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Ismail Industries Limited

COMPANY INFORMATION

Board of Directors

Mr. Muhammad M. Ismail	Chairman
Mr. Maqsood Ismail	Chief Executive
Mr. Miftah Ismail	Executive Director
Mr. Munsarim Saifullah	Executive Director
Ms. Farzana Muhammad	Non-Executive Director
Ms. Almas Maqsood	Non-Executive Director
Ms. Reema Miftah	Non-Executive Director
Mr. Ahmed Muhammad	Non-Executive Director
Mr. Jawed Abdullah	Independent Director

Audit Committee Members

Mr. Jawed Abdullah	Chairman
Mr. Muhammad M. Ismail	Member
Mr. Ahmed Muhammad	Member
Ms. Reema Miftah	Member

Human Resource Committee

Ms. Farzana Muhammad	Chairperson
Mr. Jawed Abdullah	Member
Mr. Maqsood Ismail	Member
Ms. Almas Maqsood	Member

Registered Office

17, Bangalore Town,
Main Shahra-e-Faisal, Karachi

Factory - 1

C-230, Hub H.I.T.E.,
Balochistan.

Factory - 2

B-140, Hub H.I.T.E.,
Balochistan.

Factory - 3

G-1, Hub H.I.T.E.,
Balochistan.

Factory - 4

G-22, Hub H.I.T.E.,
Balochistan.

Factory - 5

38-C, Sundar Industrial Estate
Raiwind Road, Lahore.

Company Secretary

Mr. Ghulam Farooq

Chief Financial Officer

Mr. Saad Younus

Auditor

Grant Thornton Anjum Rahman
Chartered Accountants

Tax Advisor

Munaf Yusuf & Co.
Chartered Accountants

Legal Advisor

Farooq Rasheed & Co.

Share Registrar

THK Associates (Pvt.) Limited

Intellectual Property Advisor

Ali Associates

Bankers / Institutions

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Al-Habib Limited
Barclays Bank PLC, Pakistan
Bank Islami Pakistan Limited
Bank Alfalah Limited
Burj Bank Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
First Habib Modaraba
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial & Commercial Bank of China
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Pak Brunei Investment Co Ltd
Pak Oman Investment Co. Ltd
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Standard Chartered Modaraba
Summit Bank Limited
The Bank of Punjab
United Bank Limited

Ismail Industries Limited

DIRECTORS REVIEW

The Directors are pleased to present the financial statements of the Company for the third quarter and nine month period ended March 31, 2015. Your Company continues to deliver strong growth with success crowning its efforts, as shown by the following statistics.

Business Review

	March 2015	March 2014	Change In %
	PKR Million		
Gross Sales	10,695	9,220	16%
Net Sales	9,120	7,920	15%
Gross Profit	1,826	1,581	15%
Operating Profit	998	788	27%
% of Net Sales	11%	10%	10%
Profit before tax	496	415	20%
Profit after tax	360	292	23%
Earnings per share - Rupees	7.13	5.78	23%

Our sales growth of 16% in the period under review has come through an aggressive and multi-dimensional focus on brand building and brand activation. Total turnover of the Company is Rs.10,695 million as compared to Rs. 9,220 million in the corresponding period. Our focus on bottom line improvements is clearly delivering the desired results, as we are improving sales mix and continuing to apply rigorous control on supply chain costs and savings. Cost rationalization initiatives across the entire spectrum of business will continue to remain our priority and this has reflected in our pre-tax earnings for the period under review which is Rs.496 million in comparison of Rs. 415 million earned in same period last year.

The Company has acquired further 155,489,228 shares of the Bank of Khyber. Prior to this, it held 86,149,803 shares. The total shareholding of the Company in the Bank of Khyber is now 241,630,031 shares which represents 24.16% of paid-up capital of the Bank.

Future Outlook

Improvements in the business environment will largely depend on the economic policies of the government and the implementation of key reforms. Overall persistent high inflation and prevailing power outages pose significant challenges to business. Your Company's priorities will not change in the period ahead and will continue to focus on delivering exceptional value to customers and shareholders.

