Annual Report 2013

Ismail Industries Limited

CandyLand Bisconni SnackCity

Astro Films
packaging solution
CPP-BOPP-BOPET

VISION STATEMENT

We aim to offer high quality products to our consumers by remaining the most technologically advanced company in our field. We strive to be brand leaders in all the categories that we compete in. We wish to have a substantial presence outside of Pakistan, through export and local manufacturing.

MISSION STATEMENT

We strive to deliver to our consumers' consistent quality of products which maximize our values and customers satisfaction. We are extensively catering to the domestic markets and strengthening our roots in international ones.

We wish to consolidate and strengthen our position as the most technologically advanced company in our field. We recognized the importance of efficiency and creativity to achieve growth in a competitive environment. We believe and optimally combine our people, technology management system and opportunities to achieve profitable growth while providing fair returns to our shareholders.

We realize our responsibility towards society and contribute to our environment as good corporate citizen.

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COMPANY INFORMATION

Board of Directors

Executive Directors
Mr. Muhammad M. Ismail
(Chairman)
Mr. Maqsood Ismail
(Chief Executive)
Mr. Miftah Ismail
Mr. Munsarim Saif

Non-Executive Directors
Ms. Rashida Iqbal
Ms. Anisa Naviwala
Ms. Nafisa Yousuf Palla
Ms. Uzma Arif

Audit Committee Members

Ms. Rashida Iqbal	Chairperson
Mr. Maqsood Ismail	Member
Ms. Uzma Arif	Member

Human Resource Committee

Ms. Uzma Arif	Chairperson
Ms. Nafisa Yousuf Palla	Member
Ms. Anisa Naviwala	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.

CFO & Company Secretary
Mr. Ghulam Farooq

Auditor
Anjum Asim Shahid 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
Allied Bank Limited
Bank Al-Habib Limited
Barclays Bank PLC, Pakistan
Bank Alfalah Limited
Burj Bank Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
First Habib Bank Modaraba
First Habib Modaraba
First UDL Modaraba
Habib Bank Limited
Habib Metropolitan Bank Limited
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
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Standard Chartered Modaraba
The Bank of Punjab
United Bank Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of Ismail Industries Limited will be held at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi on Monday, October 21, 2013 at 12:00 noon to transact the following business.

Ordinary Business

1. To confirm the minutes of the 24th Annual General Meeting of the Company held on October 24, 2012.
2. To receive, consider and approve the Annual Audited Financial Statements of the Company for the year ended June 30, 2013 together with the Directors' and Auditors' report thereon.
3. To approve and declare the cash dividend @ 22.50% (Rs.2.25 per share) on the Ordinary Shares of the Company as recommended by the Directors for the year ended June 30, 2013. Due to the cash flow requirements of the Company, Directors and their relatives have waived their right to the dividend.
4. To appoint Auditors for the year ending June 30, 2014 and fix their remuneration. The Audit Committee of the Board has recommended the retiring auditors M/s. Anjum Asim Shahid Rahman, Chartered Accountants being eligible have offered themselves for re-appointment.
5. To elect nine (9) directors of the Company as fixed by the Board of Directors in their meeting held on September 13, 2013 for a term of 3 (three) years commencing from October 21, 2013 in accordance with Section 178 of the Companies Ordinance, 1984. The following present directors retire and are eligible for re-election.

1. Mr. Muhammad M. Ismail	2. Mr. Maqsood Ismail
3. Mr. Miftah Ismail	4. Mr. Munsarim Saif
5. Ms. Uzma Arif	6. Ms. Rashida Iqbal
7. Ms. Nafisa Yousuf Palla	8. Ms. Anisa Naviwala

Special Business

6. To consider and approve the remuneration of the Chief Executive and two Executive Directors for their term commencing from October 21, 2013.
7. To transact any other business with permission of the Chair

By order of the Board

Karachi: September 30, 2013

Ghulam Farooq
Company Secretary

Notes

1. With reference to our various advertisements in daily newspapers and letters sent to individual members/ shareholders at their registered addresses, it is hereby informed that the individual members who have not yet submitted photocopy of their valid computerized national identity card (CNIC) to the Company are once again requested to send the same at the earliest directly to The Company Secretary, Ismail Industries Limited, 17-Bangalore Town, Shahra-e-Faisal, Karachi. The Corporate entities are requested to provide their national tax number (NTN). Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notification dated August 18, 2011 SRO 779(I)2011, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person except in case of minor(s) and corporate members.
2. To comply with the SECP directives, all shareholders of the Company are requested to provide a copy of their valid CNIC/NTN urgently. Please note that Dividend Warrants will

not be sent to the registered members or their authorized person, if their CNIC/ NTN is not received prior to dispatch of the Dividend Warrants.

3. In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged when shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong addresses, etc. SECP through Notice No. 8(4) SM/CDC 2008, dated April 05, 2013 has advised all listed companies to adopt e-dividend mechanism due to the benefits its entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favor of e-dividend by providing dividend mandate form duly filled in and signed.

4. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. In case of corporate entity, the Board's resolution/ power of attorney with specimen signature shall be furnished along with proxy form to the company. Proxy, in order to be effective must reach the Company Registrar Office not less than 48 hours before the time of the meeting during working hours.

5. The shares transfer book of the Company shall remain closed with effect from October 16, 2013 to October 23, 2013 (both days inclusive). Shares may be lodged for transfer with our Registrar M/s. THK Associates (Pvt.) Ltd, Ground Floor, State Life Building No.3, Dr. Zia-ud-din Ahmed Road, Karachi, Phone # 021-111-000-322.

6. The shareholders are advised to notify the Registrar of any change in their addresses.

7. In case of CDC Beneficiary Owners, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

8. Any person who seeks to contest election to the office of Director shall, whether he/she is retiring or otherwise, file with the Company at its Registered Office, not later than 14 (fourteen) days before the date of the meeting notice of his/her intention to offer himself/ herself for election as a Director together with his/ her consent to act as a Director as required under Section 178 (3) of the Companies Ordinance, 1984.

Statement under section 160 of the Companies Ordinance' 1984

The following statement under section 160 of the Companies Ordinance, 1984 is made regarding the Special Business to be conducted at the Twenty Fifth Annual General Meeting of the Company to be held on October 21, 2013.

Item 6 of the agenda

Chief Executive & Executive Directors Remuneration

Approval is being sought for the payment of remuneration to the Chief Executive and two Executive Directors.

It is pertinent to mention that previous remunerations were fixed 3 years back in the 22nd Annual General Meeting held on 18th October, 2010 and since then no increment has been made in the remunerations of the Directors

For this purpose the following Resolution will be moved at the meeting.

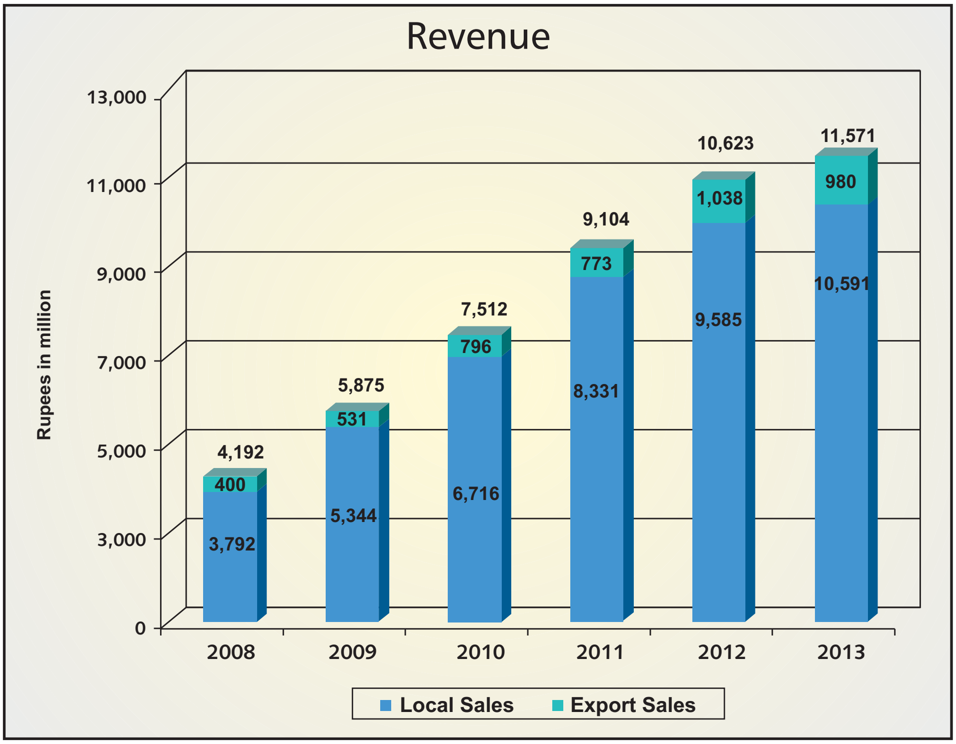
Resolution

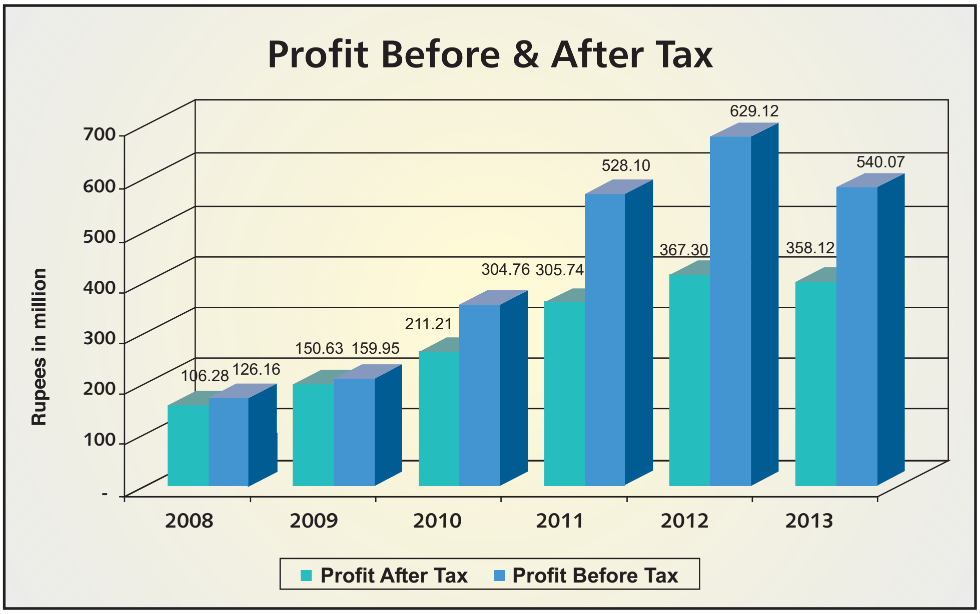
"**Resolved** that the Company be and hereby approves and authorizes the payment as remuneration to the Chief Executive a sum of Rs. 3,600,000/- per annum and two Executive Directors a sum of Rs.3,000,000/-per annum each . It is further resolved that in addition to the above remuneration all utilities bills of Directors will be paid by the Company. The approximate value of the utilities to be borne by the Company is Rs. 1,000,000/- per annum for the Chief Executive and Rs.700,000/- per annum each for the two executive directors.

