



COMPLETING
YOUR KITCHEN
CABINET FOR
GENERATIONS

Third
Quarterly Report
2015



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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 12 categories. NFL holds ISO 9001, ISO 22000 and HACCP certifications along with SAP business technology to drive its strong commitment to quality and management excellence.



NFL is an international brand sold in over 45 countries and aims to become a Rs. 50 billion company under its 20/20 vision.

NFL is dedicated to improving the well-being of society not only through the continuous development of innovative food products but also by means of its wide ranging corporate social responsibility programs.





Board of Directors

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

Audit Committee

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

Human Resource and Remuneration Committee

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

Chief Financial Officer

Mr. Rafiq ul Islam

Company Secretary

Mr. Farhan Latif

Head of Internal Audit and Secretary Audit Committee

Mr. Shahid Hussain

Internal Auditors

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

Company Management

Mr. Abrar Hasan	Chief Executive Officer
Mr. Shakaib Arif	Chief Operating Officer
Mr. Rafiq ul Islam	Chief Financial Officer
Mr. Kamal Baig	Chief Operating Officer-International Division
Mr. Adnan Malik	Chief Commercial Officer-Local Division
Ms. Saira A. Khan	General Manager-HR, Admin & IR

Auditors

Messers. A.F. Ferguson & Co.

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

Share Registration Office

Central Depository Company of Pakistan Limited

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

Principal Bankers

Bank Al-Habib Limited

Main Branch, Karachi.
S.I.T.E. Branch, Karachi
New Garden Town Branch, Lahore
Port Qasim Authority Branch, Karachi
S.I.T.E. Branch, Karachi
Clifton Branch, Karachi
16, Abdullah Haroon Road, Karachi
PNSC Building Branch, Karachi
S.I.T.E. Branch, Karachi
Main Branch, Karachi
Shaheen Complex Branch, Karachi
M.T. Khan Road Branch, Karachi
Main Branch, Karachi
Main Branch, Karachi

Bank Al Falah Limited (Islamic Banking Group)

BankIslami Pakistan Limited

Dubai Islamic Bank Pakistan Limited

Faysal Bank Limited

National Bank of Pakistan

Habib Bank Limited

Habib Metropolitan Bank Limited

MCB Bank Limited

Meezan Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

REGISTERED OFFICE

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

SITE PLANT

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

PORT QASIM PLANT

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

MURIDKE PLANT

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

GUJRANWALA PLANT

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

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

Fellow Shareholders,

The Directors of your Company are pleased to present the condensed interim financial statements of your Company for the Third Quarter ended March 31, 2015.

During this quarter, Pakistan's economy appreciated a sustained improvement on the inflationary front along with rising reserves and curtailed current deficit. Further, driven by the low inflationary spell, the discount rate has been reduced to 8%, which along with stability in exchange rates provided support to the economy.

The momentum gained in the last three quarters was sustained and we are pleased to report a double digit growth in Revenue of 21.97%, driven by volume growth of 15.89%. (7.0% July 2013 - March 2014).

During period under review NFL received PAS award for Ketchup Zaroori - Culinary, National ka Pakistan - Passion for Pakistan and Recipe Princess. "AsliteKhalis" aimed to provide awareness to the rural consumers via BTL activation covering more than 75 towns in Punjab and KPK. National Made Easy and National Jashan-e-Zaiqa are innovative ways to enhance the consumer experience. In short, during the nine months period, we continued to invest competitively and strategically behind our brands.

NFL sustained growth is also attributable to other key functions who have worked relentlessly to ensure that our progress towards vision 20/20 remains on track.

The success of your company in the year 2014-15 makes itself visible in the following statistics:

	July-Mar 2014-15 PKR Million	July-Mar 2013-14 PKR Million	Change %
Net Sales	8,026	6,728	19.3%
Gross Profit	2,714	2,421	12.1%
% of Net sales	33.8%	35.9%	-218bps
Operating Profit	945	826	14.4%
% of Net sales	11.8%	12.3%	-50bps
Net Profit After Tax	632	499	26.6%
% of Net Sales	7.9%	7.4%	50 bps
Earnings per Share	6.10	4.82	26.6%

Sales:

Net Sales for the 9 months period was PKR 8billion registering growth of 19.3% compared to the same period last year. Growth was recorded in all key categories including Recipes, Ketchup & Sauces and Pickle.