Ismail Industries Limited

Acknowledgement

The Board of Directors would like to express their gratitude to all employees who have worked hard to achieve our common objectives.

On behalf of the Board of Directors

(Maqsood Ismail)
Chief Executive

Karachi: April 27, 2015

Ismail Industries Limited

**CONDENSED INTERIM
FINANCIAL INFORMATION
(UN-AUDITED)
FOR THE NINE-MONTHS PERIOD ENDED
MARCH 31, 2015**

Ismail Industries Limited

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2015

	Note	Un-audited Mar 31, 2015 Rupees	Audited June 30, 2014 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,392,886,895	3,842,814,891
Long-term investments	6	2,963,263,719	1,315,371,870
Long-term deposits		48,108,443	52,788,247
Total non-current assets		7,404,259,057	5,210,975,008
Current assets			
Stores and spares	7	94,109,374	71,759,076
Stock-in-trade	8	4,952,119,793	4,998,983,520
Trade debts	9	696,330,942	889,717,175
Advances - considered good		74,525,580	101,205,657
Short term investments - available for sale	10	56,720,584	-
Trade deposits and short-term prepayments		40,507,594	8,036,058
Other receivables		24,630,432	30,840,582
Taxation - net		248,581,746	263,935,133
Cash and bank balances	11	44,721,687	23,598,944
Total current assets		6,232,247,732	6,388,076,145
Total assets		13,636,506,789	11,599,051,153
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital			
100,000,000 (June 30, 2014: 100,000,000) ordinary share of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital			
50,520,750 (June 30, 2014: 50,520,750) ordinary shares of Rs.10 each full paid in cash		505,207,500	505,207,500
Capital reserve		579,265,000	579,265,000
Unappropriated profit		2,587,275,717	2,168,661,763
Total shareholders' equity		3,671,748,217	3,253,134,263
Non-current liabilities			
Directors' loan - subordinated	12	602,151,770	352,151,770
Long-term finances - secured	13	1,920,749,812	1,766,548,890
Liabilities against assets subject to finance lease		73,065,322	105,548,893
Deferred liabilities		585,285,307	580,263,850
Total non-current liabilities		3,181,252,211	2,804,513,403
Current liabilities			
Trade and other payables	14	970,710,196	508,752,407
Accrued mark-up		102,035,661	108,807,792
Short-term finance - secured	15	4,550,616,795	4,069,767,289
Current portion of:			
- long-term finances - secured	13	838,461,864	729,765,756
- liabilities against assets subject to finance lease		65,122,097	56,078,661
Advance from customers		256,559,748	68,231,582
Total current liabilities		6,783,506,361	5,541,403,487
Total liabilities		9,964,758,572	8,345,916,890
Contingencies and commitments	16		
Total equity and liabilities		13,636,506,789	11,599,051,153

The annexed selected notes from 1 to 22 form an integral part of this condensed interim financial information.

MAQSOOD ISMAIL
Chief Executive Officer

MUNSARIM SAIFULLAH
Director

Ismail Industries Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2015

Note	Nine-month period ended		Quarter ended	
	March 31, 2015 Rupees	March 31, 2014 Rupees	March 31, 2015 Rupees	March 31, 2014 Rupees
Sales	10,695,046,151	9,219,555,769	4,036,124,956	3,418,553,202
Sales tax	(1,575,149,486)	(1,299,558,435)	(604,221,258)	(498,369,914)
Net sales	9,119,896,665	7,919,997,334	3,431,903,698	2,920,183,288
Cost of sales	(7,294,033,539)	(6,339,121,883)	(2,748,492,536)	(2,336,822,868)
Gross profit	1,825,863,126	1,580,875,451	683,411,162	583,360,420
Selling and distribution expenses	(728,921,054)	(709,444,082)	(280,042,163)	(269,443,341)
Administrative expenses	(98,770,451)	(83,405,051)	(34,294,290)	(31,356,836)
	(827,691,505)	(792,849,133)	(314,336,453)	(300,800,177)
Operating profit	998,171,621	788,026,318	369,074,709	282,560,243
Other expenses	(48,714,487)	(33,428,190)	(15,664,019)	(6,344,099)
	949,457,134	754,598,128	353,410,690	276,216,144
Other income	49,156,694	52,703,310	16,067,547	16,025,073
	998,613,828	807,301,438	369,478,237	292,241,217
Finance cost	(560,467,252)	(465,601,138)	(187,447,694)	(173,939,408)
	438,146,576	341,700,300	182,030,543	118,301,809
Share of profit from associate	58,195,528	73,042,721	41,620,096	51,209,658
Profit before income tax	496,342,104	414,743,021	223,650,639	169,511,467
Taxation	(136,250,170)	(122,631,105)	(67,816,339)	(27,026,945)
Profit for the period	360,091,934	292,111,916	155,834,300	142,484,522
Earnings per share - basic and diluted	17 7.13	5.78	3.08	2.82