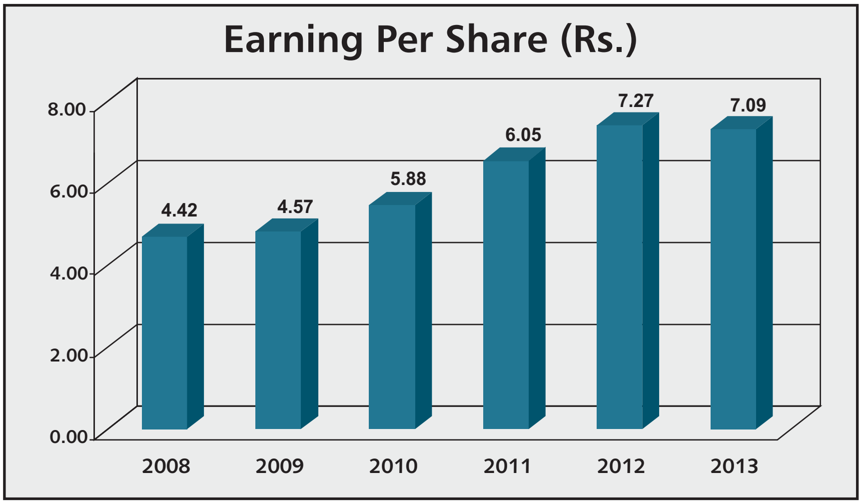
The directors are interested in the resolution to the extent of their respective remunerations.

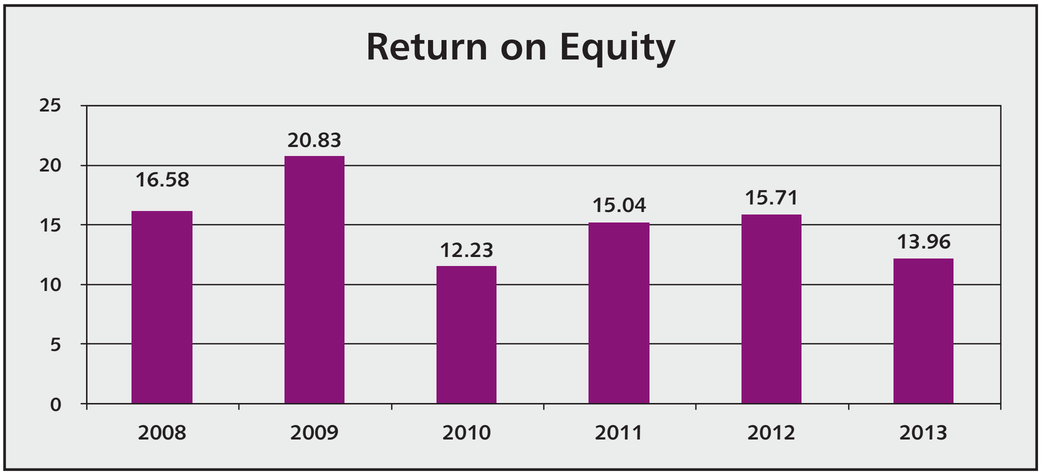
FINANCIAL STATISTICAL HIGHLIGHTS

	2013	2012	2011	2010	2009	2008
Profit and Loss Account						**(Rs. in millions)**
Sales	**11,571**	10,623	9,104	7,512	5,875	4,192
Gross profit	1,975	1,831	1,441	1,128	1,116	743
Profit before tax	540	629	528	305	160	126
Taxation expense	182	262	222	94	9	20
Profit for the year	358	367	306	211	151	106
Balance Sheet						
Share holders' equity	2,799	2,409	2,033	1,728	723	641
Capital reserves	579	579	579	579	50	118
Unappropriated profit	1,715	1,325	948	643	433	282
Current liabilities	4,714	5,135	4,560	3,551	2,981	2,221
Total liabilities	6,868	6,687	6,299	4,757	4,928	4,014
Current assets	5,477	5,290	4,867	3,626	3,047	2,228
Total assets	9,667	9,097	8,332	6,485	5,651	4,655
Ratios						
Earning per share - basic & diluted (Rs.)	7.09	7.27	6.05	5.88	4.57	4.42
Break up value (Rs.)	55.41	47.69	40.23	34.20	30.06	26.65
Return on equity (%)	13.96	15.71	15.04	12.23	20.83	16.58
Dividend payout (%)	22.50	20.00	20.00	17.50	15.00	15.00


Revenue
Rupees in million
13,000
11,000
9,000
7,000
5,000
3,000
0
4,192
400
3,792
5,875
531
5,344
7,512
796
6,716
9,104
773
8,331
10,623
1,038
9,585
11,571
980
10,591
2008
2009
2010
2011
2012
2013
Local Sales
Export Sales


Profit Before & After Tax
Rupees in million
700
600
500
400
300
200
100
-
106.28
126.16
150.63
159.95
211.21
304.76
305.74
528.10
367.30
629.12
358.12
540.07
2008
2009
2010
2011
2012
2013
Profit After Tax
Profit Before Tax


Earning Per Share (Rs.)
8.00
6.00
4.00
2.00
0.00
4.42
4.57
5.88
6.05
7.27
7.09
2008
2009
2010
2011
2012
2013


Return on Equity
25
20
15
10
5
0
16.58
20.83
12.23
15.04
15.71
13.96
2008
2009
2010
2011
2012
2013

DIRECTORS REPORT

The Directors are pleased to present their report, together with the audited financial statements of the Company, for the year ended June 30, 2013.

Business Performance Review

The year under review was extremely challenging, with stagnant macro economic conditions marked by low GDP growth, high inflation, increasing fiscal deficit and rapidly depreciating rupee. Despite all of these, your Company has crossed the Rs. 11 billion mark in gross sales which represents a growth of 9% over the last year. Growth in sales during the year under review was supported by focus on innovation, improved distribution and communication strategies, as well as continuous efforts towards rationalizing product mix and gaining supply chain efficiencies, resulting in higher operating margins in our major product categories.

However, profit before tax declined to Rs. 540 million as compared to Rs. 629 million in the corresponding year due to increase in selling and distribution expenses by 158%, stemming from increase in advertisement costs, employee-related expenses and enhanced transportation costs. The net profit after tax for the year, as a consequence, decreased.

Overall brief financial analysis of the Company for the year under review, with previous year's comparison and segment wise performance review, is presented below:

	June 30 2013	June 30 2012	Change in
	PKR Million		%
Gross Sales	11,571	10,623	9%
Net Sales	10,177	9,276	10%
Gross Profit	1,975	1,831	8%
% of Net Sales	19%	20%	-2%
Profit before tax	540	629	-14%
% of Net Sales	5%	7%	-22%
Profit after tax	358	367	-2%
% of Net Sales	4%	4%	-11%
Earnings per share - Rupees	7.09	7.27	-2%
Operating cash flows	891	843	6%

Food Segment Operations

The food processing segment has continued its steady growth during the last year, underscoring the growing demand for hygienically packed impulse food products in the country. As market awareness increases about the dangers of loose and sub-standard food products especially those targeting children, manufacturers of high quality food products such as your company can expect sustained growth. Energy crises and law and order situation remains a factor affecting the smooth production and distribution of food business, inspite of these challenges, however, growth of the food division this year was 12%.

CandyLand's focus remained on improving capacity utilization and enhancing base of existing brands to further reap benefits of economies of scale. The growth in CandyLand's main categories of jellies, chocolates, toffees, marshmallows etc continues unabated, with consumers showing their preference for brand like Fanty, Chili Mili, Now and Éclair. Due to the success of CandyLand in its core categories, your company is also planning to further enhance its production capacity to enable to launch exciting new brands. Jelly is the main category in which plans are in place for a significant capacity expansion, enabling CandyLand to further consolidate its position as market leader.

Bisconni has shown encouraging performance this year after a period of consolidation. The flagship brands of Cocomo and Chocolate Chip Cookies have received consistent support from the market and the company is committed towards launching of new brands to further broaden this base of support. In addition, the company is also investing in a project for manufacturing of chocolate chips in-house, which will not only have a positive impact on the profitability, but will also open doors to a new customer base, interested in buying chocolate as an ingredient.

Snackcity's results this year demonstrate continued and consistent growth. Both the Hub and Lahore factories have further improved on quality and capacity utilization measures. As a consequence, in addition to Kurleez, the core brand of the snacks division, Chillz is also becoming a brand of choice within its target segment and has enjoyed phenomenal growth.

Ismail Industries Limited is proud to be a certified supplier of the World Food Program's nutritional supplements for undernourished children. This year, your company is also in the process of achieving ISO22000 certification for its World Food Program (WFP) production facility, making Ismail Industries Limited the first and only WFP supplier in the country to be so certified. This business continues to flourish and expansion plans are currently in process.

Toll manufacturing operations for our multinational clients are continuing smoothly, which is a commitment to your Company's focus on hygiene, health and safety standards.

On overall basis, the past year has been characterized by improvement in capacity utilization and planning for future expansions to fuel the existing growth rate, counteract the effect of energy shortages and security concerns and ensure a bright and prosperous future for the company.

Plastic Film Segment Operations

The plastic films segment has achieved improvement on both capacity utilization and profitability measures. A rigorous R&D process is followed to ensure that the final product meets customer requirements and quality expectations. The plastic film segment has successfully maintained sales in the year under review despite challenging market conditions.

Audit Committee

During the last business year, four meetings of Audit Committee were held. The audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non financial information to shareholders, evaluating system of internal control and risk management and overseeing the audit process. The Head of Internal Audit functionally reports to the Audit Committee. The Audit Committee approves the audit program, based on an annual risk assessment of the operating areas. The Internal Audit function carries out reviews on the financial, operational and compliance controls, and reports on findings to the Audit Committee, Chief Executive and the divisional management. The Chief Financial Officer regularly attends the Audit Committee meeting by invitation to present the financial statements of the company. After each meeting, the Chairman of the Committee reports to the Board.

Human Resource & Remuneration Committee

The Company has formed a Human Resource & Remuneration Committee, which comprises three Non-Executive Directors. The terms of reference of the Human Resource & Remuneration Committee are determined by the Board of Directors and are in line with the guidelines provided in the Code of Corporate Governance. During the last business year one meeting of the Human Resource & Remuneration Committee was held.

Related Parties

The transactions between related parties were made at arm's length prices, determined in accordance with the comparable uncontrolled prices method. The company has fully complied with the best practices of the Code of Corporate Governance with reference to such transactions.

