2016 in the unconsolidated condensed interim profit and loss account have not been reviewed by us and we do not express a conclusion on them.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

Date: 23 February 2018

Name of the Engagement Partner: Moneeza Usman Butt

Unconsolidated Condensed Interim
Financial Information

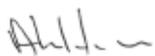
December 31, 2017

Unconsolidated Condensed Interim Balance Sheet

As at December 31, 2017

	Note	31 December 2017 (Unaudited)	30 June 2017 (Audited)
(Rupees in '000)			
ASSETS			
Non - current assets			
Property, plant and equipment	5	3,760,732	3,049,019
Intangibles		111,215	85,564
Long-term investment - subsidiary		31,719	31,719
Long-term deposits		34,112	33,612
		<u>3,937,778</u>	<u>3,199,914</u>
Current assets			
Stores, spare parts and loose tools		37,161	10,880
Stock in trade	6	2,943,072	3,008,831
Trade debts		1,160,395	1,273,826
Advances		176,195	209,476
Trade deposits and prepayments		41,889	13,779
Other receivables		2,297	70,982
Sales tax refundable		-	40,633
Cash and bank balances		125,173	90,288
		<u>4,486,182</u>	<u>4,718,695</u>
		<u><u>8,423,960</u></u>	<u><u>7,918,609</u></u>
EQUITY AND LIABILITIES			
Share Capital and reserves			
Authorised share capital 200,000,000 (30 June 2017: 150,000,000) ordinary shares of Rs. 5 each		<u>1,000,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		<u>2,509,928</u>	<u>2,661,655</u>
		<u>3,027,962</u>	<u>3,179,689</u>
Non - current liabilities			
Long term finance		141,794	140,865
Deferred taxation - net		213,360	142,393
Deferred liabilities		8,341	6,023
		<u>363,495</u>	<u>289,281</u>
Current liabilities			
Trade and other payables		2,372,945	2,374,605
Mark-up accrued		21,610	9,620
Short term borrowings	7	2,111,630	1,549,528
Taxation - net		390,941	515,886
Sales tax payable		135,377	-
		<u>5,032,503</u>	<u>4,449,639</u>
		<u><u>8,423,960</u></u>	<u><u>7,918,609</u></u>
Commitments	8		

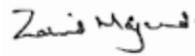
The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

Unconsolidated Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and half year ended 31 December 2017

	Note	Quarter ended		Half year ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
(Rupees in '000)					
Sales	9	3,291,362	3,197,368	7,630,258	6,833,615
Cost of sales		(2,216,634)	(2,203,641)	(5,017,397)	(4,551,407)
Gross profit		1,074,728	993,727	2,612,861	2,282,208
Distribution costs		(766,981)	(596,431)	(1,655,270)	(1,291,934)
Administrative expenses		(257,536)	(138,151)	(407,277)	(281,021)
Other expenses		(11,692)	(16,533)	(46,780)	(46,651)
Other income		8,676	1,102	13,264	8,647
Operating profit		47,195	243,714	516,798	671,249
Finance costs		(28,378)	(13,557)	(49,164)	(29,467)
Profit before taxation		18,817	230,157	467,634	641,782
Taxation	10	(38,603)	(71,302)	(179,032)	(197,479)
(Loss) / profit after taxation		(19,786)	158,855	288,602	444,303
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		(19,786)	158,855	288,602	444,303
(Rupees)					
(Loss) / earnings per share- basic and diluted	11	(0.19)	1.53	2.79	4.29

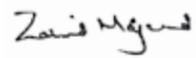
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Chief Executive Officer



Chief Financial Officer



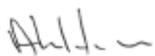
Director

Unconsolidated Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended 31 December 2017

	Note	Half year ended	
		31 December 2017	31 December 2016
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,076,640	1,357,280
Finance cost paid		(37,174)	(32,355)
Retirement benefits obligations paid		-	(13,634)
Income taxes paid		(233,010)	(190,272)
Long term deposits - net		(500)	(2,524)
Net cash generated from operating activities		805,956	1,118,495
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(864,004)	(647,618)
Purchase of intangible assets		(45,342)	(26,352)
Proceeds from disposal of property, plant and equipment		6,821	3,107
Net cash used in investing activities		(902,525)	(670,863)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		788,000	100,000
Proceeds from long term finance		929	-
Repayment of short term borrowings		(100,000)	-
Dividends paid		(431,577)	(280,383)
Net cash generated from / (used in) financing activities		257,352	(180,383)
Net increase in cash and cash equivalents		160,783	267,249
Cash and cash equivalents at beginning of the period		(897,240)	(854,347)
Cash and cash equivalents at end of the period	13	(736,457)	(587,098)

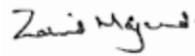
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Chief Executive Officer