The annexed selected notes from 1 to 22 form an integral part of this condensed interim financial information.

MAQSOOD ISMAIL
Chief Executive Officer

MUNSARIM SAIFULLAH
Director

Ismail Industries Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2015

Note	Nine-month period ended		Quarter ended		
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	
	Rupees	Rupees	Rupees	Rupees	
Profit for the period	360,091,934	292,111,916	155,834,300	142,484,522	
<i>Items to be reclassified to profit and loss account in subsequent periods</i>					
Unrealized diminution on available for sale investment	10.1	(13,996,769)	-	(5,925,682)	-
		-	-	-	-
		(13,996,769)	-	(5,925,682)	-
Share of other comprehensive income from associated undertaking		81,512,462	(34,900,692)	93,372,986	8,070,199
Impact of deferred tax		(8,151,246)	3,490,069	(9,337,298)	(807,020)
	6.3	73,361,216	(31,410,623)	84,035,688	7,263,179
Other comprehensive income - net of tax		59,364,447	(31,410,623)	78,110,006	7,263,179
Total comprehensive income for the period		419,456,381	260,701,293	233,944,306	149,747,701

The annexed selected notes from 1 to 22 form an integral part of this condensed interim financial information.

MAQSOOD ISMAIL
Chief Executive Officer

MUNSARIM SAIFULLAH
Director

Ismail Industries Limited

CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2015

	Note	March 31, 2015 Rupees	March 31, 2014 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital change	18	2,226,869,005	380,983,456
Gratuity paid		(7,024,325)	(6,017,362)
Taxes paid		(131,580,436)	(136,142,644)
Payment of long-term deposits		4,679,804	(20,799,204)
Net cash generated from operating activities		2,092,944,048	218,024,246
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(832,060,109)	(991,526,878)
Purchase shares of associate undertaking - Bank of Khyber		(1,516,335,105)	.
Short term investment - net		(68,636,946)	.
Proceeds from disposal of property, plant and equipment		506,001	3,393,110
Net cash used in investing activities		(2,416,526,159)	(988,133,768)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Rentals paid) / lease obtained		(23,440,135)	157,572,045
Director's loan - obtained		250,000,000	.
Dividends paid		(750,993)	(437,737)
Long-term finance less repayments		262,897,030	(132,819,719)
Financial charges paid		(567,239,383)	(485,550,081)
Net cash used in financing activities		(78,533,481)	(461,235,492)
Net (decrease)/increase in cash and cash equivalents		(402,115,592)	(1,231,345,014)
Cash and cash equivalents at the beginning of the period		(487,994,721)	(1,303,018,041)
Cash and cash equivalents at the end of the period	19	(890,110,313)	(2,534,363,055)

The annexed selected notes from 1 to 22 form an integral part of this condensed interim financial information.