Dividend

The Directors of the Company are pleased to recommend a cash dividend of 22.50% (Rs. 2.25 per share) which will be paid to the shareholders whose names appear on the shareholders' register at the start of 'Closed Period' for the Annual General Meeting. Due to the cash flow requirements of the Company, Directors and their relatives have waived their right to the dividend.

Challenges and Prospects

Persistent inflation, weak local currency and unprecedented appreciation in prices of raw materials continued to increase costs; hence the company faced tough challenges in terms of maintaining its margins. However, the impact of the above-mentioned factors was mitigated to some extent through smart cost management and various productivity initiatives. Our primary focus is still on aggressive sales growth, through both new and existing products, which will further allow us to take advantage of economies of scale and efficient inventory management.

Despite the stagnant macro economic conditions and law and order issues, your Company continues to maintain a strong positive outlook on the country. We continue to focus and invest on our fundamental strengths i.e. our people, brand portfolio and a sustainable growth model. The company has invested in a number of productivity and efficiency enhancement initiatives to enable future business sustainability. The Company will continue to expand its market share in all categories it represents by exploring untapped markets within the country and beyond.

Management and Employees

Human capital consists of a dynamic and vibrant workforce with a positive attitude, which is well placed to face emerging challenges. These people are highly professional, ethical and result oriented. Your Company believes that Human Capital is the most valuable intangible asset and their recruitment, hiring and retention are enabling factors for the success of any organization. We acknowledge that sustained growth and business excellence depends on the recruitment, development and retention of competent human resources. One of our critical objectives is to have the right people in the right place, at the right time with the right pay and to make the Company an employer of choice. We are confident that we have strong, competitive team with good mix of fresh talent and experienced resources, giving us a leading edge in the industry.

Compliance with the Code of Corporate Governance

The Company is committed to high standards of Corporate Governance. There is no departure from the best practices of Corporate Governance. The Company has been and remains committed to the conduct of its business in line with the Code of Corporate Governance and Listing Regulations of Stock Exchanges in Pakistan.

- Financial statements prepared by the management of the Company for the year ended June 30, 2013 present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as required by the Companies Ordinance, 1984.
- The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes wherever made have been adequately disclosed. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in

preparation of financial statements and any deviation from these has been adequately disclosed and explained.

- The system of internal control is sound in design and has been effectively implemented and continuously monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The summary of key operating and financial data of the Company of last six years is annexed in this report.

Board of Directors Meetings

During the last business year six (6) meetings of the Board of Directors were held to cover its complete cycle of activities. Attendance by each Director was as follows:-

Name of Director	Meetings Attended
Mr. Muhammad M. Ismail	6
Mr. Maqsood Ismail	5
Mr. Miftah Ismail	6
Mr. Munsarim Saif	6
Ms. Rashida Iqbal	5
Ms. Anisa Naviwala	5
Ms. Nafisa Yousuf Palla	4
Ms. Uzma Arif	5

Leave of absence was granted to directors who could not attend board meetings.

Pattern of Shareholdings

- A statement showing pattern of shareholding of the Company and additional information as at June 30, 2013 is included in the report.
- The Directors, CEO, CFO, Company Secretary and their spouses and minor children transactions in the shares of the Company during the year is annexed to the report.

Auditors

The present auditors M/s. Anjum Asim Shahid Rahman, Chartered Accountants are retiring, and being eligible, have offered themselves for re-appointment. The Audit Committee has also recommended their re-appointment as the auditors of the Company for the year 2013-2014.

Acknowledgment

We would like to take this opportunity to place on record that the results of the Company are a reflection of the commitment and contribution by its strong pool of talented employees; and the trust reposed in the Company by its customers, suppliers and service providers. We know that there are challenges ahead, but we also know that we have the right resources to meet those challenges.

On behalf of the Board of Directors

MAQSOOD ISMAIL
Chief Executive

Karachi: September 24, 2013

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Listing Regulations of the Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	**Names**
Independent Director:	-----
Executive Directors:	Mr. Muhammad M. Ismail (Chairman) Mr. Maqsood Ismail (Chief Executive) Mr. Miftah Ismail Mr. Munsarim Saifullah
Non- Executive Directors:	Ms. Rashida Iqbal Ms. Anisa Naviwala Ms. Nafisa Yousuf Palla Ms. Uzma Arif

   The conditions of clause (1) of the CCG in relation to directors will be fulfilled in election of directors to be held in the forthcoming Annual General Meeting of the Company on October 21, 2013.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including Ismail Industries Limited.

3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board during the current year.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified in clause (xi) of CCG, all the Directors of the Company are exempted from the requirement of Director's Training Program on the basis of 15 years experience on the Board of a listed company.

10. There has been no new appointment of CFO, Company Secretary and Head of Internal Audit after the CCG 2012 became effective. However their remuneration and terms and condition of employment were duly approved by the Board.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises 3 members, of whom 2 are non-executive directors.

16. The meetings of the audit committee were held at least once in every quarter prior to approval of interim and final results of the Company. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 3 members, of whom all are non-executive directors.

18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the internal audit function on a full time basis.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of Board of Directors

MAQSOOD ISMAIL
Chief Executive

Karachi: September 24, 2013

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended June 30, 2013 prepared by the board of directors of the Ismail Industries Limited (the Company) to comply with the Listing Regulations of the Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the board of directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of Karachi and Lahore Stock Exchanges require the Company to place before the board of directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

Karachi:
September 24, 2013

Anjum Asim Shahid Rahman
Chartered Accountants
Shahzada Saleem Chughtai

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ismail Industries Limited (the Company) as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2013 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Karachi
Date: September 24, 2013

Anjum Asim Shahid Rahman
Chartered Accountants
Shahzada Saleem Chughtai

FINANCIAL STATEMENTS
For the year ended June 30, 2013

BALANCE SHEET
AS AT JUNE 30, 2013

	Note	2013	2012
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**2,919,481,009**	2,654,875,863
Long term investments	5	**1,239,701,221**	1,109,141,617
Long term deposits	6	**27,466,543**	42,821,706
Total non-current assets		**4,186,648,773**	3,806,839,186
Current assets			
Stores and spares	7	**65,992,659**	54,239,339
Stock-in-trade	8	**4,667,565,495**	4,387,231,734
Trade debts	9	**477,260,242**	577,700,749
Advances - considered good	10	**70,757,731**	81,903,956
Trade deposits and short term prepayments	11	**7,287,399**	4,205,648
Other receivables	12	**41,824,541**	102,991,665
Taxation - net	13	**116,775,997**	57,546,836
Cash and bank balances	14	**29,397,123**	24,207,640
Total current assets		**5,476,861,187**	5,290,027,567
Total assets		**9,663,509,960**	9,096,866,753

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIF
Director

	Note	2013	2012
		Rupees	
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorized capital			
100,000,000 (2012: 100,000,000) ordinary shares of Rs. 10 each		**1,000,000,000**	1,000,000,000
Issued, subscribed and paid-up capital	15	**505,207,500**	505,207,500
Capital reserve	16	**579,265,000**	579,265,000
Unappropriated profit		**1,715,009,782**	1,324,989,579
Total shareholders' equity		**2,799,482,282**	2,409,462,079
Non-current liabilities			
Directors' loan - subordinated	17	**352,151,770**	352,151,770
Long term finances - secured	18	**1,204,524,924**	653,867,668
Liabilities against assets subject to finance lease	19	**69,183,032**	150,323,252
Deferred liabilities	20	**524,124,004**	395,887,761
Total non-current liabilities		**2,149,983,730**	1,552,230,451
Current liabilities			
Trade and other payables	21	**535,953,378**	712,089,200
Accrued mark-up	22	**112,235,557**	118,996,600
Short term finances - secured	23	**3,559,194,391**	3,686,383,205
Current portion of:			
- long term finances	18	**443,528,159**	481,897,741
- liabilities against assets subject to finance lease	19	**39,348,736**	60,432,033
Advances from customers		**23,783,727**	75,375,444
Total current liabilities		**4,714,043,948**	5,135,174,223
Total liabilities		**6,864,027,678**	6,687,404,674
Contingencies and commitments	24		
Total equity and liabilities		**9,663,509,960**	9,096,866,753

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIF
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		Rupees	
Sales	26.1	11,570,832,831	10,623,187,808
Sales tax	25	(1,393,356,727)	(1,347,666,092)
Net sales		10,177,476,104	9,275,521,716
Cost of sales	26.2	(8,202,594,875)	(7,445,003,760)
Gross profit		1,974,881,229	1,830,517,956
Selling and distribution expenses	28	(853,089,419)	(540,009,928)
Administrative expenses	29	(102,363,346)	(75,490,880)
Operating profit		1,019,428,464	1,215,017,148
Other operating expenses	30	(64,213,973)	(63,543,895)
Other operating income	31	63,541,108	57,915,745
		1,018,755,599	1,209,388,998
Finance cost	32	(576,547,636)	(624,917,476)
		442,207,963	584,471,522
Share of profit from associate	5.3	97,866,881	44,646,281
Profit before tax		540,074,844	629,117,803
Income tax expense	35	(181,956,718)	(261,804,705)
Profit for the year		358,118,126	367,313,098
Earnings per share - basic and diluted	36	7.09	7.27

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIF
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		Rupees	
Profit for the year		**358,118,126**	367,313,098
Share of other comprehensive income of associates - net of tax	5.3	**32,692,723**	11,295,402
Total comprehensive income for the year		**390,810,849**	378,608,500

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIF
Director

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		Rupees	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	38	**998,554,443**	940,231,256
Gratuity paid	20.1.2	**(7,838,941)**	(10,001,548)
Income tax paid (net of refund)		**(115,117,801)**	(80,139,297)
Long term deposits received / (paid)		**15,355,163**	(6,803,144)
Net cash generated from operating activities		**890,952,864**	843,287,267
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		**(529,861,342)**	(526,967,378)
Proceeds from disposal of property, plant and equipment	4.3	**12,343,729**	10,632,448
Net cash used in investing activities		**(517,517,613)**	(516,334,930)
CASH FLOW FROM FINANCING ACTIVITIES			
Long term financing received / (paid)		**512,287,674**	(413,584,690)
Finance lease liability net of repayments		**(102,223,517)**	8,806,338
Interest / mark-up paid		**(583,308,679)**	(601,389,571)
Dividend paid		**(671,428)**	(1,628,005)
Net cash used in financing activities		**(173,915,950)**	(1,007,795,928)
Net increase / (decrease) in cash and cash equivalents		**199,519,301**	(680,843,591)
Cash and cash equivalents at beginning of the year		**(1,502,537,342)**	(821,693,751)
Cash and cash equivalents as at end of the year		**(1,303,018,041)**	(1,502,537,342)
Cash and cash equivalents as at end of the year comprise:			
Cash and bank balances	14	**29,397,123**	24,207,640
Running finance utilized under mark-up arrangements	23	**(1,332,415,164)**	(1,526,744,982)
		(1,303,018,041)	(1,502,537,342)

