

National Foods Limited  
Half Yearly Report 2024



# Here for enrich- ment

National Foods Limited  
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[www.nfoods.com](http://www.nfoods.com)



# About the Report

**At National Foods, we craft our products to provide convenient, healthy, and delicious options that cater to the modern lifestyle of consumers.**

Our unwavering commitment is to create food that enriches lives everywhere, combining traditional essence with a contemporary appeal.

This report highlights key areas of our business, including core values, innovations, notable achievements, corporate responsibility, financial performance, and future initiatives. As a renowned brand with over 50 years of experience, we have overcome diverse challenges and invested in technological advancements while maintaining a customer-centric approach.

Throughout our journey, we have consistently delivered authentic flavors and adapted to dynamic consumer demands. So, what's the secret to our success? It lies in our offering of easy-to-prepare products, thoughtfully customized to bring comfort and joy to your lifestyle.





# Contents

## About the Company

Our Story	07
Vision Mission	09
Core Values	10

## Stakeholders Information

Company Information	14
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## Business Review

Directors' Report	18
Independent Auditor's Review Report	22

## Financial Report

Standalone Financial Statements	26
Consolidated Financial Statements	42

# Here for good- ness





# Our Story

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

We began our journey in 1970 as a spice 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 in multiple categories as a leading food manufacturer. 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.

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

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

 <p><b>Passion</b></p>	 <p><b>Customer Centric</b></p>	 <p><b>Teamwork</b></p>
<p><b>Go Above and Beyond</b></p> <ul style="list-style-type: none"> <li>• We love what we do</li> <li>• We have the courage to question the status quo</li> <li>• We think big and create new possibilities</li> <li>• We bring positive energy to everything we do</li> <li>• We are driven by new challenges and learning opportunities</li> </ul>	<p><b>Prioritize Customer Experience (Internal &amp; External)</b></p> <ul style="list-style-type: none"> <li>• We continuously seek to understand and identify customer needs</li> <li>• We focus on providing convenience and value to our customers</li> <li>• We listen to our customers and treat them with respect</li> <li>• We are clear and transparent in our communication</li> <li>• We consider all customer touchpoints to offer the best possible solution</li> </ul>	<p><b>Trust Each Other and Achieve Together</b></p> <ul style="list-style-type: none"> <li>• We work collaboratively across organizational boundaries on common objectives</li> <li>• We respect each other's ideas and opinions</li> <li>• We give constructive and candid feedback</li> <li>• We share knowledge and experiences to help each other develop</li> <li>• We celebrate the wins together</li> </ul>

 <p><b>Excellence in Execution</b></p>	 <p><b>Ownership</b></p>
<p><b>Lead, Commit and Deliver the Best</b></p> <ul style="list-style-type: none"> <li>• We set a clear direction for our deliverables</li> <li>• We make decisions which result in increased productivity and efficiencies</li> <li>• We develop proactive solutions to overcome current or potential challenges</li> <li>• We work on continuous performance improvement and learning</li> <li>• We strive to consistently add value to the business and the environment</li> </ul>	<p><b>Own It and Deliver It</b></p> <ul style="list-style-type: none"> <li>• We lead by example</li> <li>• We are responsible for all our actions and decisions</li> <li>• We empower ourselves and take initiatives to meet business needs</li> <li>• We own our growth and development</li> <li>• We are responsible for the safety and well-being of ourselves and our community</li> </ul>

# Here for tradition



# Company Information

## Board of Directors

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

## Audit Committee

Mr. Ehsan Ali Malik	Chairman
Mrs. Saadia Naveed	Member
Mrs. Noreen Hasan	Member
Ms. Quratulain Mamsa	Secretary

## Human Resources and Remuneration Committee

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

## Chief Internal Auditor

Ms. Quratulain Mamsa	EY Ford Rhodes Chartered Accountant
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## Management Committee

Mr. Abrar Hasan	Chief Executive Officer
Mr. Ahmed Salman	Director Supply Chain
Mr. Dominique Charles Silvarelli	Chief Operating Officer - International Division
Mr. Hasan Sarwat	Chief Commercial Officer
Ms. Ivana Bajamic	Chief Human Resource Officer
Mr. Saleem Rafi Khilji	Director Manufacturing
Mr. Shah Abdullah Raza	Director IT & Digital Transformation
Syed Farhan Ali Rizvi	Director Corporate Finance

## Company Secretary

Mr. Fazal ur Rehman Hajano

## Director Corporate Finance/Chief Financial Officer

Syed Farhan Ali Rizvi

## Auditors

Messrs. KPMG Taseer Hadi & Co. Chartered Accountants	Shaikh Sultan Trust Building No. 2, Beaumont Road, Karachi, 75530.
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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, Pakistan.  
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: info@cdcsrsl.com  
Website: www.cdcsrsl.com

## Company Banks

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

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



# Here for refine- ment



# 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 half year ended December 31, 2023.

## Business Performance Overview

### Economic environment

Overall Economic environment is expected to smoothen. However, cost of business continued to be challenging due to Inflationary pressures, raised interest rates, increasing utilities costs, and tightened fiscal space, as government inched towards IMF led fiscal reforms during the first half of the fiscal year. The rupee started to recoup and stabilize against the USD as SBP introduced a comprehensive set of "structural reforms" aimed at regulating Exchange Companies (ECs). IMF revised GDP growth projections to 2.0% for 2024 with anticipation of ease in inflationary pressures and interest rates towards mid 2024.

## Operating and financial performance

### Core business

Topline growth posted at 33% contributed both by the domestic and international markets. Despite the challenging cost of doing business, the company enabled sustained operating profitable growth for the Company through a healthy mix of pricing interventions, revenue, and cost transformation measures. Company volumes are back on a positive trajectory with strategic interventions in the second quarter of the period. Increased finance costs on the back of higher gearing for the strategic investments in Faisalabad production facility impacted the net profit margins in the prevailing period, which went down by 1% vs. PY.

During the current period, production has partially commenced at the Faisalabad plant. As a result, the Company has stopped manufacturing operations at SITE and Gujranwala plants. This strategic decision is consistent with the Company's overall strategy.

### A1 Bags & Supplies Inc.

Net sales grew by 66% across all segments. The business has shown significant growth in its profitability with Operating and Net Profitability increasing by 84% and 73% respectively.

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

Amounts in PKR Million

	Group			Core Business			A1 Bags & Suppliers Inc.		
	H1FY24	H1FY23	Change	H1FY24	H1FY23	Change	H1FY24	H1FY23	Change
Net sales	40,130	26,612	51%	16,040	12,080	33%	24,104	14,563	66%
Gross profit	11,038	7,349	50%	5,528	4,391	26%	5,511	2,962	86%
Operating profit*	3,168	2,057	54%	1,010	877	15%	2,169	1,180	84%
Net profit after tax**	1,018	958	6%	559	537	4%	1,218	703	73%
Earnings per share (Rupees)	4.4	4.1		2.4	2.3		5.2	3.0	
as % of net sales									
Gross profit	27.5%	27.6%	-0.1%	34.5%	36.4%	-1.9%	22.9%	20.3%	2.5%
Operating profit	7.9%	7.7%	0.2%	6.3%	7.3%	-1.0%	9.0%	8.1%	0.9%
Profit after tax	2.5%	3.6%	-1.1%	3.5%	4.4%	-1.0%	5.1%	4.8%	0.2%

\* Excludes other income and other expenses.

\*\* This includes amortization of Rs.12 million (2023: RS.9 million) on intangible recognized on consolidation of A1 Bags & Suppliers Inc.

\*\*\* Group PAT includes A1 at 60%.

## Marketing and Promotion

### Recipe Masala

- National Recipe Mixes continued to dominate the market, with 54% value share.
- Dawat-e-Azadi campaign successfully leveraged digital media, engaging influencers, and generating positive brand association for NFL.
- Karachi Transformation Plan extended to 3,300+ outlets with the launch of Karachi Khaas portfolio; Door to Door Selling in Karachi resulted in 143,456+ interceptions to date.

### Ketchup

- National Tomato Ketchup maintained a dominant 59% value share.
- Initiatives included a price-off promotion, digital campaign with influencers and a targeted 360 campaign in Faisalabad leading to increased market share.
- Collaboration with Faisalabad restaurants enhanced National Ketchup's presence and brand imagery.