MAQSOOD ISMAIL
Chief Executive Officer

MUNSARIM SAIFULLAH
Director

Ismail Industries Limited

CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2015

	Issued, subscribed and paid up capital	Capital Reserve Share premium	Unappropriated profit	Share holders' equity
	----- Rupees -----			
Balance as at June 30, 2013 - restated	505,207,500	579,265,000	1,705,240,936	2,789,713,436
Total comprehensive income for the nine-month period ended March 31, 2014	-	-	260,701,293	260,701,293
Transactions with owners				
Cash dividend paid for the year ended June 30, 2013 @ Rs. 2.25 per share	-	-	(872,127)	(872,127)
	-	-	259,829,166	259,829,166
Balance as at March 31, 2014	<u>505,207,500</u>	<u>579,265,000</u>	<u>1,965,070,102</u>	<u>3,049,542,602</u>
Balance as at June 30, 2014	505,207,500	579,265,000	2,168,661,763	3,253,134,263
Total comprehensive income for the nine-month period ended March 31, 2015	-	-	419,456,381	419,456,381
Transactions with owners				
Cash dividend paid for the year ended June 30, 2014 @ Rs. 2.25 per share	-	-	(842,427)	(842,427)
	-	-	418,613,954	418,613,954
Balance as at March 31, 2015	<u><u>505,207,500</u></u>	<u><u>579,265,000</u></u>	<u><u>2,587,275,717</u></u>	<u><u>3,671,748,217</u></u>

The annexed selected notes from 1 to 22 form an integral part of this condensed interim financial information.

MAQSOOD ISMAIL
Chief Executive Officer

MUNSARIM SAIFULLAH
Director

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2015

1 LEGAL STATUS AND OPERATIONS

Ismail Industries Limited (the Company) was incorporated in Karachi, Pakistan as a private limited company on June 21, 1988. On November 01, 1989 the Company was converted to a public limited company and its shares were quoted on the Karachi and Lahore stock exchanges. The registered office of the Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. Principal activities of the Company are manufacturing and trading of sugar confectionery items, biscuits, potato chips and cast polypropylene film under the brands of 'CandyLand', 'Bisconni', 'Snackcity' and 'Astropack' respectively.

2 STATEMENT OF COMPLIANCE

This condensed interim financial statements of the Company for the nine month period ended March 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest rupee except otherwise stated.

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

2.1 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except certain financial assets and liabilities which have been stated at fair value or amortized cost and staff retirement benefits which have been recognized at values determined by independent actuary.

This condensed interim financial information comprise condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and selected notes to the financial statements and have been prepared under the accrual basis of accounting except for cash flow information.

3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

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

3.1.1 Available for sale investments

These investments are initially recognized at fair value plus attributable transactions costs. Subsequent to initial recognition these are measured at fair value, with any resultant gain or loss being recognized in other comprehensive income. Gains or losses on available for sale investments are recognized in other comprehensive income until the investments are sold or disposed off or until the investments are determined to be impaired, at that time cumulative gain or loss previously reported in other comprehensive income is included in current period's profit and loss account.

Fair value of listed securities are the quoted prices on stock exchange on the date it is valued. Unquoted securities are valued at cost.

3.2 Certain amendments and interpretation to approved accounting standards become effective during period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company.

Ismail Industries Limited

4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the financial statements of the Company for the year ended June 30, 2014.

	Note	March 31, 2015 Rupees	June 30, 2014 Rupees
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.2	4,168,329,412	3,426,596,574
Capital work in progress	5.3	224,557,483	416,218,317
		4,392,886,895	3,842,814,891

5.1 A suit was filed against Company in relation to plot No. C-386 Hub Industrial Trading Estate (HITE), please refer note 16.1.3 for details.

5.2 Details of additions to and transfers from capital work in progress during the nine-month period are as follows:

	Additions (at cost)		Deletions (at net book value)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- Rupees -----				
Owned assets				
Building on leasehold land	92,499,075	256,649,176	-	-
Plant and machinery	882,742,857	674,816,758	-	-
Furniture and fittings	413,600	2,428,245	-	-
Equipment	4,375,956	2,455,741	-	-
Computers	787,879	440,240	-	-
Vehicles	23,420,202	13,977,285	318,709	2,004,169
	1,004,239,569	950,767,445	318,709	2,004,169
Leased assets				
Plant and machinery	-	139,621,361	-	-
Vehicles	19,481,374	17,104,410	-	-
	19,481,374	156,725,771	-	-
	1,023,720,943	1,107,493,216	318,709	2,004,169