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIF
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

	Share capital	Capital reserve Share premium	Revenue reserve Unappropriated profit	Total shareholders' equity
	Rupees			
Balance as at July 01, 2011	505,207,500	579,265,000	948,053,287	2,032,525,787
Total comprehensive income for the year	-	-	378,608,500	378,608,500
Transactions with owners				
Final dividend for the year ended June 30, 2011	-	-	(1,672,208)	(1,672,208)
Balance as at June 30, 2012	505,207,500	579,265,000	1,324,989,579	2,409,462,079
Total comprehensive income for the year	**-**	**-**	**390,810,849**	**390,810,849**
Transactions with owners				
Final dividend for the year ended June 30, 2012	**-**	**-**	**(790,646)**	**(790,646)**
Balance as at June 30, 2013	**505,207,500**	**579,265,000**	**1,715,009,782**	**2,799,482,282**

The annexed notes 1 to 45 form an integral part of these financial statements.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIF
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 into a public limited company. The registered office of the Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. The shares of the Company are listed on the Karachi and Lahore Stock Exchanges. 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 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standard, amendment or interpretation to published approved accounting standards

2.2.1 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

The following standards, amendments and interpretations of IFRSs will be effective for accounting periods beginning on or after the dates specified below:

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 01, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company has net unrecognized actuarial gain relating to staff gratuity scheme (un-funded) as at June 30, 2013 amounting to Rs. 14.801 million (refer note 20.1.1). Following the change, all actuarial gains and losses will be recorded immediately in other comprehensive income.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 01, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for the financial statements, with some minor clarifications. The amendments have no impact on the financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 01, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on the financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The amendments have no impact on the financial statements of the Company.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after January 01, 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after January 01, 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on the financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the balance sheet or subject to master netting agreement or similar arrangement. The amendments have no impact on the financial statements of the Company.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 01, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on the financial statements of the Company.

- IFRIC 21 - Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after January 01, 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The amendments have no impact on the financial statements of the Company.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after January 01, 2013). The new cycle of improvements contains amendments to the following four standards, with consequential amendments to other standards and interpretations.

  - IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position', (when required) is only required if the effect of restatement is material to statement of financial position.

  - IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments have no impact on the financial statements of the Company.

  - IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

  - IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendments have no impact on the financial statements of the Company.

2.3 Basis of measurement

These financial statements have 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 (refer note 3.14).

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

2.4 Use of critical accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount 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 estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements:

		Note
a)	Property, plant and equipment	2.4.1
b)	Stock-in-trade (finished goods)	2.4.2
c)	Trade debts and other receivables	2.4.3
d)	Income taxes	2.4.4
e)	Staff retirement benefits	2.4.5

2.4.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

2.4.2 Stock-in-trade (finished goods)

The Company's management reviews the net realizable value (NRV) and impairment of finished goods to assess any diminution in the respective carrying values and wherever required, provision for NRV / impairment is made.

2.4.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgmental basis, where provision may differ in the future years based on the actual experience.

2.4.4 Income taxes

In making the estimate for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

2.4.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 20.1 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect unrecognized gains and losses in those years.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

3.1 Property, plant and equipment

Owned

Property, plant and equipment including leasehold land and all additions except capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses. Capital work-in-progress is stated at cost. Cost of property, plant and equipment comprises acquisition cost and directly attributable cost of bringing the assets to its working condition. Borrowing cost including the exchange risk fee that are directly attributable to the acquisition, construction and production of a qualifying assets is capitalized as part of the cost during the period in which activities that are necessary to prepare the asset for its intended use are carried out.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized.

Depreciation on assets other than leasehold land is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 4 to the financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note 4 to the financial statements whereby the cost is written off over the lease term. Depreciation on additions is charged from the month in which they are put to use and on disposals up to the month of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as other operating income or expense.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards incidental to ownership are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments.

The outstanding obligations under the lease excluding finance charges allocated to future periods are shown as liability. Financial charges are allocated to the accounting periods in a manner so as to provide a constant rate of charge on the outstanding obligation.

Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

3.2 Impairment of non-financial assets

Assets that are subject to depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3.3 Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the associate after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Company's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

3.4 Financial instruments

All financial assets and liabilities are recognized in the balance sheet when the Company becomes a party to the contractual provisions of the instrument, These are initially measured at fair value, and subsequently re-measured at fair value or amortized cost as the case may be.

Financial assets carried on the balance sheet include long term investments, long term deposits, loan and advances to employees, trade debts, trade deposits, cash and bank balances, investment, trade and other receivables, loans and advances and deposits.

Financial liabilities carried on the balance sheet include Directors' loans, long term finances, liabilities against assets subject to finance lease, short term finances, trade and other payables and accrued mark-up.

Financial assets or a part thereof is derecognized when the Company loses control of the contractual rights that comprise the financial asset or part thereof. Financial liabilities or a part thereof is removed when it is extinguished, i.e. the obligation specified in contract is discharged, cancelled or expired.

3.5 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.6 Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If such evidence exists, the recoverable amount of the asset is estimated and impairment losses are recognized as an expense in the profit and loss account.

3.7 Long term deposits

These are stated at amortized cost which represents the fair value of consideration given.

3.8 Stores and spare parts

All stores, spares and loose tools either imported or purchased locally are charged to income when consumed and are valued at cost, which is determined on a moving weighted average cost except for items-in-transit which are stated at invoice value plus other incidental charges paid thereon up to the balance sheet date. Provision is made for obsolete and slow moving items where necessary and is recognized in the profit and loss account.

3.9 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is determined as follows:

a)	Raw and packing materials	moving weighted average cost method
b)	Work-in-process	weighted average cost method
c)	Finished goods	lower of weighted average cost and net realizable value
d)	Items in-transit	invoice value plus other charges incurred thereon

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.10 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and receivables are written off when considered irrecoverable.

3.11 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand and bank balances, short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and running finances under mark up arrangements. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

3.12 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value recognized in the profit and loss account except for any amount included in the cost of property, plant and equipment (refer note 4.1) over the period of the borrowing using the effective interest method.

3.13 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those that take a substantial period of time to get ready for their intended use) are capitalized as part of the cost of the relevant asset. All other borrowing costs are charged to income in the period in which they are incurred.

3.14 Staff retirement benefits - gratuity

The Company operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Company. Provision for gratuity is made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. Provision has been made in accordance with actuarial recommendations summarized in note 20.1, using the projected unit credit method and actuarial gains and losses are amortized over the expected average remaining working lives of employees as allowed under the relevant provision of IAS 19 - Employee Benefits. Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the balance sheet date exceeds ten percent of the defined benefit obligation at end of the previous reporting period. These gains or losses are recognized over the expected remaining working lives of the employees participating in the plans.

3.15 Taxation

Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance, whichever is higher.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. The Company takes into account the current income tax law and decisions taken by the taxation authorities.

3.16 Provisions

Provisions are recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

3.17 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

3.18 Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. It is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates / discounts, sales tax and other similar allowances. Revenue is recognized on the following basis:

a) Revenue from local sale of goods is recognized when the goods are dispatched and in case of export sales, when the goods are shipped.
b) Processing income is recognized when services are rendered.
c) Gain and loss on sale of investments is taken to income in the period in which it arises.
d) Interest income is recognized on an accrual basis using the effective interest method.
e) Dividend income, other than those from investments in associates, are recognized at the time the right to receive payment is established.

3.19 Foreign currency translation

Transactions in foreign currencies are accounted for in rupee at the rate of exchange prevailing at the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the balance sheet date are expressed in rupee at rates of exchange prevailing on that date except where forward exchange cover is obtained for payment of monetary liabilities, in which case the contracted rates are applied. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the profit and loss account.

3.20 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

3.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for allocating resources and assessing performance of the operating segments.

3.22 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

3.23 Related parties transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

3.24 Contingent liabilities

Contingent liability is disclosed when:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

	Note	2013	2012
		Rupees	

4 PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012
Operating assets	4.1	2,668,276,718	2,489,890,683
Capital work in progress - at cost	4.4	251,204,291	164,985,180
		2,919,481,009	2,654,875,863

4.1 The following is a statement of operating assets:

2012	Owned assets: Leasehold land	Owned assets: Building on leasehold land	Owned assets: Plant and machinery	Owned assets: Furniture and fittings	Owned assets: Equipment	Owned assets: Computers	Owned assets: Vehicles	Owned assets: Sub-total	Leased assets: Plant and machinery	Leased assets: Vehicles	Leased assets: Sub-total	Grand total
As at July 01, 2011												
Cost	77,296,694	474,722,423	2,471,249,806	26,865,834	34,716,884	9,309,473	81,081,796	3,175,242,910	233,555,832	33,298,500	266,854,332	3,442,097,242
Accumulated depreciation	(5,388,742)	(135,382,521)	(947,438,400)	(10,318,957)	(12,394,975)	(5,398,384)	(36,894,335)	(1,153,216,314)	(10,459,493)	(7,811,189)	(18,270,682)	(1,171,486,996)
Net book amount	**71,907,952**	**339,339,902**	**1,523,811,406**	**16,546,877**	**22,321,909**	**3,911,089**	**44,187,461**	**2,022,026,596**	**223,096,339**	**25,487,311**	**248,583,650**	**2,270,610,246**
June 30, 2012												
Opening net book amount	71,907,952	339,339,902	1,523,811,406	16,546,877	22,321,909	3,911,089	44,187,461	2,022,026,596	223,096,339	25,487,311	248,583,650	2,270,610,246
Additions	7,825,050	61,432,741	338,363,276	7,787,387	3,905,232	1,737,579	854,318	421,905,583	-	45,141,142	45,141,142	467,046,725
Transfer between owned and leased assets												
Cost	-	-	(3,461,437)	-	4,443,192	-	1,468,649	2,450,404	-	(2,450,404)	(2,450,404)	-
Accumulated depreciation	-	-	757,858	-	(1,784,396)	-	(493,333)	(1,519,871)	243,247	1,276,624	1,519,871	-
	-	-	(2,703,579)	-	2,658,796	-	975,316	930,533	243,247	(1,173,780)	(930,533)	-
Written offs												
Cost	-	-	-	-	-	-	(587,290)	(587,290)	-	-	-	(587,290)
Accumulated depreciation	-	-	-	-	-	-	507,689	507,689	-	-	-	507,689
	-	-	-	-	-	-	(79,601)	(79,601)	-	-	-	(79,601)
Disposals												
Cost	-	-	-	-	(23,800)	(439,924)	(12,725,212)	(13,188,936)	-	-	-	(13,188,936)
Accumulated depreciation	-	-	-	-	12,989	247,248	7,349,914	7,610,151	-	-	-	7,610,151
	-	-	-	-	(10,811)	(192,676)	(5,375,298)	(5,578,785)	-	-	-	(5,578,785)
Deprecation charge for the year	(1,595,992)	(36,957,053)	(159,886,168)	(1,946,684)	(2,557,430)	(865,966)	(7,672,565)	(211,481,858)	(21,338,227)	(9,287,817)	(30,626,044)	(242,107,902)
Closing net book amount	**78,137,010**	**363,815,590**	**1,699,584,935**	**22,387,580**	**26,317,696**	**4,590,026**	**32,889,631**	**2,227,722,468**	**202,001,359**	**60,166,856**	**262,168,215**	**2,489,890,683**
As at June 30, 2012												
Cost	85,121,744	536,155,164	2,806,151,645	34,653,221	43,041,508	10,607,128	70,092,261	3,585,822,671	233,555,832	75,989,238	309,545,070	3,895,367,741
Accumulated depreciation	(6,984,734)	(172,339,574)	(1,106,566,710)	(12,265,641)	(16,723,812)	(6,017,102)	(37,202,630)	(1,358,100,203)	(31,554,473)	(15,822,382)	(47,376,855)	(1,405,477,058)
Net book amount	**78,137,010**	**363,815,590**	**1,699,584,935**	**22,387,580**	**26,317,696**	**4,590,026**	**32,889,631**	**2,227,722,468**	**202,001,359**	**60,166,856**	**262,168,215**	**2,489,890,683**