Gross Profit:

Increased investment in trade activities and upsurge in cost of agricultural produce, primarily red chili has resulted in decline of gross margin by 218 bps vs. same period last year.

Operating Profit:

The operating profit for the 9 months period stands at PKR 0.9 billion recording growth of 14.4% vs. corresponding period last year. This was achieved through processes overview and cost optimization.

Earnings per share:

EPS has registered growth of 26.6% vs corresponding period last year reflecting combined impact of sales growth and effective cost management.

Future Outlook:

Your company will continue to create value through investments, innovations and improvement of operations. We will strive to continue the momentum achieved (July 14-March-15) and stay focused to counter the economic and competitive challenges that will come our way.



A. Majeed
Chairman

Karachi
April 23, 2015



**Unconsolidated Condensed Interim
Financial Information
March 31, 2015**

Unconsolidated Condensed Interim Balance Sheet

As at March 31, 2015

		(Unaudited) March 31, 2015	(Audited) June 30, 2014
(Rupees in thousand)			
ASSETS			
Non-Current Assets			
	5	1,362,225	1,239,996
Property, plant and equipment		41,292	36,128
Intangibles		31,719	31,719
Long term investment - subsidiary		34,207	22,125
Long term deposits		1,469,443	1,329,968
Current Assets			
Stores, spare parts and loose tools		5,654	5,534
Stock in trade		2,361,557	2,226,562
Trade debts		856,116	796,624
Advances		46,618	52,307
Trade deposits and prepayments		28,303	18,076
Other receivables		21,002	13,375
Investments in mutual fund units - at fair value through profit or loss	6	383,501	461,585
Cash and bank balances		38,121	78,418
		3,740,872	3,652,481
		5,210,315	4,982,449
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	7	518,034	518,034
Unappropriated profit		1,907,407	1,689,884
		2,425,441	2,207,918
NON-CURRENT LIABILITIES			
Deferred tax		118,945	114,920
Retirement benefits obligations		37,231	29,735
		156,176	144,655
CURRENT LIABILITIES			
Trade and other payables	8	1,809,522	1,372,410
Accrued interest / mark up		1,541	11,341
Short term borrowings	9	249,733	953,789
Taxation - Provision less payments		474,558	168,004
Due to the government - sales tax payable		93,344	124,332
		2,628,698	2,629,876
		2,784,874	2,774,531
COMMITMENTS			
	10	5,210,315	4,982,449

The annexed notes 1 to 16 form an integral part of this financial information.


Chief Executive


Director

Unconsolidated Condensed Interim Profit and Loss Account

For the nine months ended March 31, 2015 - Unaudited

	Note	Quarter ended		Nine Months ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees in thousand)					
Net Sales					
Local		2,156,158	1,866,412	7,187,090	6,009,982
Export		325,254	272,717	839,237	717,618
		2,481,412	2,139,129	8,026,327	6,727,600
Cost of sales		(1,721,186)	(1,412,374)	(5,312,466)	(4,306,201)
Gross profit		760,226	726,755	2,713,861	2,421,399
Distribution costs		(415,967)	(387,576)	(1,440,610)	(1,315,378)
Administrative expenses		(106,454)	(93,170)	(332,800)	(268,034)
Other expenses		(20,377)	(15,586)	(79,674)	(59,083)
Other income		29,753	(308)	84,622	47,336
Profit from operations		247,181	230,115	945,399	826,240
Finance costs		(8,634)	(23,471)	(30,393)	(67,719)
Profit before taxation		238,547	206,644	915,006	758,521
Taxation		(69,030)	(73,628)	(283,056)	(259,239)
Profit after taxation		169,517	133,016	631,950	499,282
Other comprehensive income		-	-	-	-
Total comprehensive income		169,517	133,016	631,950	499,282
			(Re-stated)		(Re-stated)
Earnings per share - Basic and diluted (Rupees)	11	1.64	1.28	6.10	4.82

The annexed notes 1 to 16 form an integral part of this financial information.