5.3 Capital work in progress

Details of additions to and transfers from capital work in progress during the nine-month period are as follows:

	Additions (at cost)		Transfers (at cost)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
----- Rupees -----				
Civil works	180,857,017	203,776,832	92,499,075	256,649,175
Plant and machinery	602,629,080	751,511,352	882,742,857	814,409,826
Equipments and fixtures	4,884,557	5,128,705	4,789,556	5,324,226
	788,370,654	960,416,889	980,031,488	1,076,383,227

Ismail Industries Limited

	Note	March 31, 2015 Rupees	June 30, 2014 Rupees
6 LONG-TERM INVESTMENTS			
Investment in associated undertakings			
The Bank of Khyber	6.1	2,733,539,650	1,085,647,801
Novelty Enterprises (Private) Limited	6.2	229,724,069	229,724,069
		<u>2,963,263,719</u>	<u>1,315,371,870</u>

6.1 The Bank of Khyber

During the period ended March 31, 2015, the Company has purchased further 155,489,228 shares of the Bank of Khyber (the Bank). The total shareholding of the Company in the Bank is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (June 30, 2014: 8.61%). In addition to this, the Company also has representation on the Board of Directors of the Bank. The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. However, respective amounts in this condensed interim financial information have been taken from annual audited financial statements of the Bank for the year ended December 31, 2014. The market value of holding in the Bank as on March 31, 2015 was Rs. 2,515.46 million (June 30, 2014: Rs. 946.786 million).

6.2 Novelty Enterprises (Private) Limited

The Company holds 33% (June 30, 2014: 33%) voting and equity interest in Novelty Enterprises (Private) Limited. The shares of Novelty Enterprises (Private) Limited are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of Novelty Enterprises (Private) Limited is June 30.

Total equity / net assets of Novelty Enterprises (Private) Limited as at December 31, 2014 based on management accounts amounted to Rs. 561.63 million (2014: Rs. 561.66 million).

However, as per report of an independent valuer, Masud Associates report dated August 12, 2011 fair value of fixed assets of Novelty Enterprises (Private) Limited amounted to Rs. 730.48 million resulting in surplus on fixed assets of Rs. 196.767 million. Revised net assets after the revaluation surplus amounted to Rs. 758.40 million (2013: Rs. 758.43 million). Accordingly, the management is of the view that it would be able to recover carrying value of its investment.

Novelty Enterprises (Private) Limited has not commenced operations as of the reporting date and hence share of profit or loss has not been accounted for in this condensed interim financial information.

6.3 These investments are accounted for under the equity method. The aggregate amount of the associates recognized in these financial statements are as follows:

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	March 31, 2015	June 30, 2014	March 31, 2015	June 30, 2014
Carrying value at beginning of the period	1,085,647,801	1,009,977,152	229,724,069	229,724,069
Further Acquisition	1,516,335,105	-	-	-
Share of profit relating to profit and loss account	58,195,528	106,362,483	-	-
Share of profit / (loss) relating to other comprehensive income	73,361,216	(30,691,834)	-	-
Carrying value at end of the period	<u>2,733,539,650</u>	<u>1,085,647,801</u>	<u>229,724,069</u>	<u>229,724,069</u>

All transfers of funds to the Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of the associates.

The Company has not incurred any contingent liabilities or other commitments relating to its investments in associates.