2013	Owned assets								Leased assets			
	Leasehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	Grand total
June 30, 2013												
Opening net book amount	78,137,010	363,815,590	1,699,584,935	22,387,580	26,317,696	4,590,026	32,889,631	2,227,722,468	202,001,359	60,166,856	262,168,215	2,489,890,683
Additions	2,231,251	169,955,483	252,743,877	3,167,396	9,031,771	502,848	2,172,923	439,805,549	-	3,836,684	3,836,684	443,642,233
Reclassifications												
Cost	-	-	(13,457,710)	-	-	-	-	(13,457,710)	13,457,710	-	13,457,710	-
Accumulated depreciation	-	-	469,760	-	-	-	-	469,760	(469,760)	-	(469,760)	-
	-	-	(12,987,950)	-	-	-	-	(12,987,950)	12,987,950	-	12,987,950	-
Transfer between owned and leased assets												
Cost	-	-	112,303,211	-	-	-	21,271,604	133,574,815	(112,303,211)	(21,271,604)	(133,574,815)	-
Accumulated depreciation	-	-	(22,711,777)	-	-	-	(9,702,844)	(32,414,621)	22,711,777	9,702,844	32,414,621	-
	-	-	89,591,434	-	-	-	11,568,760	101,160,194	(89,591,434)	(11,568,760)	(101,160,194)	-
Disposal												
Cost	-	-	-	-	-	(46,000)	(15,093,620)	(15,139,620)	-	-	-	(15,139,620)
Accumulated depreciation	-	-	-	-	-	13,132	10,805,269	10,818,401	-	-	-	10,818,401
	-	-	-	-	-	(32,868)	(4,288,351)	(4,321,219)	-	-	-	(4,321,219)
Deprecation charge for the year	(1,044,886)	(44,993,577)	(171,912,196)	(2,288,033)	(3,079,525)	(876,158)	(6,202,551)	(230,396,926)	(19,775,751)	(10,762,302)	(30,538,053)	(260,934,979)
Closing net book amount	**79,323,375**	**488,777,496**	**1,857,020,100**	**23,266,943**	**32,269,942**	**4,183,848**	**36,140,412**	**2,520,982,116**	**105,622,124**	**41,672,478**	**147,294,602**	**2,668,276,718**
As at June 30, 2013												
Cost	87,352,995	706,110,647	3,157,741,023	37,820,617	52,073,279	11,063,976	78,443,168	4,130,605,705	134,710,331	58,554,318	193,264,649	4,323,870,354
Accumulated depreciation	(8,029,620)	(217,333,151)	(1,300,720,923)	(14,553,674)	(19,803,337)	(6,880,128)	(42,302,756)	(1,609,623,589)	(29,088,207)	(16,881,840)	(45,970,047)	(1,655,593,636)
Net book amount	**79,323,375**	**488,777,496**	**1,857,020,100**	**23,266,943**	**32,269,942**	**4,183,848**	**36,140,412**	**2,520,982,116**	**105,622,124**	**41,672,478**	**147,294,602**	**2,668,276,718**
Depreciation rate	**1% and 3.03%**	**10%**	**10%, 15% and 33%**	**10%**	**10%**	**20%**	**20%**		**10%**	**20%**		

4.2 The depreciation expense has been allocated as follows:

	Note	2013	2012
		Rupees	
Cost of sales	27	**246,271,898**	226,199,944
Selling and distribution expenses	28	**5,615,812**	4,802,222
Administrative expenses	29	**9,047,269**	11,105,736
		260,934,979	242,107,902

4.3 Following items of property, plant and equipment were disposed off during the year:

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain / (Loss)	Particulars of buyer
			Rupees			
Mode of disposal - negotiation						
Vehicles						
Honda Civic						
	1,043,000	747,392	295,608	875,000	579,392	Nazeer Gul
	950,000	706,508	243,492	985,000	741,508	Muhammad Anwar
Honda City						
	837,520	637,746	199,774	726,786	527,012	Muhammad Yahya
	872,000	553,901	318,099	835,000	516,901	Shahid Aziz
Toyota Corolla						
	1,208,000	996,867	211,133	800,000	588,867	Ajmal Saeed
	969,000	627,201	341,799	341,799	-	Muhammad Nasir
	913,000	641,563	271,437	910,000	638,563	Dada Sons (Private) Limited
	969,000	680,079	288,921	925,000	636,079	Osama Waqar
Suzuki Cultus						
	600,950	475,654	125,296	450,000	324,704	Irfan Lakha
	539,604	410,604	129,000	407,786	278,786	Muhammad Islam Khan
	609,400	411,770	197,630	450,000	252,370	Abdul Latif
	595,000	420,549	174,451	525,000	350,549	Dawn Paper Mart
Suzuki Alto						
	397,000	316,508	80,492	300,000	219,508	Muhammad Shakeel (employee)
	463,340	374,266	89,074	356,000	266,926	Muhammad Waqas
	504,000	405,766	98,234	400,000	301,766	Javed Hashim Meghani
	512,600	351,718	160,882	435,000	274,118	Muhammad Waqas
Suzuki Mehran						
	390,000	273,716	116,284	343,786	227,502	Muhammad Islam Khan
	449,000	245,210	203,790	370,786	166,996	Syed Khurram Hussain
	390,000	254,727	135,273	367,286	232,013	Muhammad Islam Khan
	413,400	270,010	143,390	353,300	209,910	Syed Muhammad Taufiq
	408,300	271,361	136,939	350,000	213,061	Javed Hashim Meghani
	449,000	238,244	210,756	373,300	162,544	Javed Hashim Meghani
Daihatsu Cuore						
	434,000	380,997	53,003	370,000	316,997	Muhammad Waqas
Sub-total	**14,917,114**	**10,692,357**	**4,224,757**	**12,250,829**	**8,026,072**	
Aggregate of assets disposed off having net book amount below Rs. 50,000 each						
Computer & equipments	46,000	13,132	32,868	20,000	(12,868)	
Vehicles	176,506	112,912	63,594	72,900	9,306	
Sub-total	**222,506**	**126,044**	**96,462**	**92,900**	**(3,562)**	
2013 - total	**15,139,620**	**10,818,401**	**4,321,219**	**12,343,729**	**8,022,510**	
2012 - total	13,188,942	7,610,152	5,578,790	10,632,448	5,053,658	

		Note	2013	2012
			Rupees	
4.4	**Capital work-in-progress**			
	Civil works		**138,042,322**	152,872,681
	Plant and machinery		**109,139,969**	10,254,819
	Equipment and fittings		**4,022,000**	1,857,680
		4.4.1	**251,204,291**	164,985,180
4.4.1	**Movement in capital work-in-progress**			
	Balance as at July 1		**164,985,180**	105,064,532
	Additions during the year		**521,620,486**	479,234,334
	Transferred to operating assets		**(435,401,375)**	(419,313,686)
	Balance as at June 30		**251,204,291**	164,985,180
5	**LONG TERM INVESTMENTS - in related parties**			
	Investment in associated undertakings			
	Novelty Enterprises (Private) Limited	5.1	**229,724,069**	229,724,069
	The Bank of Khyber	5.2	**1,009,977,152**	879,417,548
			1,239,701,221	1,109,141,617

5.1 Novelty Enterprises (Private) Limited

The Company holds 33% (2012: 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 June 30, 2013 amounted to Rs. 561.66 million (2012: Rs. 561.69 million based on audited financial statements).

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. 758.43 million (2012: Rs. 758.46 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

Novelty Enterprises (Private) Limited has not commenced operations as of the reporting date and hence the investment is stated at cost.

5.2 The Bank of Khyber

The Company holds 8.6% (2012: 8.6%) voting and equity interest in the Bank of Khyber (the Bank). 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 State Bank of Pakistan for financial institutions. However, respective amounts in these financial statements have been taken from reviewed financial statements of the Bank for the six-month periods ended June 30, 2013 and June 30, 2012.

The market value of holding in the Bank as on June 30, 2013 was Rs. 581.465 million (2012: Rs. 586.78 million). However, fair value based on price earning ratio as on June 30, 2013 was Rs. 964.456 million (2012: Rs. 754.735 million) and book value as of June 30, 2013 was Rs. 1,073.774 million (2012: Rs. 939.582 million).

5.3 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	
	2013	2012	**2013**	2012
	Rupees		**Rupees**	
Balance as at July 1	**879,417,548**	823,475,865	**229,724,069**	229,724,069
Share of profit relating to profit and loss account	**97,866,881**	44,646,281	**-**	-
Share of profit relating to other comprehensive income	**32,692,723**	11,295,402	**-**	-
Balance as at June 30	**1,009,977,152**	879,417,548	**229,724,069**	229,724,069

Summarized financial information in respect of the Company's associates as at June 30 of respective year is set out below:

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2013	2012	**2013**	2012
	Rupees in thousands		**Rupees in thousands**	
Assets	**85,559,764**	69,936,402	**561,791**	561,817
Liabilities	**73,092,752**	59,027,423	**130**	125
Revenue	**2,895,057**	2,443,119	**-**	-
Profit	**1,136,280**	904,299	**-**	-

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 received any cash dividend during the year (2012: Rs. Nil).

