

# We Enrich Lives & Lifestyles



National Foods Limited  
Quarterly Report 2023

National Foods Limited

Quarterly Report 2023



National Foods Limited

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Civil Lines, Karachi.  
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[www.nfoods.com](http://www.nfoods.com)





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# About the Company

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## Our Story

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National Foods continues to spread happiness by offering authentic flavors, and re-uniting people with their longstanding Pakistani heritage.

# 250

Products

# 12

Categories

# HACCP

Certified

We began our journey in 1970 as a spices company with a product that brought the idea of clean and healthy foods to life. Since then, we resolved to make hygienic food, reduce time spent in the kitchens, and foster good health. And on a daily basis, we strive to elevate our communities and create a better lifestyle for those around us.

Since inception in 1970, National Foods has evolved into a leading multi-category food company that produces 250 different products across 13 categories. We hold ISO 9001, ISO 45001, ISO 22000 and HACCP certifications along with SAP Business Technologies to ensure that our customers receive the highest quality products. With a strong commitment to quality and operational excellence, we are integrating our systems with SAP S/4HANA, the latest ERP business suite for large conglomerates.

We constantly Inspire New Traditions and have already successfully expanded our global footprint across 40 countries in 5 continents. At National Foods, we're creating food that enriches the lives of people everywhere.



## Vision & Mission

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### Vision

Creating food that enriches the lives of people everywhere.

### Mission

We will achieve our vision by designing and manufacturing food and related products, conforming to international standards and guidelines for nutrition, health, wellness and quality, bringing joy and happiness to people everywhere.



# Core Values



## Go Above and Beyond

- We love what we do
- We have the courage to question the status quo
- We think big and create new possibilities
- We bring positive energy to everything we do
- We are driven by new challenges and learning opportunities



## Prioritize Customer Experience (Internal & External)

- We continuously seek to understand and identify customer needs
- We focus on providing convenience and value to our customers
- We listen to our customers and treat them with respect
- We are clear and transparent in our communication
- We consider all customer touchpoints to offer the best possible solution



## Trust Each Other and Achieve Together

- We work collaboratively across organizational boundaries on common objectives
- We respect each other's ideas and opinions
- We give constructive and candid feedback
- We share knowledge and experiences to help each other develop
- We celebrate the wins together



## Lead, Commit and Deliver the Best

- We set a clear direction for our deliverables
- We make decisions which result in increased productivity and efficiencies
- We develop proactive solutions to overcome current or potential challenges
- We work on continuous performance improvement and learning
- We strive to consistently add value to the business and the environment



## Own It and Deliver It

- We lead by example
- We are responsible for all our actions and decisions
- We empower ourselves and take initiatives to meet business needs
- We own our growth and development
- We are responsible for the safety and well-being of ourselves and our community



# Stakeholders Information

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# Company Information

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## Board of Directors

Mr. Zahid Majeed	Chairman
Mr. Abrar Hasan	Chief Executive Officer
Mr. Ehsan Ali Malik	Director
Mr. Ali H. Shirazi	Director
Mr. Adam Fahy Majeed	Director
Mrs. Saadia Naveed	Director
Mrs. Noreen Hasan	Director

## Audit Committee

Mr. Ehsan Ali Malik	Chairman
Mrs. Saadia Naveed	Member
Mrs. Noreen Hasan	Member

## Human Resource and Remuneration Committee

Mr. Ali H. Shirazi	Chairman
Mrs. Noreen Hasan	Member
Mr. Ehsan Ali Malik	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

Ms. Quratulain Mamsa

## Internal Auditors

EY Ford Rhodes

## Company Management

Mr. Abrar Hasan	Chief Executive Officer
Mr. Aeجاز Abbas Basrai	Chief Commercial Officer – Culinary
Mr. Ahmed Salman	Director Supply Chain
Mr. Hasan Sarwat	Chief Commercial Officer – Condiments
Mr. Saleem Khilji	Director Manufacturing
Mr. Shah Abdullah Raza	Director IT & Digital Transformation
Mr. Syed Farhan Ali Rizvi	Director Corporate Finance

## Auditors

Messrs. KPMG Taseer Hadi & Co. Chartered Accountants	Shaikh Sultan Trust Building No. 2 Beaumont Road, Karachi.
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## Share Registration Office

CDC Share Registrar Services Limited	CDC House, 99-B, Block B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400. Tel: (92-21) 111-111-500 Fax: (92-21) 34326031
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## Company Banks

Bank Al Habib Limited	Meezan Bank Limited	Al Meezan Investments
Bank Alfalah Limited (Islamic Banking Group)	United Bank Limited	Faysal Bank Limited
National Bank of Pakistan	Habib Bank AG Zurich	Allied Bank Limited
Habib Bank Limited	MCB Dubai	Habib Bank Limited (UK)
Habib Metropolitan Bank Limited	Toronto Dominion Canada Trust Bank	
MCB Bank Limited	Bank of Montreal	
	Business Development Bank of Canada	

## Registered Office

12/CL-6 Claremont Road, Civil Lines, Karachi-75530  
Phone: (92-21) 38402022 & 36490029  
Fax: (92-21) 35670996

## SITE Plant

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

## Port Qasim Plant

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

## Gujranwala Plant

53-KM G.T. Road, Chainwala Mord Amanabad,  
Gujranwala near Gujranwala Kamoki Tool Plaza.  
Phone: 055-3409560, 3409660

## Nooriabad Plant

A 393 Nooriabad Industrial Estate,  
Nooriabad, Karachi.  
Phone: 03000335287

**Web Presence:** Updated company information and the latest Annual Report can be accessed at: [www.nfoods.com](http://www.nfoods.com)



# Corporate Governance

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# Directors' Report

## Fellow Shareholders,

The Directors of National Foods Limited are pleased to present the unaudited financial results of the Company, which includes both stand-alone and consolidated financial statements, for the nine months ended March 31, 2023.

## Business Performance Overview

### Economic environment

Macro-Economic conditions remained depressed during the nine months of the current fiscal year. A prolonged period of global inflation and political instability, coupled with increasing cost of funding have negatively impacted the GDP growth. The current account deficit declined vs SPLY mainly as a result of curtailed imports on back of restrictions and slowed down economic activity, while exports and foreign remittances remained sluggish.

## Operating and financial performance

### Core business

Our business has managed to maintain its top line with a 10% growth on the core business. Gross margins improved by 2.5%, which primarily was a price led growth taken to counter material price inflation. Operating Profit registered a 0.4% decline due to higher Admin and Selling expenses. Dollar appreciation partly offset the impact of super tax and rising finance cost ensuring minimum impact on our bottom line.

International business remained strained as a consequence of a sharp global downtrend in overall consumption and demand.

### A1 Bags & Supplies Inc.

Net sales grew by 80% mainly in the Packaging, Frozen, and Beverage segment as the inflation slows down in Canada. The business has shown remarkable growth in its profitability with the Operating Profit up by 114% and Net Profitability increasing by 119%.

Key financial numbers of the Group for the fiscal year are summarized below:

Amounts in PKR Million

	Group			Core Business			A1 Bags & Suppliers Inc.		
	9M FY23	9M FY22	Change	9M FY23	9M FY22	Change	9M FY23	9M FY22	Change
Net sales	45,114	32,885	37%	22,259	20,155	10%	22,887	12,730	80%
Gross profit	12,966	9,556	36%	8,257	6,977	18%	4,709	2,579	83%
Operating profit*	4,169	3,115	34%	2,471	2,321	6%	1,722	805	114%
Net profit after tax**	2,551	2,214	15%	1,951	1,861	5%	1,000	456	119%
Earning per share (Rs)	10.9	9.5		8.4	8.0		4.3	2.0	
as % of net sales									
Gross profit	28.7%	29.1%	-0.3%	37.1%	34.6%	2.5%	20.6%	20.3%	0.3%
Operating profit	9.2%	9.5%	-0.2%	11.1%	11.5%	-0.4%	7.5%	6.3%	1.2%
Profit after tax	5.7%	6.7%	-1.1%	8.8%	9.2%	-0.5%	4.4%	3.6%	0.8%

\* Excludes other income and other expenses.

\*\* This includes amortization of Rs.14.3 million (2022: RS.11.2 million) on intangible recognized on consolidation of A1 Bags & Suppliers Inc.

## Marketing and Promotion

### Recipe Masala

- Pre-Ramzan Airing: Sachet copy was aired on TV and Digital platforms to leverage pre-Ramzan buying cycle.
- Karachi Transformation Plan: massive trial generation for BBKK achieved through multiple activities.