### Pickle

- Shopper activation in Modern Trade in major cities, to stimulate trials and sales.
- Price-off promotion for 1Kg Mixed Pickle product implemented across channels.
- Reintroduction of 35gm Sachet with a focus on visibility, reaching over 10,000 stores nationwide.

### International Division

- Mainstream activation in North America | mainly in Canada, involving pilot in Costco, and promotions in Saveon & Food Basics outlets focused on Masala Seasoning and spices.
- Awareness and trial generation within ethnic channels across North America, UK, UAE and KSA, focused on key categories to generate trial and awareness.

### Future outlook

The Company recognizes the uncertainty emanating from international commodity & energy prices, political uncertainty & stringent fiscal measures impacting the overall economy. The Company 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.

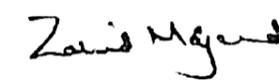
### Acknowledgement

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



Chief Executive Officer



Director

# ڈائریکٹرز رپورٹ

## معزز حصص داران (شیئر ہولڈرز)،

نیشنل فوڈز لمیٹڈ کے ڈائریکٹرز باسرت 31 دسمبر 2023 کو ختم ہونے والے مالی سال کے حوالے سے ششماہی مدت کے غیر جانچ شدہ نتائج پیش کر رہے ہیں جس میں دونوں یعنی علیحدہ اور مشترکہ فنانشل اسٹیٹمنٹس شامل ہیں۔

## کاروباری کارکردگی کا جائزہ

### معاشی صورتحال

مجموعی طور پر اقتصادی صورتحال بہتر ہونے کی امید ہے۔ تاہم، افراط زر کے دباؤ، شرح سود میں اضافے، یوٹیلیٹی کے بڑھتے ہوئے اخراجات، اور محدود مالی حدود کی وجہ سے کاروبار کی لاگت مسلسل چیلنج رہی، کیونکہ حکومت نے مالی سال کی پہلی ششماہی کے دوران آئی ایم ایف کی قیادت میں مالی اصلاحات کی طرف پیش قدمی کی ہے۔ روپیہ USD کے مقابلے میں دوبارہ بحال اور مستحکم ہونا شروع ہوا کیونکہ SBP نے 'اسٹرکچرل ریفارمز' کا جامع سیٹ متعارف کرایا جس کا مقصد 'تصحیح کمپنیوں (ECs) کو ریگولیٹ کرنا تھا۔ IMF نے 2024 کے لیے GDP نمو کے تخمینوں پر نظر ثانی کر کے %2.0 کر دیا ہے جس میں افراط زر کے دباؤ اور 2024 کے وسط تک شرح سود میں آسانی کی توقع ہے۔

## عملی اور مالیاتی کارکردگی

### بنیادی کاروبار

مقامی اور بین الاقوامی دونوں منڈیوں کی طرف سے %33 کی ٹاپ لائن نمو میں حصہ ڈالا گیا۔ کاروبار کرنے کی چیلنجنگ صورتحال کے باوجود، کمپنی نے قیمتوں میں مداخلت، ریونیو، اور لاگت میں تبدیلی کے اقدامات کے مثبت حساب کتاب کے ذریعے کمپنی کے لیے پائیدار آپریٹنگ منافع بخش نمو کو قابل بنایا۔ مدت کی دوسری سہ ماہی میں اسٹریٹجک مداخلتوں کے ساتھ کمپنی کے حجم ایک مثبت رفتار پر واپس آ گئے ہیں۔ فیصل آباد کی پیداواری سہولت میں اسٹریٹجک سرمایہ کاری کے لیے مالیاتی اخراجات میں اضافے نے موجودہ مدت میں خالص منافع کے مارجن کو متاثر کیا، جو PY کے مقابلے میں %1 کم ہو گیا۔

موجودہ مدت کے دوران فیصل آباد پلانٹ میں جزوی طور پر پیداوار شروع ہو چکی ہے۔ جس کے نتیجے میں، کمپنی نے SITE اور گوجرانوالہ پلانٹس میں مینوفیکچرنگ آپریشن روک دیا ہے۔ یہ اسٹریٹجک فیصلہ کمپنی کی مجموعی اسٹریٹجی سے مطابقت رکھتا ہے۔

### A1 بیگز اینڈ سپلائیز انکاربوریٹڈ

تمام سیکشنس کی خالص فروخت میں %66 اضافہ ہوا۔ کاروبار نے آپریٹنگ اور خالص منافع میں بالترتیب %84 اور %73 اضافے کے ساتھ اپنے منافع میں نمایاں اضافہ دکھایا ہے۔

گروپ کے مالیاتی سال کے شماریات درج ذیل ہیں:

	گروپ			بنیادی کاروبار			اے ون بیگز اینڈ سپلائیز انکاربوریٹڈ		
	Change	H1FY23	H1FY24	Change	H1FY23	H1FY24	Change	H1FY23	H1FY24
خالص فروخت		26,612	40,130	33%	12,080	16,040	66%	14,563	24,104
مجموعی منافع		7,349	11,038	26%	4,391	5,528	86%	2,962	5,511
* عملی منافع		2,057	3,168	15%	877	1,010	84%	1,180	2,169
** خالص منافع بعد از ٹیکس		958	1,018	4%	537	559	73%	703	1,218
آمدنی فی حصص (روپے)		4.1	4.4		2.3	2.4		3.0	5.2
بطور خالص فروخت کی شرح									
مجموعی منافع		27.6%	27.5%	-1.9%	36.4%	34.5%	2.5%	20.3%	22.9%
عملی منافع		7.7%	7.9%	-1.0%	7.3%	6.3%	0.9%	8.1%	9.0%
خالص منافع بعد از ٹیکس		3.6%	2.5%	-1.0%	4.4%	3.5%	0.2%	4.8%	5.1%

\* دیگر آمدنی اور اخراجات شامل نہیں ہیں۔

\*\*\* اس میں اے ون بیگز اور سیلز اینڈ مارکٹنگ کے استحکام کی ناقابل تسلیم بقیہ ادائیگی 12 ملین روپے (2023: 9 ملین روپے) شامل ہے۔

\*\*\* گروپ PAT میں A1 پر %60 شامل ہے۔

## مارکیٹنگ اور تشہیر

### ریسیپی مصالحہ

- نیشنل ریسیپی کمز %54 ویلو شیئرز کے ساتھ مارکیٹ پر مسلسل چھائے رہے۔
- دعوت آزادی کمپین نے کامیابی کے ساتھ ڈیجیٹل میڈیا کے بہترین استعمال، انفلوئنسرز کو شامل کیا، اور نیشنل فوڈز لمیٹڈ کے لیے مثبت برانڈ ایسوسی ایشن ثابت ہوئی۔
- کراچی ٹرانفرمیشن پلان کے تحت کراچی خاص پورٹفولیو کے اجراء کے ساتھ 3,300 سے زائد آؤٹ لیٹس تک وسیع کردی گئیں۔ کراچی میں ڈور ٹو ڈور سیلنگ کے نتیجے میں اب تک 143,456 سے زائد مثبت رجحان دیکھنے میں آئے۔

### کیچپ

- نیشنل ٹمائو کیچپ نے %59 کے قیمتی شیئرز کو برقرار رکھتے ہوئے چھائے رہے۔
- اقدامات میں قیمتوں میں کمی کی تشہیر، انفلوئنسرز کے ساتھ ڈیجیٹل کمپینز اور فیصل آباد میں ٹارگٹڈ 360 کمپین شامل تھی جس سے مارکیٹ شیئر میں اضافہ ہوا۔
- فیصل آباد کے ریٹورٹس کے ساتھ شراکت داری نے نیشنل کیچپ کی موجودگی اور برانڈ کے تاثر اور اس کی موجودگی میں اضافہ کیا۔

### اچار

- بڑے شہروں میں ماڈرن ٹریڈ میں شاپر ایکٹویشن نے سیلز اور ٹرانزیکشنز میں مزید دلچسپی پیدا کی۔
- 1 کلوگرام مکڈ اچار کی پروڈکٹ کے لیے پرائس آف پروموشن کو تمام چینلز پر لاگو کیا گیا۔
- 35 گرام کے سائے کو دوبارہ متعارف کروایا گیا، اور اس کی ونڈیبلٹی کو فوکس کرتے ہوئے پورے ملک میں 10,000 سے زائد اسٹورز تک پہنچایا۔