Ismail Industries Limited

	Note	March 31, 2015 Rupees	June 30, 2014 Rupees
7 STORES AND SPARES			
Stores and spare parts - gross		95,180,665	71,744,160
Diesel and liquified petroleum gas		1,967,922	1,759,357
Others		3,797,207	4,686,979
Provision for slow moving spare parts		(6,836,420)	(6,431,420)
Store and spares - net		<u>94,109,374</u>	<u>71,759,076</u>
8 STOCK-IN-TRADE			
Raw materials	8.1	2,748,024,782	2,815,057,649
Packing materials	8.1	653,427,821	551,325,405
Work-in-process		27,239,048	50,192,156
Finished goods		1,523,428,142	1,582,408,310
		<u>4,952,119,793</u>	<u>4,998,983,520</u>
8.1 Raw materials and packing materials are stated at net of provision for obsolescence amounting to Rs.13,404,278 (June 30, 2014: Rs.13,404,278) and Rs.160,904,233 (June 30, 2014: Rs. 136,820,000) respectively.			
	Note	March 31, 2015 Rupees	June 30, 2014 Rupees
9 TRADE DEBTS			
Considered good			
- secured (export debtors)		37,735,060	43,295,802
- unsecured		658,595,882	846,421,373
		<u>696,330,942</u>	889,717,175
Considered doubtful		34,339,885	28,264,885
Trade debts - gross		730,670,827	917,982,060
Provision for doubtful debts		(34,339,885)	(28,264,885)
		<u>696,330,942</u>	<u>889,717,175</u>
10 SHORT TERM INVESTMENTS - available for sale			
Cost of the investments		70,717,353	-
Unrealized diminution in value of investments		(13,996,769)	-
Market value		<u>56,720,584</u>	-
11 CASH AND BANK BALANCES			
Cash in hand		4,288,433	1,663,636
Cash with banks in current accounts		40,433,254	21,935,308
		<u>44,721,687</u>	<u>23,598,944</u>
12 DIRECTORS' LOAN - subordinated	21	<u>602,151,770</u>	<u>352,151,770</u>

The Company has obtained interest free loans from its Directors. These loans are under advance stage of discussion for conversion to ordinary shares between one to two years from the balance sheet date. The required formalities would be completed once final decision and agreement has been reached.

Ismail Industries Limited

	March 31, 2015	June 30, 2014
	Rupees	Rupees
13 LONG TERM FINANCES - secured		
At beginning of the period / year	2,496,314,646	1,648,053,083
Obtained during the period / year	680,595,669	1,413,105,080
Repaid during the period / year	(417,698,639)	(564,843,517)
	2,759,211,676	2,496,314,646
Less: Current maturity	(838,461,864)	(729,765,756)
	1,920,749,812	1,766,548,890

- 13.1 These represent term finance facilities obtained for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over property, plant and equipment of the Company and personal guarantees of the Directors. These facilities carry mark-up at the rate ranging from 1 month KIBOR + 1% to 3 month KIBOR + 1.75% except for the facility from Pak Oman Investment Company Limited which carries mark-up at the SBP LTFF rate + 2%.

	Note	March 31, 2015	June 30, 2014
		Rupees	Rupees
14 TRADE AND OTHER PAYABLES			
Trade creditors		805,645,793	326,363,992
Sales tax payable		52,523,343	43,275,105
Other liabilities		112,541,060	139,113,310
		970,710,196	508,752,407

15 SHORT TERM FINANCES - Secured

Term finances	15.1	3,235,784,795	3,178,173,624
Export refinances	15.2	380,000,000	380,000,000
Running finance utilized under mark-up arrangement	15.3	934,832,000	511,593,665
		4,550,616,795	4,069,767,289

- 15.1 The facilities for term finances from various banks aggregated to Rs. 4,179 million (June 30, 2014: Rs. 3,884 million). These facilities are secured against pari-passu/ranking hypothecation of stocks, book debts and personal guarantees of the directors. These facilities carry mark-up at the rates ranging from 8.04% to 11.21% per annum (June 30, 2014: 9.08% to 11.29% per annum).

- 15.2 The facilities for export refinance from various banks aggregated to Rs. 380 million (June 30, 2014: Rs. 380 million). These facilities are secured pari-passu against hypothecation of stocks, lien on export letters of credit and personal guarantees of the directors. These facilities carry mark-up at the rate of 1% (June 30, 2014: 1%) above the State Bank of Pakistan rate per annum.

- 15.3 The facilities for running finances available from various banks aggregated to Rs. 2,690 million (June 30, 2014: Rs. 2,425 million). These facilities are secured against pari-passu/ranking hypothecation of stocks and book debts and personal guarantees of the directors. These facilities carry mark-up at the rates ranging from 9.01% to 11.21% per annum (June 30, 2014: 9.97% to 11.67% per annum).