### Ketchup:

- Punjab focused cluster activation, with an OoH campaign, focused on building awareness in highly competitive markets in Faisalabad & Gujranwala.
- Working with celebrity Chef to create innovative recipes incorporating National Tomato Ketchup & Chili Garlic Sauce into iftar throughout Ramadan.
- Offering discount vouchers of Bachaa Party to our consumers at MT Activations.
- Collaboration with Kids Land, by creating an animated version of Ketchup Factory.

### Crushed Pickle

- Bundling of Crushed Pickle sachet with 400g Mixed Pickle – offering value in tough economic times
- Dolmen Mall Takeover by Crushed Pickle to build on the brand equity with immersive branding, engagement activities, sampling in the food court generating trials.
- Collaboration in FSD business to build meaningful partnerships and trials by partnering with BBQ tonight, Lal Qila and Chaupal to curate bespoke dishes for Iftar and Sehri with Crushed Pickle along with product placement in the restaurants to generate trials.



Chief Executive Officer

- Collaboration at Ecommerce with Krave Mart to give value added bundles and discounts.

## ATCH & NFL Flood Relief Efforts

ATC Holdings & National Foods have taken the initiative to provide relief to the flood victims in 3 stages of Immediate Relief, Recovery & Rehabilitation. The boards of both companies pledged PKR 55 million out of which PKR 33 million has been disbursed to date. The 5 trustworthy partners include Karachi Relief Trust (KRT), Hisaar Foundation, Indus Hospital, Child Life Foundation & The Citizens Foundation (TCF).

Our relief efforts have resulted in provision of:

- Meals to 52,000 people
- Mosquito nets to 12,000 people
- Support for 22 team members
- 16 water filtration units
- Medical relief to 19,500 patients
- Emergency care for 3,000 children


## Future outlook

The ongoing worldwide trends has had a surging impact on the country's economy which has further aggravated due to the present political turmoil. The import restriction has led to sustainability issues for various local manufacturing sectors resulting in multiple stoppages and exorbitant costs. The management will continue to closely monitor the situation and strategize accordingly to drive business fundamentals and maintain its market leadership position in all major categories through contingency planning.

## Acknowledgement

I would like to express the Board's sincerest gratitude to all internal and external stakeholders for their continued commitment and trust.

On behalf of Board of Directors



Director

# Unconsolidated Condensed Interim Financial Statements

March 31, 2023



## Financial report

### Balance sheet

<b>Assets</b>	
Current assets	1,734,826
Non-current assets	80,905
	1,645,921
<b>Liabilities</b>	
Current liabilities	166,630
Non-current liabilities	110,327
	56,303
<b>Equity</b>	
Paid-in capital	74,393
Retained earnings	72,921
	1,472

### Equity statement

<b>Current year</b>		1,774,576
Comprehensive income		15,897
Issue of share capital		88,905
Dividends		23,853
<b>Previous year</b>		166,630
Comprehensive income		110,327
Issue of share capital		56,303
Dividends		67,876

### Cash flow statement

<b>Operations</b>		12,978,516
Net earnings		12,873,892
Depreciation		104,624
<b>Investing</b>		6,372,535
Real estate		1,385,395
Equipment		4,439,116
<b>Financing</b>		6,505,981
Notes payable		6,505,981

### Income statement

	12,978,516
	12,873,892
	104,624
	6,372,535
	1,385,395
	4,439,116
	6,505,981

## BUSINESS DASHBOARD



## Condensed Interim Unconsolidated Statement of Financial Position (Unaudited)

As at March 31, 2023

	Note	31 March 2023 (Unaudited)	30 June 2022 (Audited)
<b>ASSETS</b>			
<b>(Rupees in '000)</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	8,916,058	7,067,013
Intangibles		71,962	73,943
Long-term investments	6	31,719	45,935
Long-term deposits		41,693	38,444
Deferred assets		53,656	53,656
		<b>9,115,088</b>	<b>7,278,991</b>
<b>Current assets</b>			
Stores, spare parts and loose tools		222,771	168,050
Stock-in-trade	7	8,222,674	6,628,926
Trade debts		1,818,111	1,948,605
Advances		1,911,437	732,502
Deposits and prepayments		167,653	66,005
Short-term investments at FVTPL	8	1,678,032	1,324,795
Cash and bank balances		1,185,876	712,989
		<b>15,206,554</b>	<b>11,581,872</b>
<b>TOTAL ASSETS</b>		<b>24,321,642</b>	<b>18,860,863</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 1,000,000,000 (30 June 2022: 1,000,000,000) ordinary shares of Rs. 5 each		5,000,000	5,000,000
<b>Share capital</b> Issued, subscribed and paid-up capital		1,165,576	1,165,576
<b>Revenue Reserve</b> Unappropriated profit		6,082,051	5,343,575
		<b>7,247,627</b>	<b>6,509,151</b>
<b>Non-current liabilities</b>			
Long-term finance and deferred income	9	3,113,318	255,976
Lease liabilities		8,574	16,671
Deferred taxation - net		252,174	208,878
Long term provisions		9,936	22,461
		<b>3,384,002</b>	<b>503,986</b>
<b>Current liabilities</b>			
Trade and other payables		7,284,919	5,738,658
Contract liability		218,189	93,076
Short-term borrowings	10	4,438,411	4,269,883
Unclaimed dividend		58,674	23,161
Long-term finance and deferred income classified as current - secured	9	93,321	416,215
Mark-up accrued on bank borrowings		321,672	80,072
Taxation - net		1,274,827	1,226,661
		<b>13,690,013</b>	<b>11,847,726</b>
Contingencies and commitments	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>24,321,642</b>	<b>18,860,863</b>

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

## Condensed Interim Unconsolidated Statement of Profit or Loss & Other Comprehensive Income (Unaudited)

For the nine months period ended 31 March 2023

	Note	Quarter ended		Nine months ended	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
<b>(Rupees in thousand)</b>					
Sales	12	9,921,036	8,432,067	21,816,837	19,841,260
Cost of sales		(6,298,868)	(5,404,731)	(13,981,032)	(13,172,872)
<b>Gross profit</b>		<b>3,622,168</b>	<b>3,027,336</b>	<b>7,835,805</b>	<b>6,668,388</b>
Distribution costs		(1,585,880)	(1,520,143)	(4,132,221)	(3,498,785)
Administrative expenses		(446,177)	(466,211)	(1,302,147)	(1,091,862)
Other expenses	13	(152,331)	(65,815)	(244,402)	(146,135)
Other income	14	518,576	109,141	741,195	316,930
<b>Operating Profit</b>		<b>1,956,355</b>	<b>1,084,308</b>	<b>2,898,230</b>	<b>2,248,536</b>
Finance costs		(184,698)	(113,537)	(412,326)	(181,921)
<b>Profit before taxation</b>		<b>1,771,657</b>	<b>970,771</b>	<b>2,485,903</b>	<b>2,066,615</b>
Taxation - net	15	(350,760)	(246,044)	(581,851)	(525,140)
<b>Profit after taxation</b>		<b>1,420,897</b>	<b>724,727</b>	<b>1,904,052</b>	<b>1,541,475</b>
Other comprehensive income		-	-	-	-
<b>Total comprehensive income</b>		<b>1,420,897</b>	<b>724,727</b>	<b>1,904,052</b>	<b>1,541,475</b>
<b>(Rupees)</b>					
<b>Earnings per share - basic and diluted</b>	16	<b>6.10</b>	3.11	<b>8.17</b>	6.61

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

## Condensed Interim Unconsolidated Statement of Cash Flows (Unaudited)

For the nine months period ended March 31, 2023

	Note	31 March 2023	31 March 2022
		(Unaudited)	(Unaudited)
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	17	2,197,189	(612,373)
Finance cost paid		(170,727)	(85,790)
Income taxes paid		(490,389)	(326,073)
Retirement benefits paid		-	(15,621)
Long term deposits - net		(3,249)	(4,359)
<b>Net cash flows from operating activities</b>		<b>1,532,824</b>	<b>(1,044,216)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(2,496,258)	(1,035,861)
Purchase of intangible assets		(11,636)	(17,345)
(Purchase)/ redemption of short term investment - net		(235,216)	914,779
Proceeds from disposal of operating fixed assets		120,018	20,546
<b>Net cash flows from investing activities</b>		<b>(2,623,092)</b>	<b>(117,882)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from short term borrowings - net		(1,250,000)	2,00,000
Lease rental paid		(9,758)	500,000
Proceeds/ (Repayment) of long term finance - net		2,534,447	(397,643)
Dividends paid		(1,130,064)	(929,373)
<b>Net cash flows from financing activities</b>		<b>144,625</b>	<b>(627,016)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(945,641)</b>	<b>(1,789,113)</b>
Cash and cash equivalents at beginning of the period		(2,306,894)	508,132
<b>Cash and cash equivalents at end of the period</b>	18	<b>(3,252,535)</b>	<b>(1,280,981)</b>