### انٹرنیشنل ڈویژن

- شمالی امریکہ میں مین اسٹریم ایکٹویشن، زیادہ تر کینیڈا میں، Costco میں پائلٹ شامل ہیں، اور مصالحو سیزنگ اور اسپانسرز پر مرکوز Saveon اور Food Basics آؤٹ لیٹس میں پروموشنز کی گئیں۔
- بھارتک چینلز کے ذریعے شمالی امریکہ، برطانیہ، متحدہ عرب امارات اور سعودیہ عرب میں آگاہی اور ٹرانزیکشنز میں ٹرانزیکشنز اور آگاہی فراہم کی گئی۔

### مستقبل کا نقطہ نظر

کمپنی بین الاقوامی کموڈٹی اور توانائی کی قیمتوں، سیاست کی غیر یقینی صورتحال اور مجموعی معیشت کو متاثر کرنے والے سخت مالیاتی اقدامات سے پیدا ہونے والی غیر یقینی صورتحال کو تسلیم کرتی ہے۔ کمپنی صورتحال کی قریب سے نگرانی کرتی رہے گی اور مطابق منصوبہ تشکیل دے گی تاکہ کاروباری بنیادوں کو حکمت عملی کے ساتھ چلایا جاسکے اور تمام اہم کیٹیگریز میں اپنی مارکیٹ میں لیڈرشپ کی پوزیشن کو برقرار رکھنے کے لیے حکمت عملی ترتیب دی جاسکے۔

### اعتراف

ہم بورڈ کی جانب سے مخلصانہ طور پر اپنے اندرونی اور بیرونی حصص داران کے مسلسل اعتماد اور پُر عزم ساتھ پرائے کا شکریہ ادا کرنا چاہتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

محمد سعید

ڈائریکٹر

Ahmed

چیف ایگزیکٹو آفیسر

# Independent Auditor's Review Report

## To the members of National Foods Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of National Foods Limited as at 31 December 2023 and the related condensed unconsolidated interim statement of profit or loss and other comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

### Scope of Review

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

### Conclusion

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

### Other matter

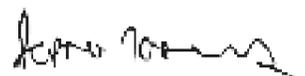
The figures for the quarter ended 31 December 2023 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the review resulting in this independent reviewer's report is Aryn Pirani

**Date: 29 February, 2024**

**Karachi**

**UDIN: RR202310201oF40qyL0s**



**KPMG Taseer Hadi & Co.  
Chartered Accountants**

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# Unconsolidated Condensed Interim Financial Statements (Unaudited) December 31, 2023



# Unconsolidated Condensed Interim Statement of Financial Position (Unaudited)

As at 31 December 2023

	Note	31 December 2023 (Unaudited)	30 June 2023 (Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	11,253,280	9,764,235
Intangibles	6	174,219	135,362
Long-term investments		31,719	31,719
Long-term deposits		34,218	40,259
Deferred assets	7	-	44,158
		<u>11,493,436</u>	<u>10,015,733</u>
<b>Current assets</b>			
Stores and spare parts		287,432	260,966
Stock-in-trade	8	10,923,119	9,769,284
Trade debts		1,174,033	1,569,867
Advances		1,104,833	1,207,650
Deposits and prepayments		219,234	120,955
Other receivables		54,967	83,550
Short-term investments at Fair value through Profit or Loss	9	104,825	937,047
Cash and bank balances		1,285,923	1,191,325
		<u>15,154,366</u>	<u>15,140,644</u>
<b>TOTAL ASSETS</b>		<u>26,647,802</u>	<u>25,156,377</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		5,000,000	5,000,000
1,000,000,000 (30 June 2023: 1,000,000,000) ordinary shares of Rs. 5 each			
<b>Share capital</b>		1,165,576	1,165,576
Issued, subscribed and paid-up capital			
<b>Revenue Reserve</b>		5,998,852	6,359,028
Unappropriated profit		7,164,428	7,524,604
<b>Non - current liabilities</b>		4,658,305	3,089,985
Long-term finance	10	24,353	7,854
Lease liabilities		222,195	342,969
Deferred taxation - net		-	4,626
Long term provisions		4,904,853	3,445,434
<b>Current liabilities</b>		6,227,397	7,464,318
Trade and other payables		380,515	291,002
Contract liability		6,506,235	4,905,760
Short-term borrowings	11	22,409	20,639
Unclaimed dividend		78,333	93,320
Long-term finance classified as current - secured	10	769,277	459,706
Mark-up accrued on bank borrowings		594,355	951,594
Taxation - net		14,578,521	14,186,339
Contingencies and commitments	12		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>26,647,802</u>	<u>25,156,377</u>

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

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

For the six months period ended 31 December 2023

	Note	Quarter ended		Six months ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
(Rupees in '000)					
Sales - net	13	8,640,471	6,319,890	15,586,870	11,895,801
Cost of sales		(5,915,272)	(4,003,909)	(10,605,726)	(7,682,164)
<b>Gross profit</b>		<u>2,725,199</u>	<u>2,315,981</u>	<u>4,981,144</u>	<u>4,213,637</u>
Selling and distribution costs		(1,505,806)	(1,331,361)	(2,841,303)	(2,546,341)
Administrative expenses	14	(618,945)	(413,350)	(1,260,183)	(855,970)
Other expenses		(16,970)	(64,512)	(41,056)	(92,071)
Other income	15	57,825	7,890	105,061	222,619
		<u>641,303</u>	<u>514,648</u>	<u>943,663</u>	<u>941,874</u>
Finance costs		(385,706)	(150,207)	(599,088)	(227,628)
<b>Profit before taxation</b>		<u>255,597</u>	<u>364,441</u>	<u>344,575</u>	<u>714,246</u>
Taxation - net	16	(88,144)	(149,736)	(121,963)	(231,091)
<b>Profit for the period</b>		<u>167,453</u>	<u>214,705</u>	<u>222,612</u>	<u>483,155</u>
<b>Other comprehensive income for the period</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>167,453</u>	<u>214,705</u>	<u>222,612</u>	<u>483,155</u>
		(Rupees in '000)		(Rupees in '000)	
<b>Earnings per share - basic and diluted</b>	17	<u>0.72</u>	<u>0.92</u>	<u>0.95</u>	<u>2.07</u>

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

# Unconsolidated Condensed Interim Statement of Cash Flows (Unaudited)

For the six months period ended 31 December 2023

Note	Six months ended	
	31 December 2023 (Unaudited)	31 December 2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	(Rupees in '000)	
Cash generated from operations	18 (617,654)	236,548
Finance cost paid	(289,517)	(90,752)
Income taxes paid	(599,978)	(230,123)
Retirement benefits paid	(5,264)	-
Deferred assets	44,158	-
Long term deposits - net	6,041	65
<b>Net cash flows from operating activities</b>	<b>(1,462,214)</b>	<b>(84,262)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,809,546)	(1,607,861)
Purchase of intangible assets	(49,381)	(3,062)
Redemption / (purchase) of short term investment - net	849,594	(237,702)
Proceeds from disposal of operating fixed assets	1,831	97,949
<b>Net cash flows from investing activities</b>	<b>(1,007,502)</b>	<b>(1,750,676)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short term borrowings - net	-	2,575,000
Lease rental paid	(8,476)	(9,008)
Proceeds of long term finance - net	1,553,333	2,557,780
Dividends paid	(581,018)	(1,129,800)
<b>Net cash flows from financing activities</b>	<b>963,839</b>	<b>3,993,972</b>
<b>Net decrease / increase in cash and cash equivalents</b>	<b>(1,505,877)</b>	<b>2,159,034</b>
Cash and cash equivalents at beginning of the period	(2,914,435)	(2,306,893)
<b>Cash and cash equivalents at end of the period</b>	<b>(4,420,312)</b>	<b>(147,859)</b>

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

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

For the six months period ended 31 December 2023

	Issued, subscribed and paid-up share capital	Revenue reserve - unappropriated profit	Total
(Rupees in '000)			
<b>Balance as at 1 July 2022</b>	1,165,576	5,343,575	6,509,151
<b>Total comprehensive income for the six months period ended 31 December 2022</b>			
Profit for the period	-	483,155	483,155
Other comprehensive income for the period	-	-	-
	-	483,155	483,155
<b>Total comprehensive income for the six months period ended 30 June 2023</b>			
Profit for the period	-	1,704,885	1,704,885
Other comprehensive income for the period	-	(7,011)	(7,011)
	-	1,697,874	1,697,874
<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 30 June 2023</b>	<b>1,165,576</b>	<b>6,359,028</b>	<b>7,524,604</b>
<b>Balance as at 1 July 2023</b>	<b>1,165,576</b>	<b>6,359,028</b>	<b>7,524,604</b>
<b>Total comprehensive income for the period ended 31 December 2023</b>			
Profit for the period	-	222,612	222,612
Other comprehensive income for the period	-	-	-
	-	222,612	222,612
<b>Transactions with owners recorded directly in equity - distributions</b>			
Final dividend for the year ended 30 June 2023 @ Rs. 2.5 per share	-	(582,788)	(582,788)
<b>Balance as at 31 December 2023</b>	<b>1,165,576</b>	<b>5,998,852</b>	<b>7,164,428</b>

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

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

For the six months period ended 31 December 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** During the current period, production has partially commenced at the Faisalabad plant. As a result, the Company has stopped manufacturing operations at SITE and Gujranwala plants. This strategic decision is consistent with the company's overall strategy.