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- 16.1.1 The Company has two labour matters pending in different courts of Balochistan for reinstatement. No liability has been booked against these claims as the management of the Company, based on the advice of its legal advisor, is of the opinion that matters will be decided in the Company's favour.

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16.1.2 The Company has filed a suit against a debtor for recovery of Rs. 960,450. The suit was decreed in favour of the Company but as the debtor didn't have any tangible property within the territorial jurisdiction of court at Hub, the case has been transferred to the District Judge, Lahore for execution. As the case has been decided in favour of the Company and the debtor is being pursued to pay the decretal amount, the amount due has not been written off.

16.1.3 Suit no. 17 of 2009 was filed against the Company and Lasbella Industrial Estates Development Authority (LIEDA) for illegal allotment of Plot No. C-386 Hub Industrial Trading Estate (HITE) which as set aside by the High Court of Balochistan, Quetta and the court of Senior Civil Judge decreed in favor of plaintiff.

The Company has preferred appeal to High Court of Balochistan, Quetta. No provision has been made in these financial statements against this aforementioned suit as the management of the Company, based on the advice of its legal counsel, is of the opinion that the abovementioned judgment is contrary to the facts and law and not based on proper appraisal of evidence and correct appreciation of law. Further, the Company has completed construction and is running factory on the land in dispute, therefore, it is not viable to restore possession of the suit property to the plaintiff and the Company shall contest the case in the higher courts if warranted.

The High Court of Balochistan, Quetta has set aside the case on February 24, 2014 and the case shall start afresh in the next hearing.

Further, in case of any adverse decision, LIEDA would be required to allot alternative plot to the plaintiff and the Company would not be affected by any adverse decision of the Court.

	March 31, 2015	June 30, 2014
	Rupees	Rupees
16.2 Commitments		
Outstanding letter of guarantees	<u>211,819,743</u>	<u>135,199,254</u>
Against purchase of shares	<u>-</u>	<u>29,748,500</u>
Outstanding letter of credit for:		
- capital expenditures	<u>168,917,865</u>	<u>113,185,773</u>
- others	<u>290,095,375</u>	<u>482,917,920</u>
Against finance lease agreement	<u>-</u>	<u>3,998,331</u>
Rentals under Ijarah contract		
Not later than one year	<u>44,412,225</u>	<u>44,508,327</u>
Over one year to five years	<u>119,149,006</u>	<u>152,476,241</u>
	<u>163,561,231</u>	<u>196,984,568</u>
	March 31, 2015	March 31, 2014

17 EARNINGS PER SHARE-Basic and Diluted

Basic earnings per share

Profit for the period - Rupees	<u>360,091,934</u>	<u>292,111,916</u>
Weighted average number of shares - Numbers	<u>50,520,750</u>	<u>50,520,750</u>
Earnings per share - Rupees	<u>7.13</u>	<u>5.78</u>

Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.

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	Note	March 31, 2015 Rupees	March 31, 2014 Rupees
18 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
Profit before taxation		496,342,104	414,743,021
Adjustments for non-cash and other items:			
Depreciation		281,669,396	223,745,395
Gain on disposal of property, plant and equipment - net		(187,292)	(1,388,940)
Gain on sale of available for sale investments - net		(2,080,407)	-
Provision for staff retirement gratuity		22,729,435	14,629,219
Share of profit from associated undertaking		(58,195,528)	(73,042,721)
Finance cost		560,467,252	465,601,138
Net increase/(decrease) in working capital	18.1	926,124,045	(663,303,656)
		2,226,869,005	380,983,456
18.1 Working capital changes			
Current assets			
Increase in stores and spares		(22,350,298)	(14,009,683)
Decrease /(increase) in stock-in-trade		46,863,727	(210,998,266)
Decrease /(increase) in trade debts		193,386,233	(267,917,612)
Decrease in advances		26,680,077	15,491,782
Increase in trade deposits and short-term prepayments		(32,471,536)	(11,451,734)
Decrease in other receivables		6,210,150	395,443
		218,318,353	(488,490,070)
Current liabilities			
Increase in trade and other payables		461,866,355	24,334,140
Increase/(decrease) in short-term finances		57,611,171	(224,095,216)
Increase in advance from customers		188,328,166	24,947,490
		707,805,692	(174,813,586)
Net increase/(decrease) in working capital		926,124,045	(663,303,656)
19 CASH AND CASH EQUIVALENTS			
Cash and bank balances	11	44,721,687	50,543,162
Running finances under mark-up arrangement	15	(934,832,000)	(2,584,906,217)
		(890,110,313)	(2,534,363,055)