Chief Financial Officer



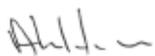
Director

Unconsolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the half year ended 31 December 2017

	Issued, subscribed and paid-up capital	Unappropriated profit	Total
	(Rupees in '000)		
Balance as at 1 July 2016	518,034	1,965,738	2,483,772
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	<u>518,034</u>	<u>2,125,122</u>	<u>2,643,156</u>
Balance as at 1 July 2017	518,034	2,661,655	3,179,689
Total comprehensive income for the half year ended 31 December 2017			
- Profit for the half year ended 31 December 2017	-	288,602	288,602
- Other comprehensive income for the half year ended 31 December 2017	-	-	-
	-	288,602	288,602
Transactions with owners recorded directly in equity - distributions			
- Final dividend for the year ended 30 June 2017 at the rate of Rs. 4.25 per share	-	(440,329)	(440,329)
Balance as at 31 December 2017	<u>518,034</u>	<u>2,509,928</u>	<u>3,027,962</u>

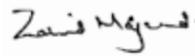
The annexed notes 1 to 15 form an integral part of this condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

1. THE COMPANY AND ITS OPERATIONS

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

The parent entity of the Company is Associated Textile Consultants (Private) Limited based on control model as provided under International Financial Reporting Standards 10 - ‘Consolidated Financial Statements’.

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

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

NF DMCC also has following two wholly owned subsidiaries:

a) National Epicure Inc.

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

In February 2017, NF DMCC through its further subsidiary NEI acquired 60% shares in A-1 Bags & Supplies Inc. (“A-1 Bags”), based in Canada. A-1 Bags is principally engaged in distribution and wholesale of food products, disposables, janitorial and sanitation products. Its registered office is situated at 6400 Kennedy Road, Mississauga, Ontario, Canada.

b) National Foods Pakistan (UK) Limited

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

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

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 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan (SECP) vide its circular no 23/2017 dated 04 October 2017, this condensed interim financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

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

2.2 Basis of measurement

These unconsolidated condensed interim financial information has been prepared under the historical cost convention, except for the Company's liability under its defined benefit plan which is reported on the basis of present value of defined benefit obligations as determined by an independent actuary.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

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

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this unconsolidated condensed interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimating the uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2017.

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2017.

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress

	31 December 2017 (Unaudited)	30 June 2017 (Audited)
	(Rupees in '000)	
	3,054,251	2,103,633
	706,481	945,386
	<u>3,760,732</u>	<u>3,049,019</u>

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

Additions / transfers from CWIP

	Half year ended 31 December 2017	31 December 2016
	(Rupees in '000)	
Leasehold land	-	1,321
Building on leasehold land	792,649	17,034
Plant and machinery	157,188	39,502
Vehicles	4,390	2,543
Furniture and fittings	65,737	2,368
Computer equipment	15,706	4,387
Others	67,237	31,259
	<u>1,102,907</u>	<u>98,414</u>

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

Additions to operating fixed assets include transfers of Rs. 589.01 million (31 December 2016: Rs. 13.60 million) from capital work in progress.

	Half year ended	
	31 December 2017	31 December 2016
	(Rupees in '000)	
Disposals - Net book value		
Vehicles [cost Rs. 4.35 million (31 December 2016: Rs. 0.30 million)]	2,643	23
Computer equipments [cost Rs. 0.12 million (31 December 2016: Rs. 2.62 million)]	-	-
Furniture and fittings [cost Rs. 2.81 million (31 December 2016: Rs. Nil)]	-	-
Others [cost Rs. 0.12 million (31 December 2016: Rs. Nil)]	30	-
Net (transfer from) / addition to CWIP	(238,905)	549,279

5.2 All the non-current assets of the Company are located in Pakistan.

6. STOCK IN TRADE

Stock in trade includes finished goods costing Rs. 62.84 million (30 June 2017: Rs. 45.74 million) valued at net realisable value of Rs. 53.06 million (30 June 2017: Rs. 37.54 million).

7. SHORT TERM BORROWINGS

	31 December 2017	30 June 2017
	(Unaudited)	(Audited)
	(Rupees in '000)	
Running finance under mark-up arrangements	389,882	441,909
Running finance under Musharakah	471,748	545,619
Export re-finance	400,000	500,000
Money market loan	850,000	62,000
	2,111,630	1,549,528

7.1 This includes running finance balance maintained with Islamic banks having balance of Rs. 471.75 million (30 June 2017: Rs. 545.62 million).

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

- 7.2 The facilities available from various banks amounts to Rs. 3.19 billion (30 June 2017: Rs. 3.35 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's stock in trade, movables and trade debts. The facilities expiring within one year are annual facilities subject to review at various dates during 2018.
- 7.3 The rates of mark up range from one month KIBOR plus 0.20% to three months KIBOR plus 0.20% per annum (30 June 2017: one month KIBOR plus 0.04% to three months KIBOR plus 0.50% per annum).