## 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;
- 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.

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 Basis of measurement

These financial statements have been prepared under the historical cost convention except as stated otherwise.

### 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. MATERIAL ACCOUNTING POLICY INFORMATION

**3.1** The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended 30 June 2023. However, the Company has adopted the following:

### 3.2 New standards and amendments adopted by the Company

The Company has adopted the certain amendments and improvements to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period except for the adoption of the amendments as mentioned below. The said amendments did not have any material impact on these unconsolidated condensed interim financial statements.

The Company has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. These amendments did not result in any changes to the accounting policies itself and did not impact the accounting policy information disclosed in the audited annual financial statements as at and for the year ended 30 June 2023.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality for the disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management has reviewed the accounting policies and assessed that information given in Note 4 of significant accounting policies as disclosed in the audited annual financial statements as at and for the year ended 30 June 2023 are in line with the amendments. The amendments had no impact on the Company's condensed 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 2023.

**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 2023.

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

For the six months period ended 31 December 2023

5. PROPERTY, PLANT AND EQUIPMENT	Note	31 December 2023 (Unaudited)	30 June 2023 (Audited)
		(Rupees in '000)	
Operating fixed assets	5.1	9,071,004	4,915,430
Capital work in progress	5.2 & 5.4	2,144,406	4,834,734
Right-of-use assets		37,870	14,071
		<u>11,253,280</u>	<u>9,764,235</u>

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

	Six months ended	
	31 December 2023 (Unaudited)	31 December 2022
	(Rupees in '000)	
<b>Additions / transfers from CWIP</b>		
Building	3,624,624	85,115
Plant and machinery	750,370	417,679
Computer equipment	59,454	11,402
Vehicles	12,020	108,044
Furniture and fittings	41,420	17,847
Office, laboratory and other equipments	24,206	15,740
	<u>4,512,094</u>	<u>655,827</u>

Additions to operating fixed assets include transfers of Rs. 3,037 million (31 December 2022: Rs. 184.70 million) from capital work in progress balance as at 30 June 2023.

	Six months ended	
	31 December 2023 (Unaudited)	31 December 2022
	(Rupees in '000)	
<b>Disposals - Net book value</b>		
Furniture & Fixtures [cost Rs. 33.98 million (31 December 2022: Rs. Nil)]	5,354	-
Plant & Machinery [cost Rs. 50.05 million (31 December 2023: Rs. 32.6 million)]	2,656	3,437
Office Equipment [cost Rs. 35.38 million (31 December 2022: Rs. Nil)]	1,311	-
Computer Equipment [cost Rs. 67.63 million (31 December 2022: Rs. 1.9 million)]	843	20
Laboratory Equipment [cost Rs. 4.66 million (31 December 2022: Rs. Nil)]	549	-
Buildings [cost Rs. 0.46 million (31 December 2022: Rs. Nil)]	162	-
Vehicles [cost Rs. 0.44 million (31 December 2022: Rs. 118.3 million)]	8	99,383

5.2 This includes civil works of Rs. 1,212 million (30 June 2023: Rs.3,961 million) and Plant & Machinery and Other Equipments of Rs. 932 million (30 June 2023: Rs. 873 million).

5.3 During the period, Rs. 473 million borrowing cost has been capitalized in capital work in progress.

5.4 This includes borrowing costs amounting to Rs. 267 million (30 June 2023: Rs. 569 million).

## 6. INTANGIBLES

This includes Rs. 139 million under capital work in progress against implementation of SAP S4 Hana.

## 7. DEFERRED ASSETS

During the period, the Company has received Rs. 44 million from the pension funds being the surplus amount based on the actuarial valuation report as of 30 June, 2023.

8. STOCK-IN-TRADE	Note	31 December 2023 (Unaudited)	30 June 2023 (Audited)
		(Rupees in '000)	
Raw materials		4,037,664	3,923,355
Provision for obsolescence	8.1	(56,653)	(51,543)
		<u>3,981,011</u>	<u>3,871,812</u>
Packing materials		1,285,905	1,362,662
Provision for obsolescence	8.1	(79,921)	(86,604)
		<u>1,205,984</u>	<u>1,276,058</u>
Work in process		2,824,809	2,523,297
Provision for obsolescence	8.1	(98,054)	(48,873)
		<u>2,726,755</u>	<u>2,474,424</u>
Finished goods		3,137,792	2,216,879
Provision for obsolescence	8.1	(128,423)	(69,889)
		<u>3,009,369</u>	<u>2,146,990</u>
		<u>10,923,119</u>	<u>9,769,284</u>

8.1 During the year, the Company recorded charged of provision (30 June 2023: reversal) for obsolescence of Rs. 106 million (30 June 2023: Rs. 110 million) and has written off stocks against provision amounting to Rs. 77 million (30 June 2023: Rs.239 million).

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

For the six months period ended 31 December 2023

9. SHORT TERM INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		31 December 2023 (Unaudited)	30 June 2023 (Audited)
		(Rupees in '000)	
Investments in mutual funds		104,825	937,047

10. LONG TERM FINANCE	Note	31 December 2023 (Unaudited)	30 June 2023 (Audited)
		(Rupees in '000)	
Secured long-term finances utilised under mark-up arrangements Classified under current liability	10.1	4,736,638 (78,333) 4,658,305	3,183,305 (93,320) 3,089,985

10.1 This represents original long term finance facilities of Rs. 6,600 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 until October 2029.

11. SHORT TERM BORROWINGS	Note	31 December 2023 (Unaudited)	30 June 2023 (Audited)
		(Rupees in '000)	
Conventional			
Running finance under mark up arrangements	11.1	3,333,073	2,750,486
Export re-finance	11.2	800,000	800,000
Islamic			
Running finance under Musharakah	11.3	2,373,162 6,506,235	1,355,274 4,905,760

11.1 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 22.32 % to 22.36% (30 June 2023: 21.71% to 21.80%) per annum. The facilities are valid upto 30 April 2024.

11.2 The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The effective rate of mark-up on this facility is policy rate minus 3% i.e.19% (30 June 2023: 17%) per annum. The facilities offer are valid upto 09 March 2024 and are generally renewable.

11.3 The Company has obtained facilities for short-term finance under Running Musharakah. The effective rate of profit is 22.32% to 22.36% (30 June 2023: 21.71% to 21.75%) per annum. The facilities offer are valid upto 31 January 2024.

11.4 The facilities available from various banks amount to Rs. 8.39 billion (30 June 2023: Rs.6.14 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. 11.19 billion.

## 12. CONTINGENCIES AND COMMITMENTS

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

12.2 The facilities for opening letters of credit amount to Rs. 4.2 billion (30 June 2023: Rs. 4.2 billion) and for letters of guarantee amount to Rs. 1,045 million (30 June 2023: Rs. 1,071 million) as at 31 December 2023 of which the amount remaining unutilized at period end were Rs 3.8 billion (30 June 2023: Rs. 3.5 billion) and 597 million (30 June 2023: Rs. 620 million) respectively. The guarantees have mainly been given to utility companies, Collector of Customs and an oil marketing Company, etc.