Chief Executive


Director



Unconsolidated Condensed Interim Statement of Cash Flows

For the nine months ended March 31, 2015 - Unaudited



	Note	March 31, 2015	March 31, 2014
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,258,109	666,908
Finance cost paid		(40,193)	(72,971)
Income tax refund (net)		27,523	25,790
Retirement benefit obligation paid		-	(3,811)
Net increase in long term deposits		(12,082)	(12,816)
Net cash from operating activities		1,233,357	603,100
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(263,022)	(287,302)
Sale proceeds on disposal of property, plant and equipment		18,654	6,310
Purchase of open ended mutual fund units		-	(100,000)
Sale proceeds of open ended mutual fund units		105,242	-
Purchase of intangible assets		(18,549)	(10,653)
Net cash used in investing activities		(157,675)	(391,645)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		400,000	150,000
Repayment of short term borrowings		(700,026)	(330,000)
Dividend paid		(411,923)	(166,129)
Net cash used in financing activities		(711,949)	(346,129)
Net increase / (decrease) in cash and cash equivalents		363,733	(134,674)
Cash and cash equivalents at beginning of the period		(475,345)	33,640
Cash and cash equivalents at end of the period	13	(111,612)	(101,034)

The annexed notes 1 to 16 form an integral part of this financial information.


Chief Executive


Director

Unconsolidated Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2015 - Unaudited

	Issued subscribed and paid up capital	Unappropriated Profit	Total
	(Rupees in thousand)		
Balance as at June 30, 2013 (Re-stated)	414,427	1,254,320	1,668,747
Profit for the nine months ended March 31, 2014	-	499,282	499,282
Issue of 2.5 bonus shares for every 10 shares held	103,607	(103,607)	-
Final dividend for the year ended June 30, 2013 @ Rs 4.00 per share	-	(165,771)	(165,771)
Balance as at March 31, 2014	518,034	1,484,224	2,002,258
Profit for the three months ended June 30, 2014	-	209,210	209,210
Other comprehensive income for the year ended June 30, 2014	-	(3,550)	(3,550)
Balance as at June 30, 2014	518,034	1,689,884	2,207,918
Profit for the nine months ended March 31, 2015	-	631,950	631,950
Final dividend for the year ended June 30, 2014 @ Rs 8.00 per share	-	(414,427)	(414,427)
Balance as at March 31, 2015	518,034	1,907,407	2,425,441

The annexed notes 1 to 16 form an integral part of this financial information.


Chief Executive


Director

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standards No. 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

2.1 Changes in accounting standards, interpretations and pronouncements

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

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

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2014 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

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

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

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

For the nine months ended March 31, 2015 - Unaudited

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the company for the year ended June 30, 2014.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANGEMENT

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

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2014.

The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2014.

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

For the nine months ended March 31, 2015 - Unaudited

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Operating assets - at net book value - Note 5.2

Capital Work in Progress - at cost
Civil work in progress
Plant & machinery
Advance against acquisition of Land

(Unaudited) March 31, 2015	(Audited) June 30, 2014
(Rupees in thousand)	
1,091,762	1,141,449
90,565	31,575
112,942	31,139
66,956	35,833
1,362,225	1,239,996

5.2 Additions & Disposals during the period

Additions

Leasehold Land
Building on Leasehold land
Plant & machinery
Motor vehicles - Owned
Furniture & fittings
Computers
Others

(Unaudited) March 31, 2015	(Undited) March 31, 2014
(Rupees in thousand)	
100	35,326
2,301	5,764
31,496	20,147
17,448	3,267
2,315	904
21,460	12,379
8,145	6,620
83,265	84,407

Disposals - Net Book Value

Building
Plant & Machinery
Furniture & Fixtures
Motor Vehicles
Office Equipment
Computer equipment

-	1,979
-	3,061
-	8
12,594	666
61	-
76	194
12,731	5,908

6. INVESTMENTS - at fair value through profit or loss

These represent investment in open ended mutual funds (quoted). The details of investment are as follows:

HBL Money Market Fund
NAFA Money Market Fund
MCB Dynamic Cash Fund
MCB Dynamic Cash Optimizer
ABL Cash Fund
Primus Daily Reverse Fund
Askari High Yield Scheme

(Unaudited) March 31, 2015	(Audited) June 30, 2014
(Rupees in thousand)	
140,081	131,928
67,034	62,929
61,319	55,417
56,067	52,671
-	52,619
-	51,976
59,000	54,045
383,501	461,585

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

For the nine months ended March 31, 2015 - Unaudited

10. COMMITMENTS

Aggregate commitments for capital expenditure as at March 31, 2015 amounted to Rs. 152 million (June 30, 2014 : Rs. 38.1 million)

11. EARNING PER SHARE

	(Unaudited) March 31, 2015	(Unaudited) March 31, 2014
(Rupees in thousand)		
Profit after taxation attributable to ordinary shareholders	631,950	499,282
		(Re-stated)
Weighted average number of shares in issue during the period	103,607	103,607
Earning per share - basic and diluted (Rs.)	6.10	4.82

The weighted average number of shares as at March 31, 2014 have been increased to reflect share split during the period, as explained in note 7.

There were no convertible dilutive potential ordinary shares in issue as at March 31, 2014 and 2015.

12. CASH FLOW FROM OPERATIONS

	(Unaudited) March 31, 2015	(Unaudited) March 31, 2014
(Rupees in thousand)		
Profit before taxation	915,006	758,521
Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	127,801	106,271
Amortization on intangibles	13,385	5,270
Finance cost	30,393	67,719
Gain on disposal of property, plant and equipment	(5,923)	(401)
Property, plant and equipment written off	261	-
Gain on re-measurement of fair value of investment in mutual fund units	(27,158)	(22,465)
Deferred Liability - Retirement benefits	7,496	3,068
Exchange gain	(16,570)	(11,652)
Working capital changes	213,418	(239,423)
	343,103	(91,613)
Cash generated from operations	1,258,109	666,908

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

For the nine months ended March 31, 2015 - Unaudited

	(Unaudited) March 31, 2015	(Unaudited) March 31, 2014
(Rupees in thousand)		
12.1 Effect on cash flow due to working capital changes		
(Increase) / Decrease in current assets		
Stores, spares and loose tools	(120)	61
Stock in trade	(134,995)	(353,587)
Trade debts	(42,922)	170,810
Advances	5,689	12,964
Deposits and prepayments	(10,227)	(20,115)
Other receivables	(7,627)	2,145
	(190,202)	(187,722)
Increase / (Decrease) in current liabilities		
Trade and other payables	434,608	1,651
Due to the government	(30,988)	(53,352)
	403,620	(51,701)
	213,418	(239,423)
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	38,121	163,043
Running finance under mark up arrangements	(149,733)	(264,077)
	(111,612)	(101,034)

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

For the nine months ended March 31, 2015 - Unaudited

14. TRANSACTIONS WITH RELATED PARTIES

Relationship with the Company	Nature of transaction	(Unaudited)	(Unaudited)
		March 31,	March 31,
		(Rupees in thousand)	
Subsidiary Company:	Commission expense	25,139	56,349
	Sale of goods	527,266	-
Associated Companies / Undertakings:	Sale of goods	762,134	541,958
	Purchase of goods	-	32,329
	Rent payment	6,169	6,262
Staff retirement funds:	Expense charged for defined contribution plan	20,316	16,465
	Payments to retirement contribution plan	45,322	40,790
Directors:	Technical advisory services	7,245	10,800
Key management personnel compensation:			
	Salaries and other short-term employee benefits	126,920	110,763
	Retirement benefits	10,371	4,471
	Post retirement benefits of Executive Directors	7,496	3,068

15. SEASONALITY

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

16. DATE OF AUTHORISATION

This condensed interim financial information was authorized for issue on April 23, 2015 by the Board of Directors of the company.