8. COMMITMENTS

- 8.1 Aggregate commitments for capital expenditure as at 31 December 2017 amount to Rs. 808.95 million (30 June 2017: Rs. 544.30 million).
- 8.2 The facilities for opening letters of credit amount to Rs. 1.59 billion (30 June 2017: Rs. 1.59 billion) and for letters of guarantee amount to Rs. 141.00 million (30 June 2017: Rs. 134.89 million) as at 31 December 2017 of which the amount remaining unutilised at period end were Rs. 1.22 billion (30 June 2017: Rs. 1.08 billion) and Rs. 104.26 million (30 June 2017: Rs. 68.33 million) respectively.
- 8.3 Aggregate commitments in respect of ujarah payments for ijarah financing of motor vehicles bearing mark up ranging from six months KIBOR + 0.6% to six months KIBOR + 0.9% (30 June 2017: six months KIBOR + 0.6% to six months KIBOR + 0.9%) per annum for rentals payable monthly as at 31 December 2017 amount to:

	31 December 2017 (Unaudited)	30 June 2017 (Audited)
(Rupees in '000)		
Not later than one year	67,264	61,817
Later than one year but not later than five years	100,848	95,850
	<u>168,112</u>	<u>157,667</u>

9. SALES

	Half year ended 31 December 2017 (Unaudited)	31 December 2016
(Rupees in '000)		
Manufactured goods		
Gross sales		
Local sales	10,195,319	9,201,553
Export sales	587,291	520,620
	<u>10,782,610</u>	<u>9,722,173</u>
Less: Sales tax	(1,384,641)	(1,246,365)
	9,397,969	8,475,808
Less:		
Discount, rebates and allowances	(1,695,331)	(1,567,699)
Sales return	(72,380)	(74,494)
	<u>(1,767,711)</u>	<u>(1,642,193)</u>
	<u>7,630,258</u>	<u>6,833,615</u>

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

- 9.1 Export sales represents sales made to NF DMCC - a wholly owned subsidiary of the Company.
- 9.2 The Company's customer base is diverse with no single customer accounting for more than 10% of net sales. Sales to domestic customer in Pakistan are 94.55% (2016: 94.65%) and to customer outside Pakistan are 5.45% (2016: 5.35%) of the revenue.

10. TAXATION

	Half year ended	
	31 December 2017	31 December 2016
	(Unaudited)	
	(Rupees in '000)	
- Current	108,065	180,459
- Deferred	70,967	17,020
	<u>179,032</u>	<u>197,479</u>

- 10.1 Under section 5A of the Income Tax Ordinance, 2001 (as amended by the Finance Act, 2017), a tax shall be imposed at the rate of 7.5% of the accounting profit before tax on every public company, other than schedule bank or modaraba, that derives profit for a tax year but does not distribute at least 40% of its profits within six months of the end of the tax year through cash or bonus shares. The Board of Directors of the Company will consider this matter before the authorization of annual financial statements for the year ending 30 June 2018. Hence, no tax consequences applicable on undistributed profit are recognised in these unconsolidated condensed interim financial information.

11. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders	<u>288,602</u>	<u>444,303</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>2.79</u>	<u>4.29</u>

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

12. CASH GENERATED FROM OPERATIONS

		Half year ended	
		31 December 2017	31 December 2016
		(Unaudited)	
		(Rupees in '000)	
Profit before taxation		467,634	641,782
Adjustment for non-cash charges and other items			
Depreciation		149,618	100,526
Amortization		19,691	15,913
Retirement benefit expense		2,318	2,370
Gain on disposal of property, plant and equipment		(4,148)	(3,084)
Provision for doubtful debts		50,000	-
(Reversal against) / provision for slow moving and obsolete stock		(12,503)	18,145
Exchange loss		-	507
Finance cost		49,164	29,467
Working capital changes	12.1	354,866	551,654
		<u>1,076,640</u>	<u>1,357,280</u>

12.1 Working capital changes

		Half year ended	
		31 December 2017	31 December 2016
		(Unaudited)	
		(Rupees in '000)	
Decrease / (increase) in current assets			
Stores, spare parts and loose tools		(26,281)	42
Stock in trade		78,262	77,638
Trade debts		63,431	120,535
Advances		33,281	(54,147)
Trade deposits and prepayments		(28,110)	982
Other receivables		68,685	(1,673)
Sales tax refundable		40,633	-
		<u>229,901</u>	<u>143,377</u>
Increase / (decrease) in current liabilities			
Trade and other payables		(10,412)	339,596
Sales tax payable		135,377	68,681
		<u>124,965</u>	<u>408,277</u>
		<u>354,866</u>	<u>551,654</u>