12.3 Aggregate commitments for capital expenditure as at 31 December 2023 amount to Rs. 1.6 billion (30 June 2023: Rs. 2.4 billion).

12.4 Aggregate commitments in respect of ujarah payments for ijarah financing of motor vehicles bearing from First Habib Modarabah ranging from three months KIBOR + 0.90% (30 June 2023: three months KIBOR + 0.90%) while meezan bank ranging from three months KIBOR + 1.25% respectively (30 June 2023: three months KIBOR + 1.25%) per annum for rentals payable monthly as at 31 December 2023 amount to:

	31 December 2023 (Unaudited)	30 June 2023 (Audited)
	(Rupees in '000)	
Not later than one year	406,658	371,529
Later than one year but not later than five years	668,909	791,298
	1,075,567	1,162,827

Total sanctioned facilities from banks amount to Rs. 1,900 million, out of which Rs. 1,076 million has been utilized by the company.

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

For the six months period ended 31 December 2023

13. SALES - NET	Note	Six months ended	
		31 December 2023	31 December 2022
		(Unaudited)	
		(Rupees in '000)	
Local sales		20,653,175	15,996,414
Export sales	13.1	1,363,312	929,515
		<u>22,016,487</u>	<u>16,925,929</u>
Less: Sales tax		(2,868,100)	(2,100,635)
		<u>19,148,387</u>	<u>14,825,294</u>
Less:			
- Discount, rebates and allowances		(3,085,914)	(2,637,338)
- Sales return		(475,603)	(292,155)
		<u>(3,561,517)</u>	<u>(2,929,493)</u>
		<u>15,586,870</u>	<u>11,895,801</u>

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

**13.2** Management reviews revenue and other financial results based on major product division. During the six months period ended 31 December 2023, revenue of the Condiments division was Rs. 10,097 million (31 December 2022: Rs. 7,911 million), and Culinary division was Rs. 11,920 million (31 December 2022: Rs. 9,015 million).

**13.3** Revenue is disaggregated by primary geographical market. 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 93.81% (31 December 2022: 94.51%) and to customers outside Pakistan are 6.19% (31 December 2022: 5.49%) of the revenue.

## 14. ADMINISTRATIVE EXPENSES

This mainly includes salaries and wages and IT related expenses amounting to Rs. 556 million and Rs. 305 million respectively.

## 15. OTHER INCOME

This includes exchange gain of Rs. 39 million (31 December 2022: Rs. 149 million) on translation of foreign currency balances.

## 16. TAXATION - NET

Current  
Deferred

## 17. 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

Six months ended	
31 December 2023	31 December 2022
(Unaudited)	
(Rupees in '000)	
242,738	196,365
(120,775)	34,726
<u>121,963</u>	<u>231,091</u>

Six months ended	
31 December 2023	31 December 2022
(Unaudited)	
(Rupees in '000)	
222,612	483,155
(Number of shares)	
(In '000)	
233,115	233,115
(Rupees)	
0.95	2.07

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

For the six months period ended 31 December 2023

## 18. CASH GENERATED FROM OPERATIONS

	Six months ended	
	31 December 2023 (Unaudited)	31 December 2022
	(Rupees in '000)	
Profit before taxation	344,575	714,246
Adjustment for non-cash charges and other items		
Depreciation	345,635	335,945
Amortisation	10,524	9,021
Depreciation - right of use asset	8,742	-
Gain on disposal of property, plant and equipment	345	8,046
Provision/ (reversal) of provision for slow moving stock	106,142	(89,993)
Impairment on long term investment	0	14,216
Income from short term investments at FVTPL	(17,372)	(68,099)
Finance cost	595,580	226,212
Interest expense - right of use asset	3,508	1,416
Retirement benefits expense	5,264	-
	1,058,368	436,764
	1,402,943	1,151,010
Working capital changes (Increase) / decrease in current assets		
Stores and spare parts	(26,466)	(14,693)
Stock-in-trade	(1,259,977)	(633,049)
Trade debts	395,834	1,116,001
Advances	102,817	(471,277)
Deposits and prepayments	(98,279)	(19,425)
Other receivables	28,583	(208,013)
	(857,488)	(230,455)
Increase / (decrease) in current liabilities		
Trade and other payables	(1,252,622)	(819,774)
Contract liability	89,513	135,767
	(1,163,109)	(684,007)
	(617,654)	236,548

## 19. CASH AND CASH EQUIVALENTS

Cash and bank balances	1,285,923	1,291,894
Running finance	(5,706,235)	(1,439,753)
	(4,420,312)	(147,859)

## 20. RELATED PARTY DISCLOSURE

Related parties comprise the Holding Company, subsidiaries (direct and indirect), key management personnel, staff retirement funds, directors, major shareholders and key management personnel.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and Departmental Heads to be its key management personnel. Transactions with key management personnel are in accordance with their terms of employment / entitlement. Contribution charged for retirement benefit plan are in accordance with the terms of the service rules / trust deed and actuarial valuation as relevant. Other transactions are in accordance with the agreed terms.

## 20.1 Balance outstanding

Receivable from the parent company	4,401	5,188
Payable to parent company	3,568	2,518
Receivable from the subsidiary company	677,332	860,160
Payable to the subsidiary company	256,004	159,938
Advances to the subsidiary company (for supplies)	20,855	-
Payable to associated companies	20,828	63,107

## 20.2 Transactions during the period

### Parent company:

Rental income	1,819	1,725
Rental expense	2,507	-
Reimbursement of expenses	4,760	5,337
Dividend paid	198,279	394,934

### Subsidiary company:

Sale of goods - net	1,221,245	877,188
Purchase of goods - net	571,200	-

### Associated Companies / Undertakings:

Annual subscription	2,500	2,530
Purchases	125,903	116,636

### Directors and their family members:

Dividend paid	229,006	409,607
---------------	---------	---------

### Staff retirement funds:

Expense charged for defined contribution plan	54,486	46,304
Payment to defined contribution plan	54,486	35,309
Charge during the period to the defined benefit plan	5,264	-
Payment during the period to the defined benefit plan	5,264	-

### Key management personnel and their family members:

Salaries and other short-term employee benefits	535,086	461,557
Reimbursement of expenses	21,339	12,021
Directors' Fee	1,900	2,150
Contribution to the Provident Fund	14,705	13,285

## 21. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors of the Company in their meeting held on 27 February 2024, has declared a cash dividend of Rs 1.50 per share for the period ended 31 December 2023 (31 December 2022: Nil). These unconsolidated condensed interim financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

## 22. GENERAL

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on 27 February 2024



Chief Executive Officer



Chief Financial Officer



Director

31 December 2023  
(Unaudited)

30 June 2023  
(Audited)

(Rupees in '000)

4,401	5,188
3,568	2,518
677,332	860,160
256,004	159,938
20,855	-
20,828	63,107

Six months ended  
31 December 2023  
(Unaudited)

31 December 2022

(Rupees in '000)

1,819	1,725
2,507	-
4,760	5,337
198,279	394,934
1,221,245	877,188
571,200	-
2,500	2,530
125,903	116,636
229,006	409,607
54,486	46,304
54,486	35,309
5,264	-
5,264	-