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

## Condensed Interim Unconsolidated Statement of Changes in Equity (Unaudited)

For the nine months period ended March 31, 2023

	Issued, subscribed and paid-up capital	Revenue reserve - unappropriated profit	Total
	(Rupees in '000)		
<b>Balance as at 1 July 2021</b>	<b>932,461</b>	<b>4,543,794</b>	<b>5,476,255</b>
<b>Total comprehensive income for the nine months ended 31 March 2022</b>			
- Profit for the nine months period	-	1,541,475	1,541,475
- Other comprehensive income for the nine months period	-	-	-
	-	1,541,475	1,541,475
<b>Transactions with owners recorded directly in equity - distributions</b>			
- 1 ordinary share for each 4 shares held - allotted as bonus shares for the year ended 30 June 2021	233,115	(233,115)	-
- Final dividend for the year ended 30 June 2021 @ Rs. 5 per share	-	(932,462)	(932,462)
<b>Balance as at 31 March 2022</b>	<b>1,165,576</b>	<b>4,919,692</b>	<b>6,085,268</b>
<b>Balance as at 1 July 2022</b>	<b>1,165,576</b>	<b>5,343,575</b>	<b>6,509,151</b>
<b>Total comprehensive income for the nine months period ended 31 March 2023</b>			
- Profit for the nine months period	-	1,904,052	1,904,052
- Other comprehensive income for the nine months period	-	-	-
	-	1,904,052	1,904,052
<b>Transactions with owners recorded directly in equity - distributions</b>			
- Final dividend for the year ended 30 June 2022 @ Rs. 5 per share	-	(1,165,576)	(1,165,576)
<b>Balance as at 31 March 2023</b>	<b>1,165,576</b>	<b>6,082,051</b>	<b>7,247,627</b>

The annexed notes 1 to 21 form an integral part of these condensed interim unconsolidated financial statements.

Chief Executive Officer

Chief Financial Officer

Director

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

## 1. THE COMPANY AND ITS OPERATIONS

**1.1** 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 (now Companies Act, 2017) by a special resolution passed in the extra ordinary general meeting held on 30 March 1988. The Company is principally engaged in the manufacture and sale of convenience based food products. The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

**1.2** The ultimate parent entity of the Company is ATC Holdings (Private) Limited based on control model as provided under IFRS 10 - 'Consolidated Financial Statements'.

These financial statements are separate financial statements of the Company in which investment in a subsidiary is accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements of the company are prepared separately.

**1.3** The manufacturing facilities and sales offices of the Company are situated at the following locations:

### Factories:

- Unit F-160/ C, F- 133, S.I.T.E., Karachi;
- Office A-13, North Western Industrial Zone, Bin Qasim, Karachi;
- 53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala;
- A-393, Nooriabad Industrial Estate, Nooriabad; and
- Plot No. 346 & 347 Phase - 2, M-3 Industrial City, Faisalabad. (Not Operational)

### Sales offices:

- Office No.107, 1st Floor Parsa Tower, Sharah-e-Faisal, Karachi;
- Office No. 309, 3rd floor, Parsa Tower, Sharah-e-faisal Karachi;
- Office No. 84/2 Bomanji Square, Nusrat Road, Adali Colony, Multan;
- 18-CCA (Commercial Area), Phase VIII, DHA Lahore, Cantt;
- Plot No. 25, Din Plaza, Canal Road, Main Gate Canal View Housing Society, Gujranwala; and
- 1st Floor, Bilal Complex, Main PWD Road, Sector O-9, Islamabad.
- Sixteenth Avenue Mall, 16-A Grand Trunk Road Small Industrial Estate-1 Gujranwala

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

## 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except that short term investments are stated at fair values.

## 2.3 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless stated otherwise.

## 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2022.

3.2 Certain amendments and interpretations to International Financial Reporting Standards (IFRS Standards) as notified under the Act became effective for accounting periods beginning on or after July 2022, but they do not have a material effect on these condensed interim unconsolidated financial statements. As such for this reason, these has not been detailed in these interim financial statements.

## 4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The significant estimates and judgements made by the 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 2022.

4.2 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 2022.

## 5. PROPERTY, PLANT AND EQUIPMENT

	Note	31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)			
Operating fixed assets	5.1	4,993,647	4,888,725
Capital work in progress	5.2 & 5.3	3,904,261	2,147,899
Right-of-use assets		18,150	30,389
		<b>8,916,058</b>	<b>7,067,013</b>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

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

	Nine months ended	
	31 March 2023	31 March 2022
	(Rupees in '000)	
<i>Additions / transfers from CWIP</i>		
Freehold land	-	207,080
Building on leasehold land	91,468	113,537
Plant and machinery	441,382	194,480
Computer equipment	13,169	56,602
Vehicles	149,709	83,832
Furniture and fittings	18,063	15,654
Office, laboratory and other equipments	23,020	6,821
	<b>736,811</b>	<b>678,006</b>

Additions to operating fixed assets include transfers of Rs. 185.4 million (31 March 2022: Rs. 224.4 million) from capital work in progress balance as at 30 June 2022.

	Nine months ended	
	31 March 2023	31 March 2022
	(Rupees in '000)	
<i>Disposals - Net book value</i>		
Leasehold land [cost Nil (31 March 2022: Rs. 2.2 million)]	-	1,870
Building [cost Nil (31 March 2022: Rs. 5.6 million)]	-	3,485
Vehicles [cost Rs. 155.87 million (31 March 2022: Rs. 10.6 million)]	130,534	8,816
Plant and machinery [cost Rs. 32.6 million (31 March 2022: Rs. 72.4 million)]	3,437	9,875
Computer equipments [cost Rs. 1.9 million (31 March 2022: Nil)]	20	-

5.2 This includes civil works of Rs. 3,410 million (30 June 2022: Rs.1,908 million) and Plant & Machinery and Other Equipments of Rs. 494 million (30 June 2022: Rs. 240 million).

5.3 This includes borrowing costs capitalized during the period amounting to Rs. 358.9 million (30 June 2022: Rs. 103.9 million).

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

### 6. LONG TERM INVESTMENTS

	Note	31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)			
<b>Investment at fair value through profit or loss (FVTPL)</b>			
Naymat Collateral Management Company Limited (NCMCL)		30,000	30,000
Less: Provision for Impairment	6.1	(30,000)	(15,784)
		-	14,216
Investment in subsidiary - at cost			
National Foods DMCC		31,719	31,719
		<b>31,719</b>	<b>45,935</b>

6.1 The management, under prudence, has decided to fully impair the above investment as the investee company is still incurring losses. Moreover, material uncertainty relating to going concern is also disclosed in the audited financial statements of NCMCL as at 30 June 2022.

### 7. STOCK-IN-TRADE

		31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)			
Raw materials		3,440,334	3,185,293
Provision for obsolescence		(48,058)	(78,559)
		3,392,276	3,106,734
Packing materials		1,117,375	749,519
Provision for obsolescence		(93,145)	(170,659)
		1,024,230	578,860
Work in process		2,385,901	1,689,635
Provision for obsolescence		(34,707)	(72,348)
		2,351,194	1,617,287
Finished goods	7.2	1,527,620	1,373,441
Provision for obsolescence		(72,646)	(47,395)
		1,454,975	1,326,046
		<b>8,222,674</b>	<b>6,628,927</b>

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

7.1 During the period, the Company has reversed provision (30 June 2022: Charged) for obsolescence of Rs. 120.40 million (30 June 2022: Rs. 355.77 million) and has written off stocks against provision amounting to Rs. 220.01 million (30 June 2022: Rs. 224.89 million).

7.2 This includes goods in transit of Rs. 147.88 million (30 June 2022: 17.5 million) against the sales made to National Foods DMCC.

### 8. SHORT TERM INVESTMENTS AT FVTPL

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)		
Investments in Mutual Funds	1,678,032	1,324,795

### 9. LONG TERM FINANCE AND DEFERRED INCOME

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)		
<b>LONG TERM FINANCE</b>		
Secured long-term finances utilised under mark-up arrangements	3,206,638	670,154
Classified under current liability	(93,320)	(414,178)
	<b>3,113,318</b>	255,976
<b>DEFERRED INCOME</b>		
Deferred income - government grant	-	2,037
Current portion of deferred income - government grant	-	(2,037)
	<b>3,113,318</b>	255,976

9.1 This represents original long term finance facilities of Rs. 3,500 million obtained from commercial banks. These finances carry markup ranging from 3 months Kibor + 0.1% to 3 months Kibor + 0.4%. The loans are secured by way of hypothecation of Company's present and future fixed assets. Loan tenures range from 3 years to 10 years. These loans are fully repayable in quarterly installments between April 2023 to December 2029.