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

13. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
	(Unaudited)	
	(Rupees in '000)	
Cash and bank balances	125,173	743,007
Running finance	(861,630)	(1,330,105)
Cash and cash equivalents at end of the period	<u>(736,457)</u>	<u>(587,098)</u>

14. TRANSACTIONS WITH RELATED PARTIES

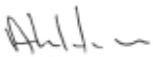
	Half year ended	
	31 December 2017	31 December 2016
	(Rupees in '000)	
Parent Company		
Rent payment	2,262	4,524
Rental income	2,400	-
Subsidiary Company		
Sale of goods - net	585,562	519,523
Dividend income	-	3,141
Associated Companies / Undertakings		
Sale of goods	773,486	707,364
Commission expense	31,091	18,294
Staff retirement funds		
Expense charged for defined contribution plan	21,840	19,493
Payment to defined contribution plan	49,378	50,483
Directors		
Technical advisory services	-	4,746
Key Management Personnel:		
Salaries and other short-term employee benefits	180,650	150,430
Contribution to Provident Fund	8,914	7,746
Post retirement benefits of Executive Directors	2,319	2,370

Notes to the Unconsolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

15. GENERAL

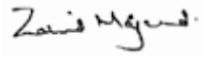
- 15.1 Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity.
- 15.2 This unconsolidated condensed interim financial information has been authorised for issue on 23 February 2018 by the Board of Directors of the Company.



Chief Executive Officer



Chief Financial Officer



Director

Consolidated Condensed Interim
Financial Information

December 31, 2017

Consolidated Condensed Interim Balance Sheet

As at 31 December 2017

	Note	31 December 2017	30 June 2017
		As at 31 December 2017	
ASSETS			
Non - current assets			
Property, plant and equipment	5	4,045,147	3,204,389
Intangibles and goodwill		651,005	583,725
Long term deposits		34,966	34,217
		<u>4,731,118</u>	<u>3,822,331</u>
Current assets			
Stores, spare parts and loose tools		37,171	10,880
Stock-in-trade	6	3,603,105	3,418,314
Trade debts		1,293,845	1,364,571
Advances		263,771	229,113
Trade deposits and prepayments		56,817	62,017
Other receivables		18,333	103,103
Sales tax refundable		-	40,633
Cash and bank balances		344,163	364,022
		<u>5,617,205</u>	<u>5,592,653</u>
TOTAL ASSETS		<u>10,348,323</u>	<u>9,414,984</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital and reserves			
Authorised capital of 200,000,000 (30 June 2017: 150,000,000) ordinary shares of Rs. 5 each		<u>1,000,000</u>	<u>750,000</u>
Issued, subscribed and paid-up capital		518,034	518,034
Unappropriated profit		2,575,434	2,686,892
Foreign exchange translation reserve		16,748	7,283
Equity attributable to owners of the Company		<u>3,110,216</u>	<u>3,212,209</u>
Non-controlling interest		204,651	179,196
Total equity		<u>3,314,867</u>	<u>3,391,405</u>
Non - current liabilities			
Long term finance		584,687	375,252
Long term deposits		3,016	2,759
Deferred consideration		-	154,222
Deferred liabilities		10,404	7,977
Deferred rent		15,571	7,407
Deferred taxation - net		213,360	142,393
		<u>827,038</u>	<u>690,010</u>
Current liabilities			
Trade and other payables		3,190,322	3,047,506
Mark-up accrued		25,987	11,269
Short-term borrowings	7	2,190,433	1,549,528
Current maturity of long term finance		70,974	28,255
Current maturity of deferred consideration		171,950	160,437
Taxation - net		421,377	536,574
Sales tax payable		135,375	-
		<u>6,206,418</u>	<u>5,333,569</u>
Commitments	8	<u>7,033,456</u>	<u>6,023,579</u>
TOTAL EQUITY AND LIABILITIES		<u>10,348,323</u>	<u>9,414,984</u>

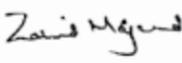
The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

Consolidated Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and half year ended 31 December 2017