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

		Note	**2013**	2012
			Rupees	
6	**LONG TERM DEPOSITS**			
	Lease		**20,882,473**	31,634,544
	Less: Current maturity		**(5,119,900)**	(3,517,600)
			15,762,573	28,116,944
	Utilities		**9,815,937**	6,787,332
	Others		**1,888,033**	4,399,830
			27,466,543	39,304,106
7	**STORES AND SPARE PARTS**			
	Stores	7.1	**46,742,541**	33,154,316
	Spare parts	7.1	**17,086,432**	18,642,090
	Diesel and liquefied petroleum gas (LPG)	7.1	**1,526,781**	1,645,589
	Others	7.1	**636,905**	797,344
			65,992,659	54,239,339

7.1

	2013			
	Stores	**Spare parts**	**Diesel and liquefied petroleum gas (LPG)**	**Others**
	Rupees			
Stock - gross	**52,648,961**	**17,086,432**	**1,526,781**	**636,905**
Provision for obsolescence				
- opening	**(5,006,420)**	**-**	**-**	**-**
- charge for the year (refer note 27.3)	**(900,000)**	**-**	**-**	**-**
- closing	**(5,906,420)**	**-**	**-**	**-**
Stock - net	**46,742,541**	**17,086,432**	**1,526,781**	**636,905**

	2012			
Stock - gross	38,160,736	18,642,090	1,645,589	797,344
Provision for obsolescence				
- opening	(4,106,420)	-	-	-
- charge for the year (refer note 27.3)	(900,000)	-	-	-
- closing	(5,006,420)	-	-	-
Stock - net	33,154,316	18,642,090	1,645,589	797,344

7.2 The Company has not charged provision for obsolescence in 'spare parts', 'diesel and liquefied petroleum gas' and 'other' as the market value of these are more than their stated cost.

	Note	**2013**	2012
		Rupees	
8 STOCK-IN-TRADE			
Raw materials	8.1	**2,748,855,278**	2,307,076,653
Packing materials	8.1	**461,164,318**	483,919,645
Work-in-process	27	**18,970,972**	30,965,507
Finished goods	8.1	**1,438,574,927**	1,565,269,929
		4,667,565,495	4,387,231,734

8.1

	2013		
	Raw materials	**Packing materials**	**Finished goods**
	Rupees		
Stock-in-trade (gross)	**2,762,259,556**	**567,984,318**	**1,438,574,927**
Provision for obsolescence			
- opening	**(7,766,379)**	**(74,420,000)**	**-**
- (charge) for the year (refer note 27.1 and 27.2)	**(5,637,899)**	**(32,400,000)**	**-**
- closing	**(13,404,278)**	**(106,820,000)**	**-**
Stock-in-trade (net)	**2,748,855,278**	**461,164,318**	**1,438,574,927**

	2012		
	Raw materials	Packing materials	Finished goods
		Rupees	
Stock-in-trade (gross)	2,314,843,032	558,339,645	1,565,269,929
Provision for obsolescence			
- opening	(9,971,420)	(60,020,000)	-
- reversal / (charge) for the year (refer note 27.1 and 27.2)	2,205,041	(14,400,000)	-
- closing	(7,766,379)	(74,420,000)	-
Stock-in-trade (net)	**2,307,076,653**	**483,919,645**	**1,565,269,929**

	Note	2013	2012
		Rupees	
9 TRADE DEBTS			
Considered good			
- secured (export debtors)		**30,882,991**	23,359,664
- unsecured		**446,377,251**	554,341,085
		477,260,242	577,700,749
Considered doubtful		**23,314,885**	15,213,824
Trade debts - gross		**500,575,127**	592,914,573
Provision for impairment - opening balance		**(15,213,824)**	(11,613,824)
Write-off against provision		**(1,061)**	-
Charge for the year	28	**(8,100,000)**	(3,600,000)
Provision for impairment - closing balance		**(23,314,885)**	(15,213,824)
Trade debts - net		**477,260,242**	577,700,749

9.1 Certain trade debts were found to be impaired and provision has been recorded accordingly. The impaired trade debts are mostly due from customers in the business-to-business market.

9.2 Age analysis

	2013	2012
Not more than 45 days	**318,340,546**	331,465,115
More than 45 days but not more than 3 months	**64,352,615**	100,453,881
More than 3 months but not more than 6 months	**63,684,090**	112,369,029
More than 6 months but not more than 1 year	**23,314,885**	25,266,884
	469,692,136	569,554,909
Export debtors	**30,882,991**	23,359,664
	500,575,127	592,914,573

9.3 As at June 30, 2013, trade debts amounting to Rs. Nil (2012: Rs. Nil) is due from related parties including directors, chief executive and executives of the Company.

10 ADVANCES - considered good

	Note	2013	2012
Secured, considered good			
- advances to employees	10.1	**9,025,802**	9,005,344
Unsecured			
- advances to suppliers	10.2	**58,154,222**	70,869,725
- advances to others		**3,577,707**	2,028,887
		70,757,731	81,903,956

10.1 These include advances to employees against salary. These advances are interest-free and secured against gratuity and is repayable on monthly basis. The reconciliation of amounts due from executives and non-executives of the Company is given as follows:

	2013	2012
	Rupees	
Amount due from executives		
Opening balance	270,000	-
Disbursment during the year	1,500,000	300,000
Repayments during the year	(540,000)	(30,000)
Closing balance	1,230,000	270,000
Amount due from other than executives		
Opening balance	8,735,344	6,912,861
Disbursment during the year	6,651,061	19,986,781
Repayments during the year	(7,590,603)	(18,164,298)
Closing balance	7,795,802	8,735,344

10.2 As at June 30, 2013, a sum of Rs. Nil (2012: Rs. Nil) is advanced to a related party excluding directors, chief executive and executives of the Company. The Company had charged no provision for impairment on it.

11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits - unsecured	1,864,999	3,968,323
Short term prepayments	302,500	237,325
Current maturity of lease deposits	5,119,900	3,517,600
	7,287,399	7,723,248

12 OTHER RECEIVABLES

Sales tax	-	62,328,065
Export rebate	25,857,956	32,160,984
Collector of customs	14,943,715	6,033,493
Federal excise duty	1,022,870	679,284
Other receivables	-	1,789,839
	41,824,541	102,991,665

12.1 Other receivables have been reviewed for impairment and none have been found to be impaired.

		2013	2012
		Rupees	
13	**TAXATION - net**		
	Advance income tax	**172,664,637**	150,449,872
	Provision for taxation	**(55,888,640)**	(92,903,036)
		116,775,997	57,546,836
14	**CASH AND BANK BALANCES**		
	Cash in hand	**1,115,919**	3,569,959
	Cash with banks in:		
	- current accounts	**28,281,204**	20,637,681
		29,397,123	24,207,640

15 **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

15.1 **Ordinary shares of Rs. 10 each fully paid in cash**

2013	2012	2013	2012
Number of shares		Rupees	
50,520,750	50,520,750	**505,207,500**	505,207,500

		2013	2012
16	**CAPITAL RESERVES**		
	Share premium	**579,265,000**	579,265,000

16.1 This represents share premium on right shares issued @ Rs. 20 per share. This reserve can be utilized by the Company for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

		2013	2012
17	**DIRECTORS' LOAN - subordinated**	**352,151,770**	352,151,770

17.1 This represents unsecured interest free loans from the directors of the Company. The directors have entered into agreements with the Company and various banks in which they have undertaken to sub-ordinate their loans and their claims over Company's assets. There has been no movement in the amount during the year. These are long term loans and will be repaid when all the long term borrowings will mature.

18 LONG TERM FINANCES - secured

Financier / Installments	Tenure	Mark-up (rate)	Number of installment	2013	2012
				Rupees	
Loans from banking companies and financial institutions					
Habib Bank Limited					
Monthly	2008-2013	1 month KIBOR + 1.5%	60	-	3,703,704
Monthly	2011-2015	1 month KIBOR + 1.75%	52	100,000,000	150,000,000
Quarterly	2012-2017	3 month KIBOR + 1.75%	19	102,631,579	134,210,526
Monthly	2013-2017	1 month KIBOR + 1.60%	42	195,238,095	-
Habib Bank Limited - Islamic finance					
Monthly	2014-2018	1 month KIBOR + 1%	48	200,000,000	-
Bank Al-Habib Limited					
Monthly	2011-2015	3 month KIBOR + 1%	48	7,583,333	14,083,333
Monthly	2011-2015	3 month KIBOR + 1%	48	6,708,333	12,458,333
MCB Bank Limited					
Monthly	2011-2015	1 month KIBOR + 1.5%	48	22,500,000	37,500,000
Monthly	2014-2018	1 month KIBOR + 1.5%	54	112,000,000	-
UBL Bank Limited					
Monthly	2008-2013	1 month KIBOR + 1.2%	60	4,166,647	49,999,984
Monthly	2011-2016	1 month KIBOR + 1%	60	27,499,984	38,333,325
Monthly	2008-2013	1 month KIBOR + 1.5%	60	-	150,000,000
Allied Bank Limited					
Monthly	2011-2016	3 month KIBOR + 1.5%	60	233,333,350	313,333,342
Monthly	2011-2016	3 month KIBOR + 1.5%	60	108,333,322	158,333,326
NIB Bank Limited					
Monthly	2014-2017	1 month KIBOR + 1.5%	42	150,000,000	-
Pak Brunei Investment Company					
Quarterly	2011-2015	3 month KIBOR + 1.5%	18	44,444,440	66,666,664
Pak Oman Investment Company Limited					
Quarterly	2014-2018	SBP LTFF rate + 2%	20	68,614,000	-
Bank Alfalah Limited					
Monthly	2014-2018	3 month KIBOR + 1%	60	200,000,000	-
JS Bank Limited					
Monthly	2009-2013	1 month KIBOR + 1.25%	42	-	7,142,872
Monthly	2014-2017	1 month KIBOR + 1.25%	42	65,000,000	-
				1,648,053,083	1,135,765,409
Less: Current portion of long term finances shown under current liabilities				(443,528,159)	(481,897,741)
				1,204,524,924	653,867,668

18.1 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.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Under the agreements, lease rentals are payable in 36 to 60 equal monthly installments. Taxes, repairs, replacement and insurance costs, if any, are borne by the Company. The financings carry mark-up at rates ranging from of 10.30% to 15.31% (2012: 12.25% to 15.81%) per annum approximately which have been used as a discounting factor. The Company has the option to purchase the asset upon completion of the lease period.

The net carrying amount of the assets held under finance lease arrangement is Rs. 147.295 million (2012: Rs. 262.168 million) (refer note 4.1).

These are secured against deposits of Rs. 20.882 million (2012: Rs 31.635 million), title of ownership of leased assets and personal guarantees of all the directors of the Company (refer note 6).