1,221,245

571,200

2,500

125,903

229,006

54,486

54,486

5,264

5,264

535,086

21,339

1,900

14,705

461,557

12,021

2,150

13,285

# Consolidated Condensed Interim Financial Statements (Unaudited) December 31, 2023



# Consolidated Condensed Interim Statement of Financial Position (Unaudited)

As at 31 December 2023

	Note	31 December 2023	30 June 2023
		(Unaudited)	(Audited)
(Rupees in '000)			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		17,907,290	14,267,716
Intangibles and goodwill		1,527,766	1,515,889
Long-term deposits		34,218	40,259
Deferred assets	6	-	44,158
		<u>19,469,274</u>	<u>15,868,023</u>
<b>Current assets</b>			
Stores and spare parts		287,432	260,967
Stock-in-trade	7	17,007,073	14,805,197
Trade debts		2,816,046	3,228,417
Advances		1,275,198	1,236,168
Deposits and prepayments		1,113,521	1,010,881
Other receivables		60,090	136,866
Short-term investments - at fair value through profit or loss	8	104,825	937,047
Cash and bank balances		2,155,941	1,713,226
		<u>24,820,126</u>	<u>23,328,769</u>
<b>TOTAL ASSETS</b>		<u><b>44,289,400</b></u>	<u><b>39,196,791</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital		5,000,000	5,000,000
1,000,000,000 (30 June 2023: 1,000,000,000) ordinary shares of Rs. 5 each			
<b>Share capital</b>			
Issued, subscribed and paid-up capital		1,165,576	1,165,576
<b>Revenue Reserve</b>			
Unappropriated profit		9,434,831	9,000,730
Foreign exchange translation reserve		1,179,571	1,270,516
<b>Equity attributable to owners of the Company</b>		<u>11,949,978</u>	<u>11,436,822</u>
Non-controlling interest		2,074,514	1,780,155
<b>Total equity</b>		<u>13,854,492</u>	<u>13,216,977</u>
<b>Non-current liabilities</b>			
Long-term finance	9	5,517,439	3,961,219
Lease liabilities		4,257,799	2,381,605
Deferred taxation - net		290,508	412,344
Long term provisions		-	4,626
Deferred liabilities		16,182	13,547
		<u>10,081,928</u>	<u>6,773,341</u>
<b>Current liabilities</b>			
Trade and other payables		9,378,081	10,849,772
Contract liabilities		420,457	355,136
Short-term borrowings	10	8,089,474	5,407,269
Long-term finance classified as current - secured	9	388,540	372,404
Current portion of lease liabilities		580,989	644,680
Mark-up accrued on bank borrowings		769,277	459,706
Unclaimed dividend		22,409	20,639
Taxation - net		703,753	1,096,867
		<u>20,352,980</u>	<u>19,206,473</u>
Contingencies and commitments	11		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>44,289,400</b></u>	<u><b>39,196,791</b></u>

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Director

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

For the six months period ended 31 December 2023

	Note	Quarter ended		Six months ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
(Rupees in '000)					
Sales - net	12	20,175,273	13,483,758	40,129,537	26,611,726
Cost of sales		(14,548,280)	(9,644,139)	(29,091,104)	(19,263,254)
<b>Gross profit</b>		<u>5,626,993</u>	<u>3,839,619</u>	<u>11,038,433</u>	<u>7,348,472</u>
Selling and distribution costs		(3,107,265)	(2,252,249)	(5,919,921)	(4,158,192)
Impairment loss on trade debts		1,699	5,416	(20,898)	-
Administrative expenses		(949,518)	(467,410)	(1,930,104)	(1,144,337)
Other expenses		(16,970)	(64,512)	(41,056)	(92,071)
Other income		57,030	7,638	97,223	222,089
		<u>1,611,969</u>	<u>1,068,502</u>	<u>3,223,677</u>	<u>2,175,961</u>
Finance costs		(623,324)	(261,060)	(1,089,529)	(448,511)
<b>Profit before taxation</b>		<u>988,645</u>	<u>807,442</u>	<u>2,134,148</u>	<u>1,727,450</u>
Taxation - net	13	(318,351)	(264,180)	(634,473)	(498,852)
<b>Profit for the period</b>		<u>670,295</u>	<u>543,262</u>	<u>1,499,676</u>	<u>1,228,598</u>
<b>Other comprehensive income for the period</b>					
Items that may be reclassified subsequently to profit or loss:					
Foreign operations - Exchange differences on translation of foreign operations		292	13,370	(86,244)	144,437
<b>Total comprehensive income for the period</b>		<u>670,586</u>	<u>556,632</u>	<u>1,413,431</u>	<u>1,373,035</u>
<b>Profit attributable to:</b>					
Owners of the Holding Company		453,048	424,638	1,016,889	951,113
Non-controlling interest		217,247	118,624	482,787	277,485
		<u>670,295</u>	<u>543,262</u>	<u>1,499,676</u>	<u>1,228,598</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Holding Company		412,789	446,080	925,944	1,163,795
Non-controlling interest		257,797	110,552	487,487	209,240
		<u>670,586</u>	<u>556,632</u>	<u>1,413,431</u>	<u>1,373,035</u>
(Rupees in '000)					
<b>Earnings per share (basic and diluted)</b>	14	1.94	1.82	4.36	4.08

The annexed notes 1 to 19 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 six months period ended 31 December 2023

Note	Six months ended	
	31 December 2023 (Unaudited)	31 December 2022
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash generated from operations	849,937	982,631
Finance cost paid	(779,958)	(311,636)
Income tax paid	(1,145,766)	(444,272)
Retirement benefits obligations paid	(5,264)	-
Deferred assets	44,158	-
Long term deposits	6,041	67
<b>Net cash generated from operating activities</b>	<b>(1,030,852)</b>	<b>226,790</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,313,338)	(2,779,694)
Proceeds from disposal of fixed assets	1,831	97,949
Purchase of intangible assets	(56,331)	(3,062)
Redemption of short term investment - net	849,594	(237,702)
<b>Net cash used in investing activities</b>	<b>(3,860,622)</b>	<b>(2,922,509)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of short term borrowings - net	951,020	2,575,000
Repayment of long term finance - net	1,589,907	3,358,551
Lease rental paid	(502,250)	152,730
Dividend paid	(780,595)	(1,142,622)
<b>Net cash from / (used in) financing activities</b>	<b>3,600,460</b>	<b>4,943,659</b>
Net increase / (decrease) in cash and cash equivalents	(1,291,014)	2,247,940
Cash and cash equivalents at beginning of the year	(2,392,534)	(2,473,377)
Currency translation difference on cash and cash equivalents	(3,964)	(18,003)
Cash and cash equivalents at end of the year	<b>(3,687,512)</b>	<b>(243,440)</b>

The annexed notes 1 to 19 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 (Unaudited)

For the six months period ended 31 December 2023

	Attributable to shareholders of the Parent Company				Non controlling interest	Total Equity
	Share capital	Retained earnings	Foreign currency translation reserve	Sub-total		
	(Rupees in '000)					
Balance as at 1 July 2022	1,165,576	6,961,971	577,421	8,704,968	767,772	9,472,740
<b>Total comprehensive income for the six months period ended 31 December 2022</b>						
Profit for the period	-	951,113	-	951,113	277,485	1,228,598
Other comprehensive income for the period	-	-	212,682	212,682	(68,245)	144,437
	-	951,113	212,682	1,163,795	209,240	1,373,035
<b>Total comprehensive income for the six months period ended 30 June 2023</b>						
Profit for the period	-	2,260,233	-	2,260,233	342,471	2,602,704
Other comprehensive income for the period	-	(7,011)	480,413	473,402	680,423	1,153,825
	-	2,253,222	480,413	2,733,635	1,022,894	3,756,529
<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	-	-	-	-	(219,751)	(219,751)
<b>Balance as at 30 June 2023</b>	<b>1,165,576</b>	<b>9,000,730</b>	<b>1,270,516</b>	<b>11,436,822</b>	<b>1,780,155</b>	<b>13,216,977</b>
<b>Balance as at 1 July 2023</b>	<b>1,165,576</b>	<b>9,000,730</b>	<b>1,270,516</b>	<b>11,436,822</b>	<b>1,780,155</b>	<b>13,216,977</b>
<b>Total comprehensive income for the period ended 31 December 2023</b>						
Profit for the period	-	1,016,889	-	1,016,888	482,787	1,499,676
Other comprehensive income for the period	-	-	(90,945)	(90,945)	4,700	(86,244)
	-	1,016,889	(90,945)	925,944	487,487	1,413,431
<b>Transaction with owners</b>						
Final cash dividend for the year ended 30 June 2023 @ Rs. 2.5 per ordinary share	-	(582,788)	-	(582,788)	-	(582,788)
Dividend paid to NCI	-	-	-	-	(193,128)	(193,128)
<b>Balance as at 31 December 2023</b>	<b>1,165,576</b>	<b>9,434,831</b>	<b>1,179,571</b>	<b>11,779,978</b>	<b>2,074,514</b>	<b>13,854,492</b>

The annexed notes 1 to 19 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 six months period ended 31 December 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 parents (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 and one new established subsidiary, two indirect subsidiaries of the 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.

#### 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.

#### National Foods (FZE).

National Foods (FZE) has been established in Sharjah, United Arab Emirates on 23 November 2023. The company is a wholly owned subsidiary of National Foods DMCC and will be principally engaged in the manufacturing of food products, although the entity has not commenced its operations.