	Note	Quarter ended		Half year ended	
		31 December	31 December	31 December	31 December
		2017	2016	2017	2016
		(Rupees in '000)		(Rupees in '000)	
Sales	9	4,538,121	3,312,191	10,111,962	7,011,541
Cost of sales		(3,195,543)	(2,253,549)	(6,965,121)	(4,600,293)
Gross profit		1,342,578	1,058,642	3,146,841	2,411,248
Distribution costs		(970,364)	(620,813)	(1,983,998)	(1,342,936)
Administrative expenses		(284,782)	(166,575)	(482,822)	(309,445)
Other expenses		(20,029)	(16,534)	(63,264)	(46,652)
Other income		10,974	2,541	17,517	6,582
Operating profit		78,377	257,262	634,274	718,797
Finance costs		(45,876)	(19,533)	(85,717)	(37,314)
Profit before taxation		32,501	237,729	548,557	681,483
Taxation - net	10	(42,013)	(71,301)	(197,406)	(197,478)
Profit after tax		(9,512)	166,428	351,151	484,005
Other comprehensive income					
Items that are or may be reclassified subsequently to profit and loss account:					
Foreign operations - foreign currency translation differences		8,461	308	12,640	58
Total comprehensive income for the year		(1,051)	166,736	363,791	484,063
Profit attributable to:					
Owners of the Parent Company		(9,447)	166,428	328,871	484,005
Non-controlling interest		(65)	-	22,280	-
		(9,512)	166,428	351,151	484,005
Total comprehensive income attributable to:					
Owners of the Parent Company		(2,956)	166,736	338,336	484,063
Non-controlling interest		1,905	-	25,455	-
		(1,051)	166,736	363,791	484,063
		(Rupees)		(Rupees)	
Earnings per share (basic and diluted)	11	(0.09)	1.61	3.17	4.67

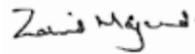
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Chief Executive Officer



Chief Financial Officer



Director

Consolidated Condensed Interim Cash Flow Statement (Unaudited)

For the quarter and half year ended 31 December 2017

	Note	31 December 2017	31 December 2016
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,060,376	1,370,644
Finance cost paid		(70,999)	(40,202)
Income tax paid		(245,109)	(190,271)
Deferred rent		8,164	-
Retirement benefits obligations paid		-	(13,634)
Long term deposits		(492)	(2,524)
Net cash generated from operating activities		751,940	1,124,013
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,055,107)	(647,797)
Sale proceeds from disposal of property, plant and equipment		6,821	3,107
Purchase of intangible assets		(45,763)	(26,352)
Deferred consideration paid		(142,709)	-
Net cash used in investing activities		(1,236,758)	(671,042)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term borrowings		788,000	100,000
Proceeds from long term finance		252,154	-
Repayment of short term borrowings		(100,000)	-
Dividend paid		(431,577)	(280,382)
Net cash from / (used in) financing activities		508,577	(180,382)
Net increase in cash and cash equivalents		23,759	272,589
Cash and cash equivalents at beginning of the period		(623,506)	(661,659)
Currency translation difference on cash and cash equivalents		3,477	-
Cash and cash equivalents at end of the period	13	(596,270)	(389,070)

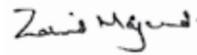
The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

Consolidated Condensed Interim Statement of Changes in Equity (Unaudited)

For the quarter and half year ended 31 December 2017

	Attributable to shareholders of the Parent Company				Non controlling interest	Total equity
	Share capital	Retained earnings	Foreign currency translation reserve	Sub-total		
	(Rupees in '000)					
Balance as at 1 July 2016	518,034	2,022,873	2,849	2,543,756	-	2,543,756
Total Comprehensive income for the half year ended 31 December 2016						
Profit for the year	-	484,005	-	484,005	-	484,005
Other comprehensive income	-	-	58	58	-	58
	-	484,005	58	484,063	-	484,063
Transaction with owners in their capacity as owners directly recorded in equity						
Final dividend for the year ended 30 June 2016 @ Rs. 2.75 per share						
	-	(284,919)	-	(284,919)	-	(284,919)
Balance as at 31 December 2016	<u>518,034</u>	<u>2,221,959</u>	<u>2,907</u>	<u>2,742,900</u>	<u>-</u>	<u>2,742,900</u>
Balance as at 1 July 2017	518,034	2,686,892	7,283	3,212,209	179,196	3,391,405
Total Comprehensive income for the half year ended 31 December 2017						
Profit for the year	-	328,871	-	328,871	22,280	351,151
Other comprehensive income	-	-	9,465	9,465	3,175	12,640
	-	328,871	9,465	338,336	25,455	363,791
Transaction with owners in their capacity as owners directly recorded in equity						
Final dividend for the year ended 30 June 2017 @ Rs. 4.25 per share						
	-	(440,329)	-	(440,329)	-	(440,329)
Balance as at 31 December 2017	<u>518,034</u>	<u>2,575,434</u>	<u>16,748</u>	<u>3,110,216</u>	<u>204,651</u>	<u>3,314,867</u>

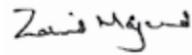
The annexed notes 1 to 15 form an integral part of this consolidated condensed interim financial information.



Chief Executive Officer



Chief Financial Officer



Director

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

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

National Foods Limited

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

The parent entity of the Company is Associated Textile Consultants (Private) Limited based on control model as provided under International Financial Reporting Standards 10 - 'Consolidated Financial Statements'.

National Foods DMCC

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

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

National Foods DMCC also has following two wholly owned subsidiaries:

a) National Foods Pakistan (UK) Limited

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

b) National Epicure Inc.