Chief Executive



Director



**Consolidated Condensed Interim Financial Information
March 31, 2015**



Consolidated Condensed Interim Balance Sheet

As at March 31, 2015



	Note	(Unaudited) March 31, 2015	(Audited) June 30, 2014
(Rupees in thousand)			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,362,334	1,240,154
Intangibles		41,292	36,128
Long term deposits		34,991	22,125
		1,438,617	1,298,407
Current Assets			
Stores, spare parts and loose tools		5,654	5,534
Stock in trade		2,361,603	2,230,385
Trade debts		809,299	800,356
Advances		49,715	54,131
Trade deposits and prepayments		28,303	18,836
Other receivables		21,002	11,090
Investments		383,501	461,585
Cash and bank balances		217,263	98,775
		3,876,340	3,680,692
		5,314,957	4,979,099
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	6	518,034	518,034
Unappropriated profit		1,924,142	1,721,912
Exchange revaluation reserve		677	(1,129)
		2,442,852	2,238,817
NON-CURRENT LIABILITIES			
Deferred tax		118,945	114,920
Retirement benefits obligations		37,231	29,735
		156,176	144,655
CURRENT LIABILITIES			
Trade and other payables		1,882,156	1,336,682
Accrued interest / mark up		1,541	11,341
Short term borrowings	7	264,330	955,268
Taxation - Provision less payments		474,558	168,004
Due to the government - sales tax payable		93,344	124,332
		2,715,929	2,595,627
COMMITMENTS			
	8	5,314,957	4,979,099

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



Chief Executive



Director

Consolidated Condensed Interim Profit and Loss Account

For the nine months ended March 31, 2015 - Unaudited



	Note	Quarter Ended		Nine Months Ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees in thousand)					
Net sales					
Local		2,160,253	1,866,412	7,187,090	6,009,982
Export		346,368	272,717	888,087	717,618
		2,506,621	2,139,129	8,075,177	6,727,600
Cost of sales		(1,718,727)	(1,412,374)	(5,315,484)	(4,306,201)
Gross profit		787,893	726,755	2,759,693	2,421,399
Distribution cost		(437,326)	(380,828)	(1,496,418)	(1,294,618)
Administrative expenses		(106,454)	(93,170)	(332,800)	(268,034)
Other operating expenses		(20,377)	(15,586)	(79,674)	(59,083)
		564,157	489,584	1,908,892	1,621,735
Other income		29,753	(714)	84,622	46,878
Profit from operations		253,489	236,457	935,423	846,542
Finance costs		(11,101)	(23,560)	(35,709)	(67,992)
Profit before taxation		242,388	212,897	899,713	778,550
Taxation		(69,030)	(73,628)	(283,056)	(259,239)
Profit after taxation		173,358	139,269	616,657	519,311
Other comprehensive income		456	(4,216)	1,806	(1,290)
Total comprehensive income		173,813	135,053	618,463	518,021
			(Re-stated)		(Re-stated)
Earnings per share - Rupees	9	1.67	1.34	5.95	5.01

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


Chief Executive


Director



Consolidated Condensed Interim Cash Flow Statement

For the nine months ended March 31, 2015 - Unaudited



	Note	March 31, 2015	March 31, 2014
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	10	1,409,626	683,792
Finance cost paid		(45,509)	(73,244)
Income tax refund / (paid)		27,523	25,790
Retirement benefit obligation paid		-	(3,811)
Net increase in long term deposits		(12,866)	(13,570)
Net cash from operating activities		1,378,774	618,957
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(263,032)	(287,302)
Sale proceeds on disposal of property, plant and equipment		18,915	6,310
Purchase of open ended mutual fund units		-	(100,000)
Sale proceeds of open ended mutual fund units		105,242	-
Purchase of intangible assets		(18,549)	(10,653)
Net cash used in investing activities		(157,424)	(391,645)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short term borrowings obtained		400,000	150,000
Repayment of short term borrowings		(700,026)	(330,000)
Dividend paid		(411,923)	(166,129)
		(711,949)	(346,129)
Net increase / (decrease) in cash and cash equivalents		509,401	(118,817)
Cash and cash equivalents at beginning of the period		(456,467)	50,426
Cash and cash equivalents at end of the period	11	52,934	(68,391)