	Food Segment		Plastic Segment		Total	
	March 31, 2015	June 30, 2014	March 31, 2015	June 30, 2014	March 31, 2015	June 30, 2014
	Rupees					
20.3 Segment assets	9,300,720,044	8,086,076,676	1,275,570,739	2,118,257,987	10,576,290,783	10,204,334,663
20.4 Unallocated assets	9,300,720,044	8,086,076,676	1,275,570,739	2,118,257,987	3,060,216,006	1,394,716,490
20.5 Segment liabilities	5,144,513,769	3,254,581,995	811,413,860	1,561,277,194	5,955,927,629	4,815,859,189
20.6 Unallocated liabilities	5,144,513,769	3,254,581,995	811,413,860	1,561,277,194	4,008,830,943	3,530,057,701
20.7 Inter-segment pricing					9,964,758,572	8,345,916,890
	Transactions among the business segments are recorded at estimated cost.					
20.8	The Company's export sales have been primarily made to countries in the Middle East, Africa and South Asia. However, no material amount of export sales have been made to any one or more particular countries.					
20.9	There were no major customers of the Company which formed 10 percent or more of the Company's revenue.					
20.10 RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES	Rupees					
20.11 Assets	Note					
Total assets for reportable segments					10,576,290,783	10,204,334,663
Administrative capital assets					96,952,287	79,344,620
Long term investment					2,963,263,719	1,315,371,870
Total assets					<u>13,636,506,789</u>	<u>11,599,051,153</u>
20.12 Liabilities						
Total liabilities for reportable segments					5,955,927,629	4,815,859,189
Directors loan					602,151,770	352,151,770
Deferred taxation					509,280,078	519,963,731
Long term finance					2,759,211,676	2,496,314,646
Liabilities against assets subject to finance lease					138,187,419	161,627,554
Total liabilities					<u>9,964,758,572</u>	<u>8,345,916,890</u>

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21 TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties during the period, other than those, which have been specifically disclosed elsewhere in the condensed interim financial information, are as follows:

	March 31, 2015 Rupees	March 31, 2014 Rupees
Transactions		
Rent paid to Chief Executive Officer	<u>825,000</u>	<u>735,000</u>
Plastiflex Films (Private) Limited		
Close family relationship		
- Purchases of packing material	<u>27,517,774</u>	<u>22,061,802</u>
Astro Plastic (Private) Limited		
Common directorship		
- Processing charges	<u>48,067,625</u>	<u>21,918,827</u>
Others		
Remuneration to directors and other key management personnel:		
Chief Executive Officer	2,700,000	2,375,000
Directors	4,500,000	5,625,000
Executives	<u>72,742,194</u>	<u>82,465,560</u>
	<u>79,942,194</u>	<u>90,465,560</u>
	March 31, 2015 Rupees	June 30, 2014 Rupees
Balances		
Creditors - associated company		
At beginning of the period / year	<u>15,603,255</u>	-
Purchases during the period / year	<u>75,585,399</u>	<u>79,535,050</u>
Paid during the period / year	<u>78,063,043</u>	<u>63,931,795</u>
At the end of the period / year	<u>13,125,611</u>	<u>15,603,255</u>
Directors' subordinated - loan		
At beginning of the period / year	352,151,770	352,151,770
Received during the period / year	250,000,000	-
Repaid during the period / year	-	-
At the end of the period / year	<u>602,151,770</u>	<u>352,151,770</u>

22 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27th April, 2015 by the Board of the Company.

MAQSOOD ISMAIL
Chief Executive Officer

MUNSARIM SAIFULLAH
Director