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

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

NEI also has the following subsidiary:

i) **A-1 Bags & Supplies Inc.**

A-1 Bags & Supplies Inc., was incorporated in Canada on 14 March 2001, under the Canada Business Corporations Act. The company is principally engaged in distribution and wholesale of food products, disposables, janitorial and sanitation products. The registered office of the company is situated at 6400 Kennedy Road, Mississauga, Ontario, Canada.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.2 Basis of measurement

This consolidated condensed interim financial information has been prepared under the historical cost convention, except for the Group's liability under its defined benefit plan which is reported on the basis of present value of defined benefit obligations as determined by an independent actuary, on annual basis.

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Group as at and for the year ended 30 June 2017. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Group's operations and did not have any impact on the accounting policies of the Group.

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

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

3.1 Basis of consolidation

The consolidated financial statements of the Parent Company and its subsidiary companies are prepared up to the same reporting date and are combined on a line-by-line basis.

Non-controlling interests

Non-controlling interest (NCI) is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition, as adjusted for proportionate share in profit and loss of the acquiree after the acquisition date.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of this consolidated condensed interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimating the uncertainty were the same as those that applied to the audited annual financial statements as at and for the year ended 30 June 2017.

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2017.

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital Work in Progress

	(Unaudited) December 31, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
	3,338,666	2,248,623
	706,481	955,766
	<u>4,045,147</u>	<u>3,204,389</u>

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

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

	December 31, 2017	December 31, 2016
	(Rupees in '000)	
Additions/ transfer from CWIP		
Leasehold Land	-	1,321
Building on Leasehold land	800,611	17,034
Plant & machinery	157,188	39,502
Vehicles	4,390	2,543
Furniture & fittings	91,465	2,368
Computers	15,706	4,566
Others	67,301	31,259
	<u>1,136,661</u>	<u>98,593</u>
Disposals - Net Book Value		
Vehicles [cost Rs. 4.35 million (2016: 0.30 million)]	<u>2,643</u>	<u>23</u>
Computer Equipments [cost Rs. 0.12 million (2016: 2.62 million)]	<u>-</u>	<u>-</u>
Furniture and Fittings [cost Rs. 2.81 million (2016: Nil)]	<u>-</u>	<u>-</u>
Others [cost Rs. 0.12 million (2016: Nil)]	<u>30</u>	<u>-</u>
Net transfers from / additions to CWIP	<u>(249,285)</u>	<u>549,279</u>

6. STOCK IN TRADE

Stock in trade includes finished goods costing Rs. 62.84 million (30 June 2017: Rs. 45.74 million) valued at net realisable value of Rs. 53.06 million (30 June 2017: Rs. 37.54 million).

	(Unaudited) December 31, 2017	(Audited) June 30, 2017
	(Rupees in '000)	
7. SHORT TERM BORROWINGS		
Running finance under mark up arrangements	468,685	441,909
Running finance under Musharika	471,748	545,619
Export re-finance	400,000	500,000
Money Market Loan	850,000	62,000
	<u>2,190,433</u>	<u>1,549,528</u>

7.1. This includes running finance balance maintained with Islamic Bank having balance of Rs. 471.75 million (30 June 2017: Rs. 545.62 million).

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

7.2 The facilities available from various banks amount to Rs. 3.19 billion (30 June 2017: Rs. 3.35 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Group's stock in trade, movables and trade debts. The facilities expiring within one year are annual facilities subject to review at various dates during 2018. The rates of mark up range from one month KIBOR plus 0.2% to three month KIBOR plus 0.2% per annum (30 June 2017: one month KIBOR plus 0.04% to three months KIBOR plus 0.5% per annum).

7.3 This includes facilities obtained by A-1 Bags and Supplies Inc. from commercial bank amounting to Rs. 54.33 million. This facility is secured by a general security agreement and bears interest rates at the bank's prime lending rate plus 2.5% per annum.

8. COMMITMENTS

8.1 Aggregate commitments for capital expenditure as at December 31, 2017 amounted to Rs. 808.95 million (June 30, 2017: Rs. 544.30 million).

8.2 The facilities for opening letters of credit amount to Rs. 1.59 billion (30 June 2017: Rs. 1.59 billion) and for letters of guarantee amount to Rs. 141 million (30 June 2017: Rs.134.89 million) as at 31 December 2017 of which the amount remaining unutilised at period end were Rs. 1.22 billion (30 June 2017: Rs. 1.08 billion) and Rs.104.26 million (30 June 2017: Rs. 68.33 million) respectively.