The minimum lease payments for which the Company has committed to pay in future under the lease agreements are due as follows:

	2013		
	Minimum lease payments	**Financial charges allocated**	**Present value of minimum lease payments**
		Rupees	
Up to one year	47,467,430	8,118,694	39,348,736
Later than one year but not later than five years	75,007,224	5,824,192	69,183,032
Later than five year	-	-	-
	122,474,654	**13,942,886**	**108,531,768**

	2012		
	Minimum lease payments	Financial charges allocated	Present value of minimum lease payments
		Rupees	
Up to one year	78,694,191	18,262,158	60,432,033
Later than one year but not later than five years	169,921,890	19,598,638	150,323,252
Later than five year	-	-	-
	248,616,081	**37,860,796**	**210,755,285**

	Note	**2013**	2012
		Rupees	
20 DEFERRED LIABILITIES			
Provision for staff gratuity scheme - unfunded	20.1	**32,167,183**	29,999,018
Deferred tax liability	20.2	**491,956,821**	365,888,743
		524,124,004	395,887,761

20.1 Staff retirement benefits - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2013, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned schemes are as follows:

	2013	2012
Discount rate (per annum)	**12%**	12.5%
Expected rate of increase in salaries (per annum)	**11%**	11.5%

		Note	2013	2012
			Rupees	
20.1.1	**The amounts recognized in the balance sheet are as follows:**			
	Present value of defined benefit obligation		**46,968,464**	34,073,599
	Unrecognized actuarial losses		**(14,801,281)**	(4,074,581)
		20.1.2	**32,167,183**	29,999,018
20.1.2	**Movements in the net liability recognized in the balance sheet are as follows:**			
	Balance at beginning of the year		**29,999,018**	28,859,654
	Charge for the year	20.1.3	**11,791,057**	11,140,912
	Payable - against final settlement		**(1,783,951)**	-
	Payments during the year		**(7,838,941)**	(10,001,548)
			(9,622,892)	(10,001,548)
	Balance at end of the year		**32,167,183**	29,999,018
20.1.3	**The amounts recognized in the profit and loss account against defined benefit scheme are as follows:**			
	Current service cost		**8,059,161**	7,950,991
	Interest cost		**3,657,760**	3,445,833
	Actuarial loss / (gain) recognized		**74,136**	(255,912)
	Charge for the year		**11,791,057**	11,140,912
	The expense for the staff retirement benefit scheme has been allocated as follows:			
	Cost of sales		**4,131,907**	7,149,821
	Selling and distribution expenses		**6,383,551**	3,045,303
	Administrative expenses		**1,275,599**	945,788
			11,791,057	11,140,912

Amounts for the current and previous four years are as follows:

	2013	2012	2011	2010	2009
			Rupees		
Present value of defined benefit obligation	**46,968,464**	34,073,599	22,444,570	18,209,264	14,809,629
Experience adjustments:					
Unrecognized actuarial (losses) / gains	**(14,801,281)**	(4,074,581)	1,073,733	4,803,574	4,235,306

		2013	2012
		Rupees	
20.2	**Deferred taxation - net**		
	Debit balance arising in respect of:		
	- carry forward tax losses	**-**	(56,020,423)
	- provision for gratuity	**(11,258,514)**	(10,499,656)
	- provision for doubtful debts	**(8,160,210)**	5,324,838
	- provision for stock in trade	**(44,145,744)**	(30,517,480)
	Credit balance arising in respect of:		
	- accelerated tax depreciation allowances	**555,521,289**	457,601,464
	Deferred tax liability	**491,956,821**	365,888,743

		Note	2013	2012
			Rupees	
21	**TRADE AND OTHER PAYABLES**			
	Trade creditors		**377,218,884**	586,473,447
	Accrued liabilities		**82,236,651**	67,877,444
	Advance from directors		**-**	2,123,898
	Workers' profit participation fund	21.1	**31,112,405**	37,300,607
	Workers' welfare fund		**24,601,692**	13,141,088
	Unclaimed dividend		**871,771**	752,553
	Sales tax payable		**17,553,345**	-
	Other liabilities		**2,358,630**	4,420,163
			535,953,378	712,089,200
21.1	**Workers' profit participation fund**			
	Balance at beginning of the year		**37,300,607**	30,447,714
	Contribution for the year	30	**30,159,483**	34,581,810
	Interest on funds utilized in the Company's business	32	**954,753**	2,718,797
			68,414,843	67,748,321
	Less: Payments made during the year		**(37,302,438)**	(30,447,714)
	Balance at end of the year		**31,112,405**	37,300,607
22	**ACCRUED MARK-UP**			
	Accrued mark-up on:			
	- long term finances - secured		**12,441,624**	13,021,431
	- short term finances - secured		**99,779,297**	105,975,169
	- liabilities against assets subject to finance lease - secured		**14,636**	-
			112,235,557	118,996,600
23	**SHORT TERM FINANCES - Secured**			
	From banking companies			
	Term finances	23.1	**1,916,779,227**	1,849,638,223
	Export refinances	23.2	**310,000,000**	310,000,000
	Running finance utilized under mark-up arrangements	23.3	**1,332,415,164**	1,526,744,982
			3,559,194,391	3,686,383,205

23.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,145 million (2012: Rs. 2,000 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 9.76% to 13.47% per annum (2012: 12.65% to 15.06% per annum).

23.2 These represents facilities for export refinance arranged from various banks aggregating to Rs. 310 million (2012: Rs. 310 million). These are secured against pari-passu hypothecation of stocks, book debts and lien on export letters of credits of the Company along with the personal guarantees of the directors. These carry mark-up at the rate of 1% above the SBP rate per annum (2012: 1% above SBP rate per annum).

23.3 The facilities for running finances available from various banks aggregated to Rs. 1,975 million (2012: Rs. 1,652 million). These are secured against pari-passu / ranking hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 10.31% to 13.99% per annum (2012: 12.79% to 15.54% per annum).

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The Company has three 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 favour of the Company.

24.1.2 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 did not have any tangible property within the territorial jurisdiction of the court at Hub the case was transferred to the District Judge, Lahore for execution. Against the same judgement the debtor filed appeal in Baluchistan High court Quetta, which is pending. Management of the Company is of the opinion that as the case has been decided in favour of the Company in the civil court and based on the advice of its legal advisor, that matters will be decided in favour of the Company in the appeal also, the amount due has not been written off.

24.1.3 A suit for Rs. 20 million had been filed in the Court of Senior Civil Judge, Hub, Balochistan against the Company and Lasbella Industrial Estate Development Authority by Usman Industries Limited , for illegal allotment of plot C-386, Hub Industrial Trading Estate (HITE). The case was decided against the Company by the civil court. The Company on an appeal filed in the Balochistan High Court, Quetta obtained an order to set aside the judgement of the Civil Court thereby remanding the case back to the Civil Court for re-hearing on the point of limitation. The Senior Civil Judge heard the case and dismissed the suit filed by Usman Industries Limited against the Company. On dismissal, Usman Industries Limited filed appeal in Balochistan High Court, Quetta. No provision has been made in these financial statements against this aforementioned amount as the management of the Company, based on the advice of its legal counsel, is of the opinion that the case will be decided in favour of the Company.

24.2 Commitments

	Note	2013	2012
		Rupees	
Outstanding letters of guarantee		**115,842,850**	76,728,500
Outstanding letters of credit for:			
- capital expenditure		**362,212,368**	2,373,800
- others		**453,888,334**	368,146,440

		Note	Food Segment		Plastic Segment		Total	
			2013	2012	2013	2012	2013	2012
			Rupees					
25	**OPERATING RESULTS**							
	Sales							
	Local sales		9,994,166,059	8,944,873,250	1,187,580,468	1,110,051,320	11,181,746,527	10,054,924,570
	Inter-segment sales		-	-	266,718,597	269,951,956	266,718,597	269,951,956
	Export sales		949,735,655	968,896,160	14,359,818	28,775,681	964,095,473	997,671,841
			10,943,901,714	9,913,769,410	1,468,658,883	1,408,778,957	12,412,560,597	11,322,548,367
	Sales returns and discounts		(583,957,311)	(465,908,282)	(7,205,403)	(4,478,329)	(591,162,714)	(470,386,611)
			10,359,944,403	9,447,861,128	1,461,453,480	1,404,300,628	11,821,397,883	10,852,161,756
	Export rebate		15,679,521	40,015,572	474,024	962,436	16,153,545	40,978,008
			10,375,623,924	9,487,876,700	1,461,927,504	1,405,263,064	11,837,551,428	10,893,139,764
	Sales tax		(1,230,267,159)	(1,151,262,960)	(163,089,568)	(196,403,132)	(1,393,356,727)	(1,347,666,092)
			9,145,356,765	8,336,613,740	1,298,837,936	1,208,859,932	10,444,194,701	9,545,473,672
	Cost of sales	27	(7,343,317,979)	(6,680,577,816)	(1,125,995,493)	(1,034,377,900)	(8,469,313,472)	(7,714,955,716)
	Gross profit		1,802,038,786	1,656,035,924	172,842,443	174,482,032	1,974,881,229	1,830,517,956
	Selling and distribution expense	28	(819,237,389)	(529,987,011)	(33,852,030)	(10,022,917)	(853,089,419)	(540,009,928)
	Administrative expenses	29	(101,161,323)	(73,750,575)	(1,202,023)	(1,740,305)	(102,363,346)	(75,490,880)
			(920,398,712)	(603,737,586)	(35,054,053)	(11,763,222)	(955,452,765)	(615,500,808)
	Operating profit		881,640,074	1,052,298,338	137,788,390	162,718,810	1,019,428,464	1,215,017,148
	Other operating expense	30					(64,213,973)	(63,543,895)
	Other operating income	31					63,541,108	57,915,745
	Finance cost	32					(576,547,636)	(624,917,476)
	Share of profit from associate	5.3					97,866,881	44,646,281
	Profit before tax						540,074,844	629,117,803
	Income tax expense	35					(181,956,718)	(261,804,705)
	Profit for the year						358,118,126	367,313,098
25.1	Segment assets		6,584,631,270	6,346,247,010	1,777,793,079	1,576,720,308	8,362,424,349	7,922,967,318
25.2	Unallocated assets		-	-	-	-	1,301,085,611	1,173,899,435
			6,584,631,270	6,346,247,010	1,777,793,079	1,576,720,308	9,663,509,960	9,096,866,753
25.3	Segment liabilities		2,888,603,110	3,680,413,476	1,374,731,126	942,429,991	4,263,334,236	4,622,843,467
25.4	Unallocated liabilities		-	-	-	-	2,600,693,442	2,064,561,207
			2,888,603,110	3,680,413,476	1,374,731,126	942,429,991	6,864,027,678	6,687,404,674
25.5	Non-cash items							
	- depreciation		240,644,498	220,198,991	20,290,481	21,908,911	260,934,979	242,107,902
	- others		9,749,195	9,621,151	2,041,862	1,519,761	11,791,057	11,140,912
			250,393,693	229,820,142	22,332,343	23,428,672	272,726,036	253,248,814
25.6	Capital expenditure		529,735,092	519,825,292	126,250	7,142,087	529,861,342	526,967,379

25.7 Inter-segment pricing

Transactions among the business segments are recorded at estimated cost.