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)		
<b>10. SHORT TERM BORROWINGS</b>		
<i>Conventional</i>		
Running finance under mark-up arrangements	3,092,227	1,828,359
Export re-finance	-	800,000
Money market loan	-	450,000
<i>Islamic</i>		
Running finance under Musharakah	1,346,184	1,191,524
	<b>4,438,411</b>	4,269,883

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

10.1 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The effective rates of mark-up on these finances range from 16.44% to 19.97% (30 June 2022: 9.77% to 10.30%) per annum. The facilities are valid upto 31 May 2023.

10.2 The Company has obtained facilities for short-term finance under Running Musharakah. The effective rate of profit is 16.48% to 19.72% (30 June 2022: 9.99% to 10.73%) per annum. The facilities offer are valid upto 31<sup>st</sup> December 2023.

10.3 The facilities available from various banks amount to Rs. 6.14 billion (30 June 2022: Rs.4.89 billion). The arrangements are secured by way of pari-passu charge against hypothecation of Company's current and future movable assets having aggregate charge amounting to Rs. 8.26 billion. These facilities offer are valid upto 31<sup>st</sup> December 23.

### 11. CONTINGENCIES AND COMMITMENTS

11.1 There are cases against the company which are outstanding as at 31<sup>st</sup> March 2023. The management is confident that the decision will be in favor of the Company.

11.2 The facilities for opening letters of credit amount to Rs. 4.2 billion (30 June 2022: Rs. 4.3 billion) and for letters of guarantee amount to Rs. 1,071 million (30 June 2022: Rs. 515 million) as at 31 March 2023 of which the amount remaining unutilized at period end were Rs 3.6 billion (30 June 2022: Rs. 3.49 billion) & 994 million (30 June 2022: Rs. 136 million) respectively.

11.3 Aggregate commitments for capital expenditure as at 31<sup>st</sup> March 2023 amount to Rs. 2.8 billion (30 June 2022: Rs. 3.0 billion).

11.4 Aggregate commitments in respect of ujarah payments for ijarah financing of motor vehicles from First Habib Metro is three months KIBOR + 0.9% (30 June 2022: 3 months KIBOR + 0.75%) while from Meezan Bank it ranges from 3 to 6 months KIBOR + 1.25% (30 June 2022: 3 to 6 months KIBOR + 1.25%), rentals payable monthly as at 31<sup>st</sup> March 2023 amount to:

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)		
Not later than one year	415,249	330,443
Later than one year but not later than five years	881,731	755,640
	<b>1,296,981</b>	1,086,083



## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

### 12. SALES - NET

	Note	Nine months ended	
		31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
(Rupees in '000)			
Local sales		29,463,601	26,153,287
Export sales	12.1	1,638,625	1,738,125
		<b>31,102,226</b>	27,891,412
Less: Sales tax		(3,876,582)	(3,527,848)
		<b>27,225,644</b>	24,363,564
Less:			
- Discount, rebates and allowances		(4,874,929)	(4,141,200)
- Sales return		(533,878)	(381,104)
		<b>(5,408,808)</b>	(4,522,304)
		<b>21,816,837</b>	19,841,260

12.1 Exports sales mainly represents sales made to National Foods DMCC Dubai - a wholly owned subsidiary of the Company.

12.2 Revenue is disaggregated by primary geographical market.

12.3 Management reviews revenue and other financial results based on major product division. During the nine months period ended 31 March 2023, revenue of the Condiments division was Rs. 15,615 million (31 March 2022: Rs. 11,785 million), and Culinary division was Rs. 15,487 million (31 March 2022: Rs. 16,106 million).

12.4 The Company's customer base is diverse with no single customer accounting for more than 10% of net sales. Sales to domestic customers in Pakistan are 93.3% (31 March 2022: 93.17%) and to customer outside Pakistan are 6.7% (31 December 2021: 6.83%) of the revenue.

## Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

### 13. OTHER EXPENSES

This includes donations of Rs. 33 million in relation to Flood Relief.

### 14. OTHER INCOME

This includes gain of Rs. 590.8 million (31 March 2022: Rs.77.6 million) on translation of foreign currency balances.

### 15. TAXATION - NET

Current  
Deferred

### 16. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation attributable to ordinary shareholders

Weighted average number of ordinary shares outstanding during the period\*

Earnings per share - basic and diluted

\* weighted average number of ordinary shares outstanding during the comparative period has been adjusted for the issuance of bonus shares

	Nine months ended	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
(Rupees in '000)		
Current	538,555	515,035
Deferred	43,296	10,105
	<b>581,851</b>	525,140

	Nine months ended	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
(Rupees in '000)		
Profit after taxation attributable to ordinary shareholders	1,904,052	1,541,475
Number of Shares (In '000)		
Weighted average number of ordinary shares outstanding during the period*	233,115	233,115
Rupees		
Earnings per share - basic and diluted	8.17	6.61



Notes to the Condensed Interim Unconsolidated  
**Financial Statements (Unaudited)**

For the nine months period ended March 31, 2023

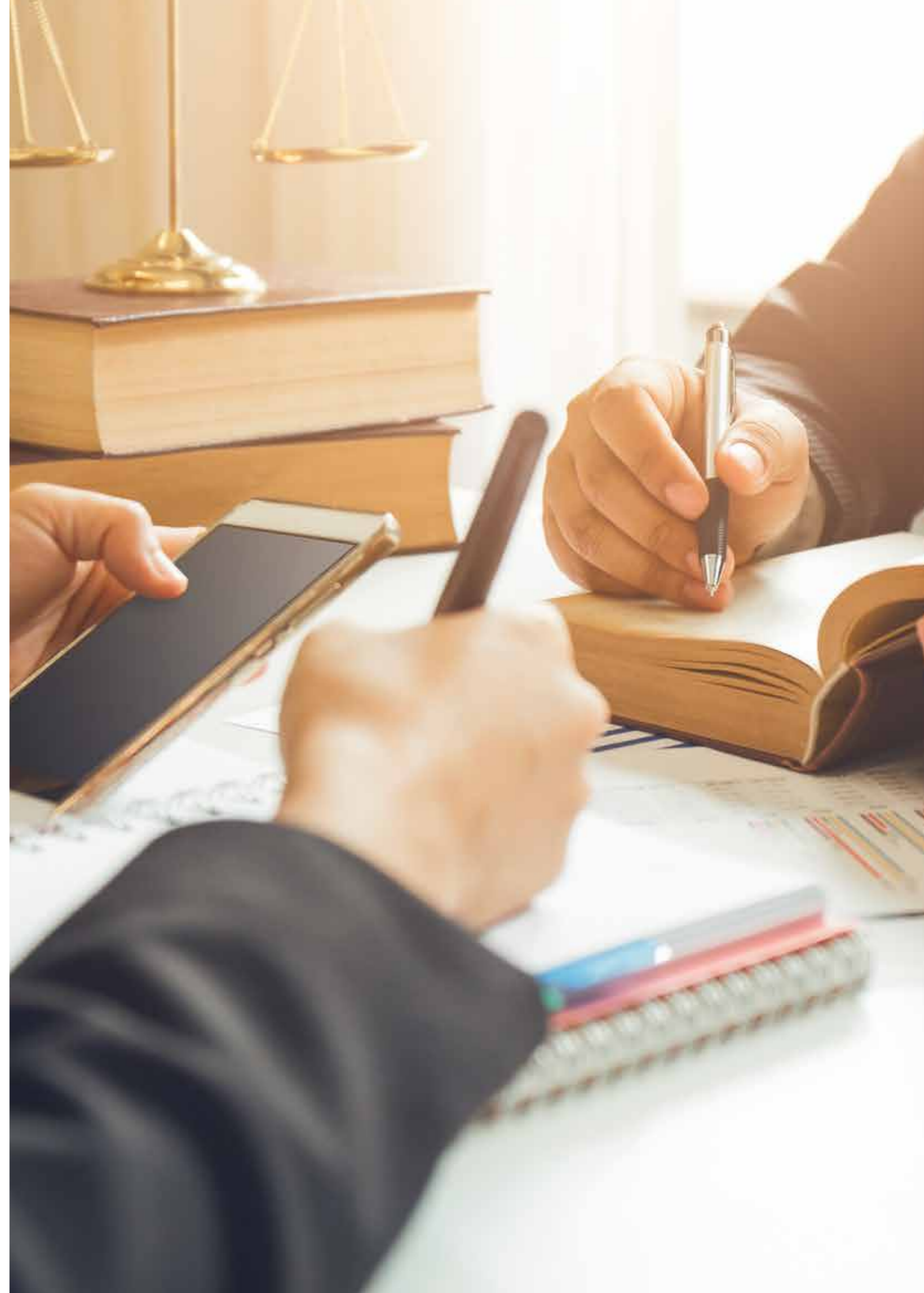
**20. OPERATING SEGMENT**

20.1 These financial statements have been prepared on the basis of a single reportable segment.

20.2 All non current assets of the Company as of reporting date are located in Pakistan.

**21. GENERAL**

These condensed interim unconsolidated financial statements were authorised for issue by the Board of Directors in their meeting held on April 28, 2023.