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

	December 31, 2017 (Unaudited)	30 June 2017 (Audited)
(Rupees in '000)		
Not later than one year	67,264	61,817
Later than one year but not later than five years	100,848	95,850
	<u>168,112</u>	<u>157,667</u>

	December 31, 2017	December 31, 2016
(Rupees in '000)		
9. SALES		
Gross sales		
Local sales	10,195,319	9,272,951
Export sales	3,242,418	648,406
	<u>13,437,737</u>	<u>9,921,357</u>
Sales tax	(1,500,860)	(1,246,365)
	<u>11,936,877</u>	<u>8,674,992</u>
Less:		
Discount rebates and allowances	1,723,674	1,588,957
Sales return	101,241	74,494
	<u>1,824,915</u>	<u>1,663,451</u>
	<u>10,111,962</u>	<u>7,011,541</u>

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

- 9.1 The Group's customer base is diverse with no single customer accounting for more than 10% of net sales. Sales to domestic customer in Pakistan are 75.87% (2016: 93.46%) and to customer outside Pakistan are 24.13% (2016: 6.54%) of the revenue.

10. TAXATION

	December 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)
(Rupees in '000)		
- Current	126,439	180,458
- Deferred	70,967	17,020
	197,406	197,478

- 10.1 Under section 5A of the Income Tax Ordinance, 2001 (as amended by the Finance Act, 2017), a tax shall be imposed at the rate of 7.5% of the accounting profit before tax on every public company, other than schedule bank or modaraba, that derives profit for a tax year but does not distribute at least 40% of its profits within six months of the end of the tax year through cash or bonus shares. The Board of Directors of the Parent Company will consider this matter before the authorization of annual financial statements for the year ending 30 June 2018. Hence, no tax consequences applicable on undistributed profit are recognised in these consolidated condensed interim financial information.

11. EARNINGS PER SHARE

Profit after taxation attributable to ordinary shareholders	328,871	484,005
	(Number of shares)	
	(In '000')	
Weighted average number of shares in issue during the period	103,607	103,607
	(Rupees)	
Earning per share - basic and diluted	3.17	4.67

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

	December 31, 2017	December 31, 2016
	(Rupees in '000)	
12. CASH GENERATED FROM OPERATIONS		
Profit before taxation	548,557	681,483
Adjustments for non-cash charges and other items		
Depreciation	165,676	100,591
Amortization	24,482	15,913
Finance cost	85,717	37,314
Gain on disposal of property, plant and equipment	(4,148)	(3,084)
Provision for doubtful debts	50,000	-
Provision for slow moving and obsolete stock	(12,503)	18,145
Unrealised foreign exchange gains - net	12,640	58
Retirement benefits expense	2,427	2,370
Working capital changes 12.1	187,528	517,854
	<u>511,819</u>	<u>689,161</u>
Cash generated from operations	<u>1,060,376</u>	<u>1,370,644</u>
12.1 Effect on cash flows due to working capital changes		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(26,291)	42
Stock in trade	(172,288)	81,382
Trade debts	20,726	143,872
Advances	(34,658)	(10,167)
Deposits and prepayments	5,200	982
Other receivables	84,770	(20,438)
Sales tax refundable	40,633	-
	<u>(81,908)</u>	<u>195,673</u>
Increase in current liabilities		
Trade and other payables	134,061	253,500
Due to the government	135,375	68,681
	<u>269,436</u>	<u>322,181</u>
	<u>187,528</u>	<u>517,854</u>
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	344,163	941,035
Running finance	(940,433)	(1,330,105)
Cash and cash equivalents at end of the period	<u>(596,270)</u>	<u>(389,070)</u>

Notes to the Consolidated Condensed Interim Financial Information (Unaudited)

For the half year ended 31 December 2017

14. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Group	Nature of transaction	(Unaudited)	(Unaudited)
		December 31, 2017	December 31, 2016
		(Rupees in '000)	
Associated Companies / Undertakings	Sale of goods	773,486	707,364
	Rent payment	2,262	4,524
	Rental income	2,400	-
	Commission expense	31,091	18,294
Staff retirement funds	Expense charged for defined contribution plan	21,840	19,493
	Payments to retirement contribution plan	49,378	50,483
Directors	Technical advisory services	-	4,746
Key management personnel compensation:			
	Salaries and other short-term employee benefits	192,396	150,430
	Retirement benefits	8,914	7,746
	Post retirement benefits of Executive Directors	2,319	2,370
	Eligible dividend	6,437	-

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 - Export sales	13,744

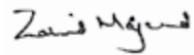
15.2 This consolidated condensed interim financial information has been authorised for issue on 23 February 2018 by the Board of Directors of the Parent Company.