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


Chief Executive


Director

Consolidated Condensed Interim Statement of Changes in Equity

For the nine months ended March 31, 2015 - Unaudited



	Issued subscribed and paid up capital	Unappropriated profit	Exchange Revaluation Reserve	Total
(Rupees in thousand)				
Balance as at June 30, 2013 (Re-stated)	414,427	1,260,240	33	1,674,700
Issue of 2.5 bonus shares for every 10 shares held	103,607	(103,607)	-	-
Final dividend for the year ended June 30, 2013 @ Rs 4 per share	-	(165,772)	-	(165,772)
Profit for nine months ended March 31, 2014	-	519,311	-	519,311
Other comprehensive income for nine months ended March 31, 2014	-	-	(1,290)	(1,290)
Balance as at March 31, 2014	518,034	1,510,172	(1,257)	2,026,949
Other comprehensive income for the three months ended March 31, 2014	-	(3,550)	128	(3,422)
Profit for the three months ended March 31, 2014	-	215,290	-	215,290
Balance as at June 30, 2014	518,034	1,721,912	(1,129)	2,238,817
Final dividend for the year ended June 30, 2014 @ Rs 8.00 per share	-	(414,427)	-	(414,427)
Other comprehensive income for nine months ended March 31, 2015	-	-	1,806	1,806
Profit for nine months ended March 31, 2015	-	616,657	-	616,657
Balance as at March 31, 2015	518,034	1,924,142	677	2,442,852

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


Chief Executive


Director



1. THE GROUP AND ITS OPERATIONS

1.1 The group consists of:

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

National Foods Limited

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

National Foods DMCC

National Foods DMCC was registered on 7 November 2012 in Dubai Multi Commodities Centre ("DMCC") pursuant to Dubai (DMCC) Law No. 4 of 2001 and operates in the United Arab Emirates ("UAE") under a trade license issued by DMCC. The registered address of the company is Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. O1 Jumeirah Lakes Towers Dubai, United Arab Emirates. The company is a wholly owned subsidiary of National Foods Limited, Pakistan.

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

National Foods DMCC also has following two wholly owned subsidiaries:

a) National Epicure Inc.

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

b) National Foods Pakistan (UK) Limited

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

1.2 Basis of consolidation

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

All inter-company balances and transactions have been eliminated.



2. BASIS OF PREPARATION

The condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standards No. 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2014.

2.1 Changes in accounting standards, interpretations and pronouncements

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

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

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

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2014 are considered not to be relevant for Group's financial statements and hence have not been detailed here.

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

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

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

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

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

For the nine months ended March 31, 2015 - Unaudited



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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the group for the year ended June 30, 2014.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANGEMENT

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

Judgements and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to financial statements as at and for the year ended June 30, 2014.

The group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2014.

5. PROPERTY, PLANT AND EQUIPMENT

5.1 Operating assets - at net book value - Note 5.2

Capital work in progress - at cost

Civil work in progress

Plant and machinery

Advance against acquisition of land

(Unaudited) March 31, 2015	(Audited) June 30, 2014
(Rupees in thousand)	
1,091,871	1,141,607
90,565	31,575
112,942	31,139
66,956	35,833
1,362,334	1,240,154

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

For the nine months ended March 31, 2015 - Unaudited



5.2 Additions and Disposals during the period

Additions

	Nine Months Ended	
	March 31, 2015	March 31, 2014
	(Rupees in thousand)	
Leasehold land	100	35,326
Building on leasehold land	2,301	5,764
Plant and machinery	31,496	20,147
Motor vehicles - Owned	17,448	3,267
Furniture and fittings	2,315	904
Computers	21,541	12,379
Others	8,145	6,620
	83,346	84,407

Disposals - Net Book Value

Building	-	1,979
Plant & Machinery	-	3,061
Office Equipment	61	-
Furniture & Fixtures	-	8
Motor vehicles	12,594	666
Computer equipment	76	194
	12,731	5,908