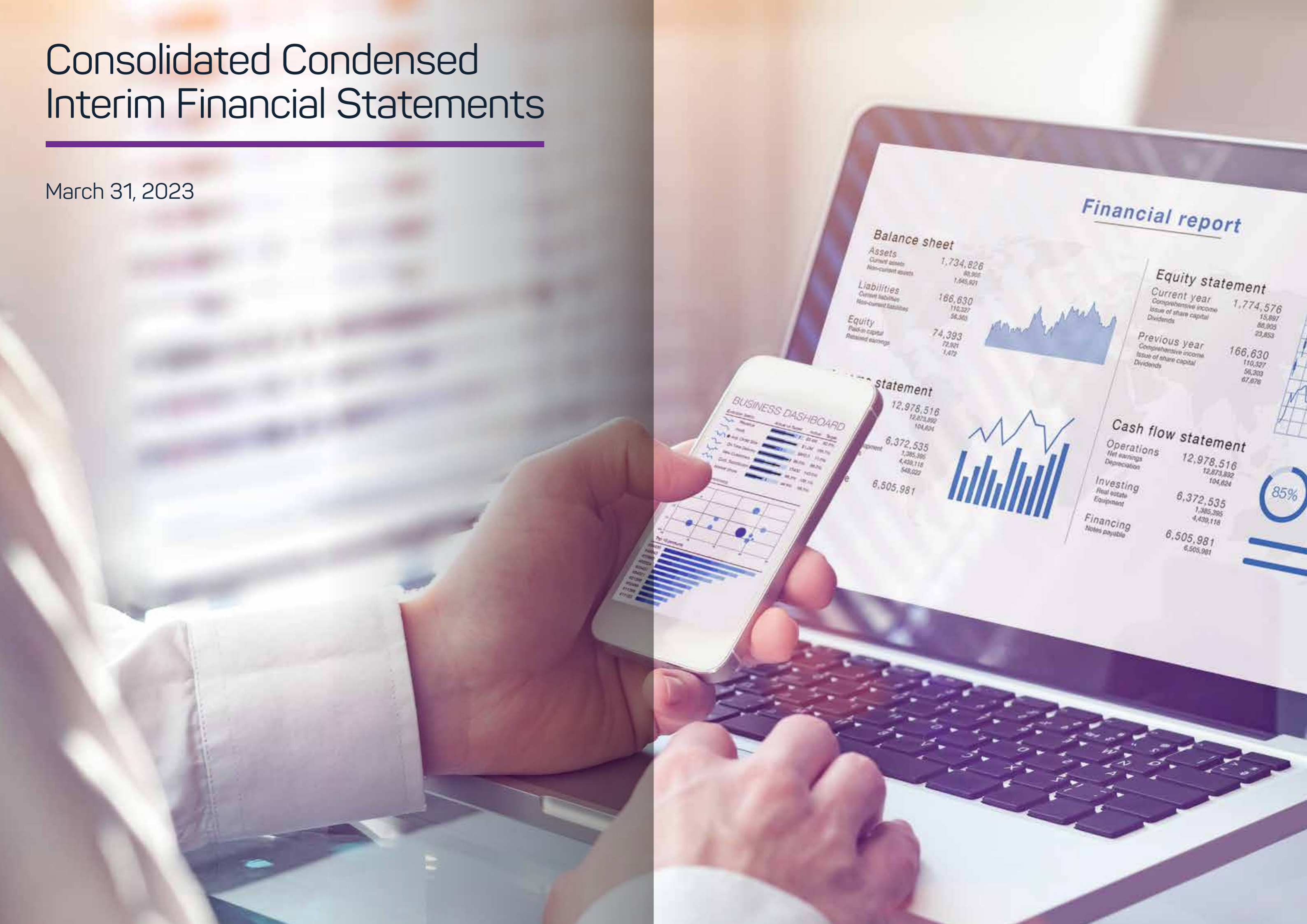
Chief Executive Officer

Chief Financial Officer

Director

# Consolidated Condensed Interim Financial Statements

March 31, 2023



## Financial report

### Balance sheet

<b>Assets</b>	
Current assets	1,734,826
Non-current assets	80,905
	1,645,921
<b>Liabilities</b>	
Current liabilities	166,630
Non-current liabilities	110,327
	56,303
<b>Equity</b>	
Paid-in capital	74,393
Retained earnings	72,921
	1,472

### Equity statement

<b>Current year</b>		1,774,576
Comprehensive income		15,897
Issue of share capital		88,905
Dividends		23,853
<b>Previous year</b>		166,630
Comprehensive income		110,327
Issue of share capital		56,303
Dividends		67,876

### Cash flow statement

<b>Operations</b>		12,978,516
Net earnings		12,873,892
Depreciation		104,624
<b>Investing</b>		6,372,535
Real estate		1,385,395
Equipment		4,439,116
<b>Financing</b>		6,505,981
Notes payable		6,505,981

### Income statement

	12,978,516
	12,873,892
	104,624
	6,372,535
	1,385,395
	4,439,116
	6,505,981

## BUSINESS DASHBOARD



## Consolidated Condensed Interim Statement of Financial Position (Unaudited)

As at March 31, 2023

Note	31 March 2023 (Unaudited)	30 June 2022 (Audited)
	(Rupees in '000)	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	13,496,323	9,894,748
Intangibles and goodwill	1,414,894	972,163
Long-term investment	-	14,216
Long-term deposits	44,629	40,563
Deferred assets	53,656	53,656
	<b>15,009,502</b>	<b>10,975,347</b>
<b>Current assets</b>		
Stores, spare parts and loose tools	222,771	168,050
Stock-in-trade	12,893,512	9,459,718
Trade debts	2,914,723	2,723,850
Advances	1,977,792	806,235
Deposits and prepayments	693,313	499,110
Other receivables	-	273
Short-term investments at FVTPL	1,678,032	1,324,795
Cash and bank balances	1,777,729	1,137,335
	<b>22,157,872</b>	<b>16,119,365</b>
<b>TOTAL ASSETS</b>	<b>37,167,374</b>	<b>27,094,712</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorised share capital 1,000,000,000 (30 June 2022: 1,000,000,000) ordinary shares of Rs. 5 each	5,000,000	5,000,000
<i>Share capital</i>		
Issued, subscribed and paid-up capital	1,165,576	1,165,576
<i>Revenue Reserves</i>		
Unappropriated profit	8,338,878	6,961,970
Foreign exchange translation reserve	1,793,150	577,421
<b>Equity attributable to owners of the Company</b>	<b>11,297,604</b>	<b>8,704,968</b>
Non-controlling interest	1,071,649	767,772
<b>Total equity</b>	<b>12,369,253</b>	<b>9,472,740</b>
<b>Non-current liabilities</b>		
Long-term finance and deferred income	4,402,985	511,586
Lease liabilities	2,486,517	1,680,976
Long-term deposits	7,188	5,444
Deferred taxation - net	239,804	199,510
Long term provisions	9,936	22,461
Deferred liabilities	9,059	6,340
	<b>7,155,489</b>	<b>2,426,316</b>
<b>Current liabilities</b>		
Trade and other payables	10,264,527	7,781,881
Contract liabilities	277,812	109,100
Short-term borrowings	4,438,411	4,883,090
Current maturity of long-term finance and deferred income classified as current - secured	364,932	613,650
Current portion of lease liabilities	504,457	433,964
Mark-up accrued on bank borrowings	321,672	80,882
Unclaimed dividend	58,674	23,161
Taxation - net	1,412,147	1,269,928
	<b>17,642,632</b>	<b>15,195,655</b>
<b>Commitments</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>37,167,374</b>	<b>27,094,712</b>