1.4 During the current period, production has partially commenced at the Faisalabad plant. As a result, the Company has stopped manufacturing operations at SITE and Gujranwala plants. This strategic decision is consistent with the company's overall strategy.

## 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.

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 consolidated condensed interim 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 Group as at and for the year ended 30 June 2023.

### 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 transactions/ balances have been eliminated.

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

For the six months period ended 31 December 2023

## 2.4 Functional and presentation currency

These consolidated condensed interim 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 consolidated condensed interim 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 consolidated financial statements as at and for the year ended 30 June 2023.

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the audited annual consolidated financial statements as at and for the year ended 30 June 2023.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Group for the year ended 30 June 2023. However the company has adopted the following:

### 4.2 New standards and amendments adopted by the Group

The Group has adopted the certain amendments and improvements to approved accounting and reporting standards as applicable in Pakistan which became effective for the current period except for the adoption of the amendments as mentioned below. The said amendments did not have any material impact on these consolidated condensed interim financial statements.

The Group has adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. These amendments did not result in any changes to the accounting policies itself and did not impact the accounting policy information disclosed in the audited annual consolidated financial statements as at and for the year ended 30 June 2023.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality for the disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management has reviewed the accounting policies and assessed that information given in Note 4 of significant accounting policies as disclosed in the audited annual consolidated financial statements as at and for the year ended 30 June 2023 are in line with the amendments. The amendments had no impact on these consolidated condensed interim financial statements.

## 5. PROPERTY, PLANT AND EQUIPMENT

Note

31 December 2023 (Unaudited) 30 June 2023 (Audited)

(Rupees in '000)

Operating fixed assets	5.1	10,878,807	6,366,654
Capital work-in-progress	5.2 & 5.4	2,144,406	4,834,734
Right-of-use assets	5.5	4,884,077	3,066,328
		<u>17,907,290</u>	<u>14,267,716</u>

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

Six months ended

31 December 2023 (Unaudited) 31 December 2022

(Rupees in '000)

### Additions/ transfer from CWIP

Building on leasehold land	3,846,627	85,115
Plant and machinery	750,370	417,679
Computer equipment	81,256	41,895
Vehicles	96,827	128,204
Furniture and fittings	191,612	220,969
Office, laboratory and other equipments	82,684	83,264
	<u>5,049,375</u>	<u>977,126</u>

Additions to operating fixed assets include transfers of Rs. 3,037 million (31 December 2022: Rs. 184.70 million) from capital work in progress balance as at 30 June 2023.

Six months ended

31 December 2023 (Unaudited) 31 December 2022

(Rupees in '000)

### Disposals - Net book value

Furniture & Fixtures [cost Rs. 33.98 million (31 December 2022: Rs. Nil)]	5,354	-
Plant & Machinery [cost Rs. 50.05 million (31 December 2023: Rs. 32.6 million)]	2,656	3,437
Office Equipment [cost Rs. 35.38 million (31 December 2022: Rs. Nil)]	1,311	-
Computer Equipment [cost Rs. 67.63 million (31 December 2022: Rs. 1.9 million)]	843	20
Laboratory Equipment [cost Rs. 4.66 million (31 December 2022: Rs. Nil)]	549	-
Buildings [cost Rs. 0.46 million (31 December 2022: Rs. Nil)]	162	-
Vehicles [cost Rs. 0.44 million (31 December 2022: Rs. 118.3 million)]	8	99,383

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

For the six months period ended 31 December 2023

5.2 This includes civil works of Rs. 1,212 million (30 June 2023: Rs.3,961 million) and Plant & Machinery and Other Equipments of Rs. 932 million (30 June 2023: Rs. 873 million).

5.3 During the period, Rs. 473 million borrowing cost has been capitalized in Capital Work in Progress.

5.4 This includes borrowing costs amounting to Rs. 267 million (30 June 2023: Rs. 569 million).

## 5.5 Right-of-use Assets

	31 December 2023			
	Properties	Equipments	Vehicles	Total
	(Rupees in '000)			
<b>Balance at 1 July 2023</b>				
Cost	3,097,823	20,029	119,439	3,237,291
Accumulated depreciation	(1,223,957)	(17,683)	(33,919)	(1,275,559)
Net exchange difference	1,047,467	3,769	53,360	1,104,596
<b>Net book value</b>	<b>2,921,333</b>	<b>6,115</b>	<b>138,880</b>	<b>3,066,328</b>
Additions during the period	2,374,919	-	-	2,374,919
Charge for the period	(483,990)	(1,990)	(26,743)	(512,724)
<b>Balance at 31 December 2023</b>	<b>4,812,262</b>	<b>4,125</b>	<b>112,137</b>	<b>4,928,524</b>
Effect of movements in exchange rates	(42,311)	(96)	(2,039)	(44,447)
<b>Net Book Value at 31 December 2023</b>	<b>4,769,951</b>	<b>4,029</b>	<b>110,097</b>	<b>4,884,077</b>
	30 June 2023			
	Properties	Equipments	Vehicles	Total
	(Rupees in '000)			
<b>Balance at 1 July 2022</b>				
Cost	2,219,562	17,700	149,467	2,386,729
Accumulated depreciation	(671,178)	(12,753)	(71,393)	(755,324)
Net exchange difference	324,842	1,777	17,575	344,194
<b>Net book value</b>	<b>1,873,226</b>	<b>6,724</b>	<b>95,649</b>	<b>1,975,599</b>
Additions	878,261	2,329	71,646	952,236
Derecognition during the year	-	-	(101,674)	(101,674)
	878,261	2,329	(30,028)	850,562
Charge for the year	(552,779)	(4,930)	(57,516)	(615,225)
Derecognition during the year	-	-	94,990	94,990
	(552,779)	(4,930)	37,474	(520,235)
<b>Balance at 30 June 2023</b>	<b>2,198,708</b>	<b>4,123</b>	<b>103,095</b>	<b>2,305,926</b>
Effect of movements in exchange rates	722,625	1,992	35,785	760,402
<b>Net Book Value at 30 June 2023</b>	<b>2,921,333</b>	<b>6,115</b>	<b>138,880</b>	<b>3,066,328</b>

## 6. DEFERRED ASSETS

During the period, the Group has received Rs. 44 million from the pension funds being the surplus amount based on the actuarial valuation report as of 30 June 2023.

## 7. STOCK IN TRADE

	Note	31 December 2023 (Unaudited)	30 June 2023 (Audited)
		(Rupees in '000)	
Raw materials		4,010,105	3,923,355
Provision for obsolescence	7:1	(56,653)	(51,543)
		3,953,452	3,871,812
Packing materials		1,285,905	1,362,662
Provision for obsolescence	7:1	(79,921)	(86,604)
		1,205,984	1,276,058
Work-in-process		2,824,809	2,523,297
Provision for obsolescence	7:1	(98,054)	(48,873)
		2,726,755	2,474,424
Finished goods		9,476,057	7,325,424
Provision for obsolescence	7:1	(355,176)	(142,521)
		9,120,882	7,182,903
		17,007,073	14,805,197

7:1 During the year, the Company recorded charge of provision (30 June 2023: reversal) for obsolescence of Rs. 106 million (30 June 2023: Rs. 110 million) and has written off stocks against provision amounting to Rs. 77 million (30 June 2023: Rs.239 million).

## 8. SHORT-TERM INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	31 December 2023 (Unaudited)	30 June 2023 (Audited)
		(Rupees in '000)	
Investments in mutual funds		104,825	937,047
<b>9. LONG TERM FINANCE</b>			
Local currency	9:1	4,736,638	3,183,305
Foreign currency		1,169,341	1,150,318
		5,905,979	4,333,623
Classified under current liability		(388,540)	(372,404)
		5,517,439	3,961,219

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

For the six months period ended 31 December 2023

**9.1** This represents original long term finance facilities of Rs. 6,600 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 until October 2029.

10. SHORT TERM BORROWINGS	Note	31 December 2023 (Unaudited)	30 June 2023 (Audited)
		(Rupees in '000)	
Conventional			
Running finance under mark up arrangements	10.1	3,333,073	2,750,486
Demand operating loan		1,446,020	501,509
Export re-finance	10.2	800,000	800,000
Islamic			
Running finance under Musharakah	10.3	2,510,380	1,355,274
		<u>8,089,474</u>	<u>5,407,269</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 22.32 % to 22.36% (30 June 2023: 21.71% to 21.80%) per annum. The facilities are valid upto 30 April 2024.