6. SHARE CAPITAL

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

Authorised share capital

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

Issued, subscribed and paid-up capital

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

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

For the nine months ended March 31, 2015 - Unaudited



	March 31, 2015	June 30, 2014
(Rupees in thousand)		
7. SHORT TERM BORROWINGS		
Running finance under mark up arrangements	164,330	555,242
Murabaha loan - note 7.1	-	26
Export re-finance	100,000	300,000
Short term loan - note 7.2	-	100,000
	264,330	955,268

7.1 During the period, the Company has utilised export re-finance and running finance facility from a bank carrying markup at the range of 6% and range from KIBOR plus 0.4% to KIBOR plus 0.5% per annum respectively. These arrangements are secured by way of pari-passu charge over Company's movable assets and trade debts.

7.2 During the period, the Company repaid short term loan carrying mark up at the rate of KIBOR plus 0.1% per annum. The arrangement has a maximum term of 6 months and is secured by way of pari-passu charge over Company's stocks and book debts.

8. COMMITMENTS

Aggregate commitments for capital expenditure as at March 31, 2015 amounted to Rs 152 million (June 30, 2014: Rs 38.1 million).

	Nine Months Ended	
	March 31, 2015	March 31, 2014
(Rupees in thousand)		
9. EARNINGS PER SHARE		
Profit after taxation attributable to ordinary shareholder	616,657	519,311
		(Re-stated)
Weighted average number of shares in issue during the period	103,607	103,607
Earnings per share - Rupees	5.95	5.01

The weighted average number of shares as at March 31, 2014 have been increased to reflect share split during the period, as explained in note 6.

There were no convertible dilutive potential ordinary shares in issue as at March 31, 2014 and 2015.

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

For the nine months ended March 31, 2015 - Unaudited



	Nine Months Ended	
	March 31, 2015	March 31, 2014
(Rupees in thousand)		
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation	899,713	778,550
Adjustments for non-cash charges and other items		
Depreciation on property, plant and equipment	127,860	106,271
Retirement benefits expense	7,496	3,068
Amortisation of intangibles	13,385	5,270
Profit on disposal of property, plant and equipment	(5,923)	(401)
Property, plant and equipment written off	261	-
Gain on re-measurement of fair value of open ended mutual fund units	(27,158)	(22,465)
Unrealised foreign exchange gains - net	1,806	(1,290)
Exchange gain	(15,067)	(11,652)
Finance cost	33,946	67,992
Working capital changes	373,308	(241,550)
	509,913	(94,758)
Cash generated from operations	1,409,626	683,792
10.1 EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	(120)	61
Stock in trade	(131,218)	(353,587)
Trade debts	7,627	169,896
Advances	4,416	12,687
Deposits and prepayments	(9,467)	(19,354)
Other receivables	(9,912)	934
	(138,674)	(189,363)
(Decrease) / increase in current liabilities		
Trade and other payables	542,970	1,165
Due to the government	(30,988)	(53,352)
	373,308	(241,550)
11. CASH AND CASH EQUIVALENTS		
Cash and bank balances	217,263	195,687
Running finance under mark up arrangements	(164,330)	(264,078)
	52,934	(68,391)

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

For the nine months ended March 31, 2015 - Unaudited



12. TRANSACTIONS WITH RELATED PARTIES

Relationship with the group	Nature of transactions	Nine Months ended	
		March 31, 2015	March 31, 2014
(Rupees in thousand)			
Associated companies / Undertakings:	Sale of goods	762,134	541,958
	Purchase of goods	-	32,329
	Rent Payment	6,169	6,262
Staff retirement fund:	Expense charged for defined contribution plan	20,316	16,465
	Payments to retirement contribution plan	45,322	40,790
Directors	Technical advisory services	7,245	10,800
Key management compensation:			
	Salaries and other short-term employee benefits	126,920	110,763
	Contribution to Provident Fund	10,371	4,471
	Post retirement benefits of Executive Directors	7,496	3,068

13. SEASONALITY

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

14. DATE OF AUTHORISATION OF ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors of the group on April 23, 2015.


Chief Executive


Director



National Foods Limited
Website: www.nfoods.com