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

## Consolidated Interim Statement of Profit or Loss & Other Comprehensive Income (Unaudited)

For the nine months period ended March 31, 2023

Note	Quarter ended		Nine months ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	(Rupees in '000)			
Sales - net	18,502,355	12,550,594	45,114,081	32,884,693
Cost of sales	(12,885,061)	(8,780,478)	(32,148,315)	(23,329,154)
<b>Gross Profit</b>	<b>5,617,294</b>	<b>3,770,116</b>	<b>12,965,766</b>	<b>9,555,539</b>
Distribution costs	(2,644,149)	(1,771,686)	(6,802,341)	(4,931,294)
Administrative expenses	(649,744)	(662,330)	(1,994,081)	(1,510,170)
Other expenses	(152,331)	(64,349)	(244,402)	(146,135)
Other income	515,393	109,354	737,482	316,977
<b>Operating profit</b>	<b>2,486,463</b>	<b>1,381,105</b>	<b>4,662,424</b>	<b>3,284,917</b>
Finance costs	(314,693)	(183,675)	(763,204)	(371,094)
<b>Profit before tax</b>	<b>2,171,770</b>	<b>1,197,430</b>	<b>3,899,220</b>	<b>2,913,823</b>
Taxation - net	(463,706)	(293,887)	(962,558)	(699,689)
<b>Profit after tax</b>	<b>1,708,063</b>	<b>904,043</b>	<b>2,936,661</b>	<b>2,214,134</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign operations - Exchange differences on translation of foreign operations	1,001,179	162,561	1,145,616	350,035
<b>Total comprehensive income for the period</b>	<b>2,709,243</b>	<b>1,066,604</b>	<b>4,082,278</b>	<b>2,564,169</b>
<b>Profit attributable to:</b>				
Owners of the Holding Company	1,591,372	862,564	2,542,485	2,035,813
Non-controlling interest	116,691	41,479	394,176	178,321
	<b>1,708,063</b>	<b>904,043</b>	<b>2,936,661</b>	<b>2,214,134</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Holding Company	2,594,419	1,026,876	3,758,214	2,378,785
Non-controlling interest	114,824	39,728	324,064	185,384
	<b>2,709,243</b>	<b>1,066,604</b>	<b>4,082,278</b>	<b>2,564,169</b>
	(Rupees)		(Rupees)	
<b>Earnings per share (basic and diluted)</b>	<b>6.83</b>	3.70	<b>10.91</b>	8.73

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

## Consolidated Condensed Interim Statement of Cash Flow (Unaudited)

For the nine months period ended March 31, 2023

	Note	31 March 2023	31 March 2022
		(Unaudited)	(Unaudited)
(Rupees in '000)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	15	4,026,912	236,414
Finance cost paid		(530,563)	(283,727)
Income tax paid		(803,752)	(578,987)
Retirement benefits obligations paid		-	(15,621)
Long term deposits		(3,249)	(5,343)
<b>Net cash generated from operating activities</b>		<b>2,689,348</b>	<b>(647,264)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(3,993,973)	(1,860,553)
Proceeds from disposal of fixed assets		120,018	20,546
Purchase of intangible assets		(11,636)	(17,345)
(Purchase)/ redemption of short term investment - net		(235,216)	914,779
<b>Net cash used in investing activities</b>		<b>(4,060,807)</b>	<b>(942,573)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Repayment)/ proceeds from short term borrowings - net		(1,250,000)	212,321
Repayment of long term finance - net		3,338,580	305,528
Lease rental paid		175,260	-
Dividend paid		(1,150,251)	(1,008,039)
<b>Net cash from / (used in) financing activities</b>		<b>1,113,589</b>	<b>(490,190)</b>
Net increase / (decrease) in cash and cash equivalents		(257,870)	(2,080,027)
Cash and cash equivalents at beginning of the year		(2,473,882)	764,138
Currency translation difference on cash and cash equivalents		71,070	167,200
Cash and cash equivalents at end of the year	16	(2,660,682)	(1,148,689)

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

## Consolidated Condensed Interim Statement of Changes in Equity

For the nine months period ended March 31, 2023

	Attributable to shareholders of the Parent Company			Non controlling interest	Total equity	
	Share capital	Retained earnings	Foreign currency translation reserve			
(Rupees in '000)						
Balance as at 1 July 2021	932,461	5,703,120	2,756	6,638,337	635,103	7,273,440
<b>Total comprehensive income for the nine months ended 31 March 2022</b>						
Profit for the period	-	2,035,813	-	2,035,813	178,321	2,214,134
Other comprehensive income	-	-	342,972	342,972	7,063	350,035
<b>Transaction with owners</b>						
Final cash dividend for the year ended 30 June 2021 @ Rs. 5 per ordinary share	-	(932,462)	-	(932,462)	-	(932,462)
Dividend paid to NCI	-	-	-	-	(175,062)	(175,062)
1 Ordinary share for each 4 ordinary shares held - allotted as bonus shares for the year ended 30 June 2021	233,115	233,115	-	-	-	-
<b>Balance as at 31 March 2022</b>	<b>1,165,576</b>	<b>6,573,356</b>	<b>345,728</b>	<b>8,084,660</b>	<b>645,425</b>	<b>8,730,085</b>
Balance as at 1 July 2022	1,165,576	6,961,970	577,421	8,704,967	767,772	9,472,739
<b>Total comprehensive income for the nine months ended 31 March 2023</b>						
Profit for the period	-	2,542,485	-	2,542,485	394,176	2,936,661
Other comprehensive income for the period	-	-	1,215,729	1,215,729	(70,113)	1,145,616
<b>Transaction with owners</b>						
Final cash dividend for the year ended 30 June 2022 @ Rs. 5 per ordinary share	-	(1,165,576)	-	(1,165,576)	-	(1,165,576)
Dividend paid to NCI	-	-	-	-	(20,187)	(20,187)
<b>Balance as at 31 March 2023</b>	<b>1,165,576</b>	<b>8,338,879</b>	<b>1,793,150</b>	<b>11,297,605</b>	<b>1,071,649</b>	<b>12,369,253</b>

The annexed notes 1 to 18 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

# Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

## 1. THE GROUP AND ITS OPERATIONS

### 1.1 The group consists of:

- i) Parent Company - National Foods Limited
- ii) Subsidiary Company - National Foods DMCC, Dubai, United Arab Emirates.

#### National Foods Limited

National Foods Limited ("Parent 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 repealed Companies Ordinance, 1984 (now Companies Act, 2017) by special resolution passed in the extra ordinary general meeting held on 30 March 1988. The Holding Company is principally engaged in the manufacture and sale of convenience based food products. The Company is listed on Pakistan Stock Exchange. The registered office of the Parent Company is situated at 12 / CL - 6, Claremont Road, Civil Lines, Karachi.

1.2 The ultimate parent entity of the National Foods Limited is ATC Holdings (Private) Limited based on control model as provided under IFRS10 - 'Consolidated Financial Statements'.

1.3 Details of the subsidiary companies are as follows:

#### National Foods DMCC

The Parent Company has a wholly owned (100%) subsidiary which was set up in United Arab Emirates in 2012 and is carried at cost. The subsidiary was formed as a limited liability company and commenced operations from March 2013. National Foods 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 direct subsidiaries, one indirect subsidiary and one newly incorporated group Company as follows:

#### 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 UK Companies Act, 2006. The company is a wholly owned subsidiary of National Foods DMCC and will be principally engaged in the trading of food products, although currently it is not operational.

#### National Epicure Inc.

National Epicure Inc. ("NEI") was incorporated in Canada on 16 October 2013 under the Canada Business Corporations Act. NEI is a wholly owned subsidiary of National Foods DMCC. NEI is the parent company of A-1 Bags & Supplies Inc. as mentioned below.

# Notes to the Condensed Interim Unconsolidated Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

#### A-1 Bags & Supplies Inc.

A 1 Bags & Supplies Inc. was incorporated under the Business Corporations Act of Ontario on March 14, 2001. National Epicure Inc. acquired 60% parent in A-1 Bags and Supplies Inc. in the year 2017 and is principally engaged in distribution and wholesale of food products, disposables, janitorial and sanitation products.

#### National Epicure USA Inc.

National Epicure USA Inc. was incorporated in USA on 1 December 2021 under the General Corporation Law of the State of Delaware, USA with an authorized share capital of 500 shares with a par value of \$0.0001 per share. Shares have not yet been issued by this entity and has not commenced its operations. The company is a subsidiary of National Foods DMCC.