**10.2** The Company has short term running finance facility under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The effective rate of mark-up on this facility is policy rate minus 3% i.e.19% (30 June 2023: 17%) per annum. The facilities offer are valid upto 09 March 2024 and are generally renewable.

**10.3** The Company has obtained facilities for short-term finance under Running Musharakah. The effective rate of profit is 22.32% to 22.36% (30 June 2023: 21.71% to 21.75%) per annum. The facilities offer are valid upto 31 January 2024.

**10.4** The facilities available from various banks amount to Rs. 8.39 billion (30 June 2023: Rs.6.14 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. 11.19 billion.

## 11. CONTINGENCIES AND COMMITMENTS

**11.1** There are cases against the Company which are outstanding as at 31 December 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 2023: Rs. 4.2 billion) and for letters of guarantee amount to Rs. 1,045 million (30 June 2023: Rs. 1,071 million) as at 31 December 2023 of which the amount remaining unutilized at period end were Rs 3.8 billion (30 June 2023: Rs. 3.5 billion) and 597 million (30 June 2023: Rs. 620 million) respectively. The guarantees have mainly been given to utility companies, Collector of Customs and an oil marketing Company, etc.

**11.3** Aggregate commitments for capital expenditure as at 31 December 2023 amount to Rs. 1.6 billion (30 June 2023: Rs. 2.4 billion).

**11.4** Commitments in respect of ujarah payments for ijarah financing of motor vehicles bearing from First Habib Modarabah carries markup at three months KIBOR + 0.90% (30 June 2023: three months KIBOR + 0.90%) while Meezan Bank Limited facilities carries markup at three months KIBOR + 1.25% respectively (30 June 2023: three months KIBOR + 1.25%) per annum for rentals payable monthly. Total commitment as at 31 December 2023 amount to the following:

	31 December 2023 (Unaudited)	30 June 2023 (Audited)
	(Rupees in '000)	
Not later than one year	406,658	371,529
Later than one year but not later than five years	668,909	791,298
	<u>1,075,567</u>	<u>1,162,827</u>

Total sanctioned facilities from banks amount to Rs. 1,900 million, out of which Rs. 1,076 million has been utilized by the company.

## 12. SALES - NET

Gross sales  
Local sales  
Export sales

Sales tax

Less:

Discount rebates and allowances  
Sales return

	Six months ended 31 December 2023 (Unaudited)	31 December 2022
	(Rupees in '000)	
Gross sales	20,653,175	15,996,414
Local sales	27,390,038	16,425,896
Export sales	48,043,213	32,422,310
Sales tax	(4,040,067)	(2,881,091)
	<u>44,003,146</u>	<u>29,541,219</u>
Less:		
Discount rebates and allowances	(3,342,231)	(2,637,338)
Sales return	(531,378)	(292,155)
	<u>(3,873,609)</u>	<u>(2,929,493)</u>
	<u>40,129,537</u>	<u>26,611,726</u>

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

For the six months period ended 31 December 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 six months period ended 31 December 2023, revenue of the Condiments division was Rs. 10,341 million (31 December 2022: Rs. 8,012 million), and Culinary division was Rs. 12,426 million (31 December 2022: Rs. 9,067 million). Revenue from A1 amounted to Rs. 25,275 million (31 December 2022: Rs. 15,343 million).

## 13. TAXATION - NET

	Six months ended	
	31 December 2023	31 December 2022
	(Unaudited)	
	(Rupees in '000)	
Current	755,248	464,126
Deferred	(120,775)	34,726
	<u>634,473</u>	<u>498,852</u>

## 14. EARNINGS PER SHARE

	Six months ended	
	31 December 2023	31 December 2022
	(Unaudited)	
	(Rupees in '000)	
Profit after taxation attributable to owners of the Parent Company	<u>1,016,889</u>	<u>951,113</u>
	(Number of shares)	
	(In '000)	
Weighted average number of ordinary shares outstanding during the period	<u>233,115</u>	<u>233,115</u>
	(Rupees)	
Earning per share - basic and diluted	<u>4.36</u>	<u>4.08</u>

## 15. CASH GENERATED FROM OPERATIONS

### Profit before taxation

Adjustments for non-cash charges and other items

	Six months ended 31 December 2023	31 December 2022
	(Unaudited)	
	(Rupees in '000)	
Profit before taxation	1,145,503	920,008
Adjustments for non-cash charges and other items		
Depreciation	486,669	422,082
Amortisation	22,055	18,122
Depreciation - right of use asset	498,438	251,530
Gain on disposal of fixed assets	345	8,046
Reversal of provision for slow moving stock	106,142	(89,993)
Impairment on long term investment	-	14,216
Income from short term investments at FVTPL	(17,372)	(68,099)
Finance cost	963,976	395,051
Interest expense - right of use asset	125,553	53,460
Provision for doubtful debts	20,898	-
Retirement benefits expense	8,149	144
	<u>2,214,853</u>	<u>1,004,559</u>
	<u>4,349,001</u>	<u>2,732,009</u>

### Working capital changes

(Increase) / decrease in current assets

Stores and spare parts	(26,466)	(14,693)
Stock-in-trade	(2,383,161)	(1,422,808)
Trade debts	1,227,659	1,717,802
Advances	(36,503)	(471,277)
Deposits and prepayments	(98,279)	(19,425)
Other receivables	24,960	(283,034)
	<u>(1,291,790)</u>	<u>(493,435)</u>

Increase / (decrease) in current liabilities

Trade and other payables	(2,296,787)	(1,391,710)
Contract Liability	89,513	135,767
	<u>(2,207,274)</u>	<u>(1,255,943)</u>
	<u>849,937</u>	<u>982,631</u>

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

For the six months period ended 31 December 2023

## 16. CASH AND CASH EQUIVALENTS

	Six months ended	
	31 December 2023 (Unaudited)	31 December 2022
	(Rupees in '000)	
Cash and bank balances	2,155,941	1,561,479
Running finance	(5,843,453)	(1,804,919)
	<u>(3,687,512)</u>	<u>(243,440)</u>

## 17. RELATED PARTY DISCLOSURE

Related parties comprise the Holding Company, subsidiaries (direct and indirect), key management personnel, staff retirement funds, directors, major shareholders and key management personnel.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and Departmental Heads to be its key management personnel. Transactions with key management personnel are in accordance with their terms of employment / entitlement. Contribution charged for retirement benefit plan are in accordance with the terms of the service rules / trust deed and actuarial valuation as relevant. Other transactions are in accordance with the agreed terms.

### 17.1 Balance outstanding

	31 December 2023 (Unaudited)	30 June 2023 (Audited)
	(Rupees in '000)	
Receivable from the parent company	4,401	5,188
Payable to parent company	3,568	2,518
Payable to associated companies	<u>20,828</u>	<u>63,107</u>

### 17.2 Transactions during the period

#### Parent company:

	31 December 2023 (Unaudited)	31 December 2022
Rental income	1,819	1,725
Rental expense	2,507	-
Reimbursement of expenses	4,760	5,337
Dividend paid	198,279	394,934

#### Associated companies / Undertakings

Annual Subscription	2,500	2,530
Purchases	125,903	116,636

#### Directors and their family members:

Dividend paid	229,006	409,607
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#### Staff retirement funds

Expense charged for defined contribution plan	54,486	46,304
Payment to defined contribution plan	54,486	35,309
Charge during the period to the defined benefit plan	5,264	-
Payment during the period to the defined benefit plan	5,264	-

#### Key management personnel:

Salaries and other short-term employee benefits	823,820	463,003
Reimbursement of expenses	21,339	12,021
Directors' Fee	8,221	2,150
Retainers Fee	7,183	-
Contribution to the Provident Fund	14,705	13,285

## 18. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors of the Parent Company in their meeting held on 27 February 2024, has declared a cash dividend of Rs 1.50 per share for the period ended 31 December 2023 (31 December 2022: Nil). These consolidated condensed interim financial statements do not include the effect of this appropriation which will be accounted for subsequent to the period end.

## 19. GENERAL

This consolidated condensed interim financial statement has been authorised for issue on 27 February 2024 by the Board of Directors of the Holding Company.



Chief Executive Officer



Chief Financial Officer



Director