Chief Executive Officer



Chief Financial Officer



Director

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مستقبل کا نقطہ نظر

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

اظہار تشکر

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

بورڈ آف ڈائریکٹرز کی جانب سے

Zameer Khan

ڈائریکٹر

Ali H. Khan

چیف ایگزیکٹو آفیسر

۔ مشہور زمانہ نیشنل پاکستان اپنے پانچویں سیزن میں داخل ہو گیا جہاں شیف سعادت مشہور موسیقار شجاع حیدر کے ساتھ نئی جگہوں اور منفرد مقامی کھانوں کی کھوج لگاتے ہیں۔ جن سے دیکھنے والوں کی تعداد 80 لاکھ سے تجاوز کر گئی۔

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

اے ون نصف سال تک برق رفتاری سے ترقی کرتا رہا ہے۔ دوسری سہ ماہی کے دوران ایک اور اسٹور کھولا گیا اور موجودہ اسٹور کی گنجائش کو 50% تک بڑھایا گیا۔ مجموعی منافع مستحکم اور ہدف کے مطابق ہے۔ جس نے گروپ کی فروخت و آمدنی میں مثبت حصہ ڈالا۔

آپریٹنگ اور مالیاتی کارکردگی

گروپ کے نصف سال کی مالیاتی نتائج کا خلاصہ درج ذیل ہے

رقم پاکستانی روپے ملین میں

	بنیادی کاروبار			اے ون بیگز اینڈ سپلائز انکارپوریشن		گروپ	
	H1 FY18	H1 FY17	Change	H1 FY18	H1 FY18	H1 FY17	Change
Net sales	7,745	7,012	10%	2,367	10,112	7,012	44%
Gross profit	2,727	2,411	13%	419	3,146	2,411	30%
as % of net sales	35.2%	34.4%		17.7%	31.1%	34.4%	
EBITDA	700	835	-16%	115	815	835	-2%
as % of net sales	9.0%	11.9%		4.9%	8.1%	11.9%	
Net profit after tax	295	484	-39%	61	351 *	484	-27%
as % of net sales	3.8%	6.9%		2.6%	3.5%	6.9%	
Earnings per share (Rupees)	2.85	4.67	-39%		3.17	4.67	-32%

* This includes amortization of Rs. 5 million (2017: Rs. nil) on intangibles recognized on consolidation of A1 Bags and Supplies Inc.

معزز حصص داران

نیشنل فوڈ ڈولپمنٹ کے ڈائریکٹرز باسرت 31 دسمبر 2017 کو ختم ہونے والے ششماہی کی کارکردگی رپورٹ بمع عبوری مالیاتی گوشوارے پیش کر رہے ہیں

کاروباری کارکردگی کا جائزہ

بنیادی کاروبار

کمپنی نے اپنے بنیادی کاروبار میں بہترین کارکردگی پیش کی اور خالص فروخت کی شرح کو ڈبل ڈیجٹ پیداوار تک پہنچا دیا۔ اس سال دو کلیدی مقاصدِ حکمتِ عملی میں نمایاں ترقی کی گئی، مثال کے طور پر (i) آمدنی کی تبدیلی (Revenue Transformation) اور (ii) لاگت کی تبدیلی (Cost Transformation)۔ ان اقدامات کے نتیجے میں مجموعی منافع بہتر ہوا۔ طویل مدت مقاصد کے پیش نظر کمپنی نے برانڈ کی تعمیر، بنیادی ڈھانچے اور تنظیمی صلاحیت میں اضافے کے لئے سرمایہ کاری کی۔ ان اقدامات کے ذریعے قلیل مدت میں منافع متاثر ہوا لیکن طویل مدت میں پورٹ فولیو کے تنوع میں عمل انگیز ثابت ہوگا۔

نئی اشیاء مثلاً (Snacks and Mayonnaise) جن کو سال کی پہلی سہ ماہی میں متعارف کیا گیا، جنہوں نے بہترین کارکردگی دکھائی۔ ان مصنوعات کو صارفین کی جانب سے سراہا گیا اور کمپنی اپنے پورٹ فولیو کے تنوع کو طویل مدت تک فعال رکھنے کے لئے ان اشیاء پر سرمایہ کاری کرتی رہے گی۔

اہم کیلگری کا جائزہ:

اس عرصے میں مارکنگ اور صارفین کو شامل رکھنے کے لئے مختلف سرگرمیاں کی گئیں، بشمول

- جدید اور عمومی تجارت (Modern and General Trade) میں خریداروں کو متحرک رکھنے کے ساتھ ہی سہولت کی بنیاد پر موضوعاتی مہم " لذت بھری سہولت " نشر کی گئی۔ دوسری سہ ماہی میں کمپنی کی بنیادی مصنوعات کے مارکیٹ شیئر کو بڑھانے کے لئے ساشے (Sachet) مہم کی گئی۔
- پلین اسپائسز (Plain Spices) پورٹ فولیو کی حمایت چکن کمیونٹی مہم کو دوبارہ نشر کر کے کی گئی، نمک کو بھی تشہیر کے لئے مہم کا حصہ بنایا گیا۔



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