1.4 The manufacturing facilities and sales offices of the Group companies are situated at the following locations:

#### Factories:

- Unit F-160/ C, F- 133, S.I.T.E., Karachi;
- Office A-13, North Western Industrial Zone, Bin Qasim, Karachi;
- 53-KM G.T. Road, Chainwala Mord Amanabad, Gujranwala;
- A-393, Nooriabad Industrial Estate, Nooriabad; and
- Plot No. 346 & 347 Phase - 2, M-3 Industrial City, Faisalabad. (Not Operational)

#### Sales offices:

- Office No.107, 1st Floor Parsa Tower, Sharah-e-Faisal, Karachi;
- Office No.309, 3rd Floor Parsa Tower, Shahrah-e-Faisal, Karachi;
- Office No. 84/2 Bomanji Square, Nusrat Road, Adali Colony, Multan;
- 18-CCA (Commercial Area), Phase VIII, DHA Lahore, Cantt;
- Plot No. 25, Din Plaza, Canal Road, Main Gate Canal View Housing Society, Gujranwala;
- 1st Floor, Bilal Complex, Main PWD Road, Sector O-9, Islamabad;
- Sixteenth Avenue Mall, 16-A Grand Trunk Road Small Industrial Estate-1 Gujranwala;
- Unit No. R30-26, Floor No. 30, R Serviced Offices JLT, Reef Tower, Plot No. 01 Jumeirah Lakes Towers Dubai, United Arab Emirates;
- 193 Maxome Avenue, Toronto, Ontario, Canada;
- 27 Second Floor, Gloucester Place, London, United Kingdom;
- 6400 Kennedy Road, Mississauga, Ontario;
- 1110 Dearness Dr, Toronto, Ontario; and
- 7300 Torbram Road, Mississauga, Ontario.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

## Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

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Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These condensed interim consolidated financial statements do not include all the informations and disclosures required for annual consolidated financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Company as at and for the year ended 30 June 2022.

### 2.3 Basis of Consolidation

**2.3.1** The condensed interim financial statements of the subsidiary company has been consolidated on line by line basis. The carrying value of investments held by the holding company is eliminated against the subsidiary's share capital and pre-acquisition reserve.

**2.3.2** Non-controlling interest has been presented as a separate line item in these consolidated condensed interim financial statements. All material intercompany balances have been eliminated.

### 2.4 Functional and presentation currency

These condensed quarterly consolidated financial statements are presented in Pakistan Rupees which is Group's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand of rupees, unless stated otherwise.

## 3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. 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 2022.

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 2022.

## 4. SIGNIFICANT ACCOUNTING POLICIES

**4.1** The significant estimates and 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 2022.

**4.2** 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 2022.

## Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

	Note	31 March 2023 (Unaudited)	30 June 2022 (Audited)
<b>(Rupees in '000)</b>			
<b>5</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	6,412,877	5,771,250
	Capital work-in-progress	3,904,261	2,147,899
	Right-of-use assets	3,179,184	1,975,599
		<b>13,496,323</b>	<b>9,894,748</b>
<b>5.1</b>	Following are the additions and disposals of property, plant and equipment:		
		<b>31 March 2023 (Unaudited)</b>	<b>31 March 2022 (Unaudited)</b>
<b>(Rupees in '000)</b>			
	<b>Additions/ transfer from CWIP</b>		
	Building on Leasehold land	441,382	57,926
	Plant & machinery	13,169	26,596
	Computers	187,971	36,563
	Motor vehicles - Owned	43,360	42,818
	Furniture & fittings	78,990	6,164
	Office, laboratory and other equipments	807,082	68,417
		<b>1,571,955</b>	<b>238,484</b>
		<b>31 March 2023 (Unaudited)</b>	<b>31 March 2022 (Unaudited)</b>
<b>(Rupees in '000)</b>			
	<b>Disposals - Net book value</b>		
	Leasehold land [cost Nil (31 March 2022: Rs. 2.2 million)]	-	1,870
	Building [cost Nil (31 March 2022: Rs. 5.6 million)]	-	3,485
	Vehicles [cost Rs. 155.87 million (31 March 2022: Rs. 10.6 million)]	130,534	8,816
	Plant and machinery [cost Rs. 32.6 million (31 March 2022: 72.4 million)]	3,437	9,875
	Computer equipments [cost Rs. 1.9 million (31 March 2022: Nil)]	20	-
<b>5.2</b>	This includes civil works of Rs. 2,801 million (30 June 2022: Rs.1,908 million) and Plant & Machinery and Other Equipments of Rs. 295 million (30 June 2022: Rs. 240 million).		



Notes to the Consolidated Condensed Interim  
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For the nine months period ended March 31, 2023

5.3 Right-of-use Assets

	31 March 2023			
	Properties	Equipment	Vehicles	Total
<b>Cost</b>	(Rupees in '000)			
Balance at 1 July 2022	2,219,562	17,700	149,467	2,386,729
Addition	875,910	-	34,260	910,170
<b>Balance at 31 March 2023</b>	<b>3,095,472</b>	<b>17,700</b>	<b>183,727</b>	<b>3,296,899</b>
<b>Accumulated Depreciation</b>	(Rupees in '000)			
Balance at 1 July 2022	671,178	12,753	71,393	755,324
Charge for the year	383,950	3,860	36,932	424,742
<b>Balance at 31 March 2023</b>	<b>1,055,129</b>	<b>16,613</b>	<b>108,324</b>	<b>1,180,066</b>
Effect of movements in exchange rates	1,011,444	3,195	47,712	1,062,351
<b>Net Book Value 31 March 2023</b>	<b>3,051,788</b>	<b>4,282</b>	<b>123,115</b>	<b>3,179,185</b>
	30 June 2022			
	Properties	Equipment	Vehicles	Total
<b>Cost</b>	(Rupees in '000)			
Balance at 1 July 2021	1,390,885	17,700	101,070	1,509,655
Addition	828,677	-	48,397	877,074
<b>Balance at 30 June 2022</b>	<b>2,219,562</b>	<b>17,700</b>	<b>149,467</b>	<b>2,386,729</b>
<b>Accumulated Depreciation</b>	(Rupees in '000)			
Balance at 1 July 2021	342,861	8,357	40,014	391,232
Charge for the year	328,317	4,396	31,379	364,091
<b>Balance at 30 June 2022</b>	<b>671,178</b>	<b>12,753</b>	<b>71,393</b>	<b>755,324</b>
Effect of movements in exchange rates	324,842	1,777	17,575	344,193
<b>Net Book Value 30 June 2022</b>	<b>1,873,226</b>	<b>6,724</b>	<b>95,649</b>	<b>1,975,599</b>

	Note	31 March 2023	30 June 2022
		(Unaudited)	(Audited)
(Rupees in '000)			
<b>6. LONG TERM INVESTMENTS</b>			
<b>Investment at fair value through profit or loss (FVTPL)</b>			
Naymat Collateral Management Company Limited (NCMCL)		30,000	30,000
Less: Provision for Impairment	6.1	(30,000)	(15,784)
		-	14,216

6.1 The management, under prudence, has decided to fully impair the above investment as the investee company is still incurring losses. Moreover, material uncertainty relating to going concern is also disclosed in the audited financial statements of NCMCL as at 30 June 2022.

Notes to the Consolidated Condensed Interim  
Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

7. STOCK IN TRADE

Raw materials	
Provision for obsolescence	
Packing materials	
Provision for obsolescence	
Work-in-process	
Provision for obsolescence	
Finished goods	
Provision for obsolescence	

7.1 During the period, the Company has reversed provision (30 June 2022: Charged) for obsolescence of Rs. 120.40 million (30 June 2022: Rs. 355.77 million) and has written off stocks against provision amounting to Rs. 220.01 million (30 June 2022: Rs. 224.89 million).

8. SHORT TERM INVESTMENTS AT FVTPL

Investments in Mutual Funds	
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9. LONG TERM FINANCE AND DEFERRED INCOME

LONG TERM FINANCE

Secured long-term finances utilised under mark-up arrangements	9.1
Classified under current liability	

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)		
Raw materials	3,440,334	3,185,293
Provision for obsolescence	(48,058)	(78,559)
	3,392,276	3,106,734
Packing materials	1,117,375	749,519
Provision for obsolescence	(93,145)	(170,659)
	1,024,230	578,860
Work-in-process	2,385,901	1,689,635
Provision for obsolescence	(34,707)	(72,348)
	2,351,194	1,617,287
Finished goods	6,198,458	4,204,232
Provision for obsolescence	(72,646)	(47,395)
	6,125,812	4,156,837
	12,893,511	9,459,718

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)		
Investments in Mutual Funds	1,678,032	1,324,795

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)		
Secured long-term finances utilised under mark-up arrangements	4,767,917	1,125,236
Classified under current liability	(364,931)	(613,650)
	4,402,985	511,586

Notes to the Consolidated Condensed Interim  
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For the nine months period ended March 31, 2023

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
<b>(Rupees in '000)</b>		
<b>DEFERRED INCOME</b>		
Deferred income - government grant	-	2,037
Current portion of deferred income - government grant	-	(2,037)
	-	-
	<u>4,402,985</u>	<u>511,586</u>

**9.1** This represents original long term finance facilities of Rs. 3,500 million obtained from commercial banks. These finances carry markup ranging from 3 months Kibor + 0.1% to 3 months Kibor + 0.4%. The loans are secured by way of hypothecation of Company's present and future fixed assets. Loan tenures range from 3 years to 10 years. These loans are fully repayable in quarterly installments between April 2023 to December 2029.

	Note	31 March 2023 (Unaudited)	30 June 2022 (Audited)
<b>(Rupees in '000)</b>			
<b>10. SHORT TERM BORROWINGS</b>			
<i>Conventional</i>			
Running finance under mark up arrangements	10.1	3,092,227	1,828,359
Demand operating loan		-	613,207
Export re-finance		-	800,000
Money Market Loan		-	450,000
<i>Islamic</i>			
Running finance under Musharika	10.2	1,346,184	1,191,524
		<u>4,438,411</u>	<u>4,883,090</u>

**10.1** The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The effective rates of mark-up on these finances range from 16.44% to 19.97% (30 June 2022: 9.77% to 10.30%) per annum. The facilities are valid upto 31 May 2023.

**10.2** The Company has obtained facilities for short-term finance under Running Musharakah. The effective rate of profit is 16.48% to 19.72%(30 June 2022: 9.99% to 10.73%) per annum. The facilities offer are valid upto 31 December 2023.

Notes to the Consolidated Condensed Interim  
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For the nine months period ended March 31, 2023

**11. COMMITMENTS**

**11.1** There are cases against the company which are outstanding as at 31 March 2023. The management is confident that the decision will be in favor of the Company.

**11.2** The facilities for opening letters of credit amount to Rs. 4.2 billion (30 June 2022: Rs. 4.3 billion) and for letters of guarantee amount to Rs. 1,071 million (30 June 2022: Rs. 515 million) as at 31 March 2023 of which the amount remaining unutilized at period end were Rs 3.6 billion (30 June 2022: Rs. 3.49 billion) & 994 million (30 June 2022: Rs. 136 million) respectively.

**11.3** Aggregate commitments for capital expenditure as at 31 March 2023 amount to Rs. 2.8 billion (30 June 2022: Rs. 3.0 billion).

**11.4** Aggregate commitments in respect of ujah payments for ijarah financing of motor vehicles from First Habib Metro is three months KIBOR + 0.9% (30 June 2022: 3 months KIBOR + 0.75%) while from Meezan Bank it ranges from 3 to 6 months KIBOR + 1.25% (30 June 2022: 3 to 6 months KIBOR + 1.25%), rentals payable monthly as at 31 March 2023 amount to:

	31 March 2023 (Unaudited)	30 June 2022 (Audited)
<b>(Rupees in '000)</b>		
Not later than one year	415,249	330,443
Later than one year but not later than five years	881,731	755,640
	<u>1,296,981</u>	<u>1,086,083</u>

**12. SALES - NET**

	<b>Nine months ended</b>	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
<b>(Rupees in '000)</b>		
Gross sales		
Local sales	53,965,168	26,153,287
Export sales	1,930,268	15,663,118
	<u>55,895,437</u>	<u>41,816,405</u>
Sales tax	(5,079,196)	(4,236,757)
	<u>50,816,241</u>	<u>37,579,648</u>
Less:		
Discount rebates and allowances	(5,157,672)	(4,313,851)
Sales return	(544,488)	(381,104)
	<u>(5,702,160)</u>	<u>(4,694,955)</u>
	<u>45,114,081</u>	<u>32,884,693</u>

## Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

12.1 Revenue is disaggregated by primary geographical market.

12.2 Management reviews revenue and other financial results based on major product division. During the nine months period ended 31 March 2023, revenue of the Condiments division was Rs. 15,955 million (31 March 2022: Rs. 11,990 million), and Culinary division was Rs. 15,824 million (31 March 2022: Rs. 16,386 million). Revenue from A1 amounted to Rs. 24,313 million (31 March 2022: 13,439 million)

### 13. TAXATION - NET

- Current
- Deferred

### 14. EARNINGS PER SHARE

Profit after taxation attributable to owners of the Parent Company

Weighted average number of ordinary shares outstanding during the period

Earning per share - basic and diluted

### 15. CASH FLOWS FROM OPERATIONS

Profit before taxation

Adjustments for non-cash charges and other items

Depreciation on property, plant and equipment

Amortization on intangibles

Loss on disposal of fixed assets

Finance cost

(Reversal against) / provision for slow moving and obsolete stock

Income on short term investment

Impairment on long term investment

Retirement benefits obligation expense

Working capital changes

15.1

Cash generated from operations

Nine months ended	
31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
(Rupees in '000)	
919,262	689,584
43,296	10,105
<b>962,558</b>	<b>699,689</b>

Nine months ended	
31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
(Rupees in '000)	
2,542,485	2,035,813
Number of shares (In '000)	
233,115	233,115
Rupees	
10.91	8.73

Nine months ended	
31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
(Rupees in '000)	
3,899,220	2,913,748
1,090,777	548,954
27,946	30,953
17,082	3,501
772,163	397,857
(120,405)	(19,224)
(118,021)	(20,229)
14,216	-
228	3,067
<b>(1,556,296)</b>	<b>(3,604,213)</b>
<b>(127,692)</b>	<b>(2,677,334)</b>
<b>4,026,912</b>	<b>236,414</b>

## Notes to the Consolidated Condensed Interim Financial Statements (Unaudited)

For the nine months period ended March 31, 2023

### 15.1 Effect on cash flows due to working capital changes

(Increase) / Decrease in current assets

Stores, spares and loose tools

Stock in trade

Trade debts

Advances

Deposits and prepayments

Other receivables

Sales tax refundable

(Decrease) / Increase in current liabilities

Trade and other payables

Contract Liability

### 16. CASH AND CASH EQUIVALENTS

Cash and bank balances

Running finance under mark up arrangements

### 17. TRANSACTIONS WITH RELATED PARTIES

#### 17.1 Balance outstanding:

Receivable from the parent company - net

Receivable from the subsidiary company

Payable to the subsidiary company

Payable to associated companies - net

Payable to the defined contribution plan

Due to Directors

Nine months ended	
31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
(Rupees in '000)	
(54,721)	(20,429)
(2,256,959)	(2,100,730)
1,152,357	(2,322,971)
(1,178,935)	(721,661)
(101,648)	(76,381)
(131,825)	90,076
-	11,684
<b>(2,571,731)</b>	<b>(5,140,412)</b>
890,322	1,230,956
125,113	305,243
1,015,435	1,536,199
<b>(1,556,296)</b>	<b>(3,604,213)</b>

Nine months ended	
31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
(Rupees in '000)	
1,777,729	2,225,002
(4,438,411)	(3,373,691)
<b>(2,660,682)</b>	<b>(1,148,689)</b>

Nine months ended	
31 March 2023 (Unaudited)	30 June 2022 (Audited)
(Rupees in '000)	
1,328	-
1,032,573	655,692
43,471	-
26,251	25,593
-	4,963
-	33

Notes to the Consolidated Condensed Interim  
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For the nine months period ended March 31, 2023

17.2 TRANSACTIONS DURING THE PERIOD:

**Parent company**

Rental income  
Rental Paid  
Dividend paid  
Bonus share issued (at face value)  
Reimbursement of expenses

**Associated companies / Undertakings**

Annual Subscription  
Purchases

**Directors and their family members:**

Dividend paid  
Bonus shares issued (at face value)

**Staff retirement funds**

Expense charged for defined contribution plan  
Payment to defined contribution plan  
Charge during the period to the defined benefit plan  
Payment during the period to the defined benefit plan

**Key management personnel:**

Salaries and other short-term employee benefits  
Reimbursement of expenses  
Directors' Fee  
Contribution to the Provident Fund  
Post retirement benefits of Executive Directors

	Nine months ended	
	31 March 2023 (Unaudited)	31 March 2022 (Unaudited)
	(Rupees in '000)	
	2,634	2,728
	4,179	-
	394,934	312,375
	-	19,523
	8,188	2,019
	2,530	2000
	204,969	145,322
	409,607	363,218
	-	22,701
	70,905	58,327
	75,908	157,683
	-	3,067
	-	15,621
	640,919	600,928
	18,898	8,666
	3,650	4,200
	20,185	18,553
	-	3,067

18. GENERAL

This condensed interim consolidated financial statement has been authorised for issue on April 28, 2023 by the Board of Directors of the Holding Company.

Chief Executive Officer

Chief Financial Officer

Director