25.8 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.

25.9 There were no major customers of the Company which formed 10 percent or more of the Company's revenue.

		Note	2013	2012
			Rupees	
26	RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES			
26.1	**Sales**			
	Total sales for reportable segments	25	11,837,551,428	10,893,139,764
	Elimination of inter-segments sales	25	(266,718,597)	(269,951,956)
	Total sales		11,570,832,831	10,623,187,808
26.2	**Cost of sales**			
	Total cost of sales for reportable segments	27	8,469,313,472	7,714,955,716
	Elimination of inter-segments purchases	27.2	(266,718,597)	(269,951,956)
	Total cost of sales		8,202,594,875	7,445,003,760
26.3	**Assets**			
	Total assets for reportable segments	25.1	8,362,424,349	7,922,967,318
	Administrative capital assets		61,384,390	64,757,818
	Long term investment	5	1,239,701,221	1,109,141,617
	Total assets		9,663,509,960	9,096,866,753
26.4	**Liabilities**			
	Total liabilities for reportable segments	25.3	4,263,334,236	4,622,843,467
	Directors loan	17	352,151,770	352,151,770
	Deferred liabilities	20.2	491,956,821	365,888,743
	Long term finance	18	1,648,053,083	1,135,765,409
	Assets subject to finance lease	19	108,531,768	210,755,285
	Total liabilities		6,864,027,678	6,687,404,674

	Note	Food Segment 2013	Food Segment 2012	Plastic Segment 2013	Plastic Segment 2012	Total 2013	Total 2012
		Rupees					
27 COST OF SALES							
Raw materials consumed	27.1	**3,748,048,644**	3,562,589,068	**942,191,459**	873,014,926	**4,690,240,103**	4,435,603,994
Packing materials consumed	27.2	**2,385,441,554**	2,264,007,565	**25,179,171**	21,917,356	**2,410,620,725**	2,285,924,921
Stores and spares consumed	27.3	**100,772,530**	86,108,197	**21,115,266**	20,672,695	**121,887,796**	106,780,892
Salaries, wages and other benefits		**404,515,455**	249,625,926	**31,386,186**	26,986,846	**435,901,641**	276,612,772
Electricity, gas, fuel and lubricants		**237,388,021**	202,510,479	**62,910,164**	58,864,425	**300,298,185**	261,374,904
Repairs and maintenance		**14,703,193**	14,618,215	**2,306,478**	1,872,896	**17,009,671**	16,491,111
Cold storage - rent & maintenance		**1,823,000**	1,600,200	**-**	-	**1,823,000**	1,600,200
Printing and stationery		**93,652**	303,452	**2,057**	19,308	**95,709**	322,760
Insurance		**12,375,224**	9,750,943	**1,595,293**	343,900	**13,970,517**	10,094,843
Rent, rates and taxes		**1,372,051**	1,116,666	**373,256**	332,750	**1,745,307**	1,449,416
Water charges		**6,662,019**	3,691,502	**217,158**	142,641	**6,879,177**	3,834,143
Postage and telephone		**1,259,810**	1,478,246	**188,395**	169,839	**1,448,205**	1,648,085
Travelling and conveyance		**1,014,245**	1,279,373	**2,100**	24,510	**1,016,345**	1,303,883
Vehicle running and maintenance		**8,201,890**	6,883,484	**880,024**	749,171	**9,081,914**	7,632,655
Depreciation	4.2	**226,044,484**	204,341,881	**20,227,414**	21,858,063	**246,271,898**	226,199,944
Laboratory expenses		**626,039**	112,268	**-**	-	**626,039**	112,268
Fees and subscription		**710,807**	953,337	**-**	-	**710,807**	953,337
Cartage		**3,049,120**	825,366	**-**	-	**3,049,120**	825,366
Legal and professional charges		**-**	83,000	**-**	-	**-**	83,000
Procurement expenses		**1,880,092**	2,182,425	**-**	-	**1,880,092**	2,182,425
Other manufacturing expenses		**1,271,795**	594,459	**-**	(568,381)	**1,271,795**	26,078
		7,157,253,625	6,614,656,052	**1,108,574,421**	1,026,400,945	**8,265,828,046**	7,641,056,997
Work-in-process at beginning of the year	8	**11,738,801**	28,257,072	**19,226,706**	28,608,995	**30,965,507**	56,866,067
Work-in-process at end of the year	8	**(12,075,091)**	(11,738,801)	**(6,895,881)**	(19,226,706)	**(18,970,972)**	(30,965,507)
		(336,290)	16,518,271	**12,330,825**	9,382,289	**11,994,535**	25,900,560
Cost of goods manufactured		**7,156,917,335**	6,631,174,323	**1,120,905,246**	1,035,783,234	**8,277,822,581**	7,666,957,557
Stock of finished goods at beginning of the year	8	**1,557,597,346**	1,543,942,677	**7,672,583**	6,267,249	**1,565,269,929**	1,550,209,926
Purchase of finished goods		**64,795,889**	100,008,162	**-**	-	**64,795,889**	100,008,162
Obsolete Stock		**-**	(36,950,000)	**-**	-	**-**	(36,950,000)
Stock of finished goods at end of the year	8	**(1,435,992,591)**	(1,557,597,346)	**(2,582,336)**	(7,672,583)	**(1,438,574,927)**	(1,565,269,929)
		186,400,644	49,403,493	**5,090,247**	(1,405,334)	**191,490,891**	47,998,159
		7,343,317,979	6,680,577,816	**1,125,995,493**	1,034,377,900	**8,469,313,472**	7,714,955,716
27.1 Raw materials consumed							
Stock of raw materials at beginning of the year	8.1	**1,320,892,703**	1,022,430,881	**993,950,329**	830,489,483	**2,314,843,032**	1,852,920,364
Purchases		**4,215,196,397**	3,840,882,147	**892,505,653**	1,036,475,772	**5,107,702,050**	4,877,357,919
Cartage inward		**25,734,143**	22,657,396	**3,300**	-	**25,737,443**	22,657,396
Purchase discount		**(1,420,765)**	(283,612)	**-**	-	**(1,420,765)**	(283,612)
		5,560,402,478	4,885,686,812	**1,886,459,282**	1,866,965,255	**7,446,861,760**	6,752,652,067
Provision / (reversal) during the year	8.1	**4,137,899**	(2,205,041)	**1,500,000**	-	**5,637,899**	(2,205,041)
Stock of raw materials at end of the year	8.1	**(1,816,491,733)**	(1,320,892,703)	**(945,767,823)**	(993,950,329)	**(2,762,259,556)**	(2,314,843,032)
		3,748,048,644	3,562,589,068	**942,191,459**	873,014,926	**4,690,240,103**	4,435,603,994

	Note	Food Segment 2013	Food Segment 2012	Plastic Segment 2013	Plastic Segment 2012	Total 2013	Total 2012
		Rupees					
27.2 Packing materials consumed							
Stock of packing materials at beginning of the year	8.1	555,820,076	504,689,770	2,519,569	2,081,792	558,339,645	506,771,562
Purchases		2,098,363,312	2,033,180,279	24,332,606	22,216,797	2,122,695,918	2,055,397,076
Cartage inward		25,001	28,730	266,900	157,553	291,901	186,283
Inter-segment purchases		266,718,597	269,949,146	-	2,808	266,718,597	269,951,954
Purchase discount		(1,841,018)	(2,420,284)	-	(22,025)	(1,841,018)	(2,442,309)
		2,919,085,968	2,805,427,641	27,119,075	24,436,925	2,946,205,043	2,829,864,566
Provision for the year	8.1	32,400,000	14,400,000	-	-	32,400,000	14,400,000
Stock of packing materials at end of the year	8.1	(566,044,414)	(555,820,076)	(1,939,904)	(2,519,569)	(567,984,318)	(558,339,645)
		2,385,441,554	2,264,007,565	25,179,171	21,917,356	2,410,620,725	2,285,924,921
27.3 Stores and spares consumed							
Stock of stores and spares at beginning of the year	7.1	45,789,596	39,625,108	11,013,230	6,931,395	56,802,826	46,556,503
Purchases		106,709,380	91,160,926	27,169,503	24,753,868	133,878,883	115,914,794
Cartage inward		280,822	220,970	12,215	8,530	293,037	229,500
Purchase discounts		(251,231)	(9,211)	(326)	(7,868)	(251,557)	(17,079)
		152,528,567	130,997,793	38,194,622	31,685,925	190,723,189	162,683,718
Provision for the year	7.1	900,000	900,000	-	-	900,000	900,000
Stock of stores and spares at end of the year	7.1	(52,656,037)	(45,789,596)	(17,079,356)	(11,013,230)	(69,735,393)	(56,802,826)
		100,772,530	86,108,197	21,115,266	20,672,695	121,887,796	106,780,892

28 SELLING AND DISTRIBUTION EXPENSES

	Note	Food Segment 2013	Food Segment 2012	Plastic Segment 2013	Plastic Segment 2012	Total 2013	Total 2012
Salaries and other benefits		228,948,697	159,925,036	8,271,939	4,776,851	237,220,636	164,701,887
Cartage outward		188,639,873	112,372,535	15,250,317	1,900	203,890,190	112,374,435
Export expenses		76,659,966	52,752,814	237,316	536,193	76,897,282	53,289,007
Advertisements		244,318,688	141,956,227	-	-	244,318,688	141,956,227
Entertainment		1,336,564	781,690	184,705	117,992	1,521,269	899,682
Vehicle running and maintenance		22,953,432	12,369,365	1,141,104	1,119,006	24,094,536	13,488,371
Printing and stationery		6,787,570	2,143,891	72,513	198,470	6,860,083	2,342,361
Postage and telephone		9,539,208	6,991,412	610,676	532,187	10,149,884	7,523,599
Conveyance and travelling		10,911,160	12,580,803	1,840,215	1,363,477	12,751,375	13,944,280
Samples		1,089,644	1,922,337	-	-	1,089,644	1,922,337
Utilities		4,567,297	5,818,364	156,490	82,450	4,723,787	5,900,814
Repairs and maintenance		858,147	748,854	557,725	601,972	1,415,872	1,350,826
Rent		10,894,493	8,946,954	529,500	294,000	11,423,993	9,240,954
Depreciation	4.2	5,554,472	4,753,458	61,340	48,764	5,615,812	4,802,222
Insurance		1,718,915	1,342,155	434,955	175,352	2,153,870	1,517,507
Fees and subscription		300,000	46,000	-	-	300,000	46,000
Provision for impairment in trade debts	9	3,600,000	3,600,000	4,500,000	-	8,100,000	3,600,000
Miscellaneous		559,263	935,116	3,235	174,303	562,498	1,109,419
		819,237,389	529,987,011	33,852,030	10,022,917	853,089,419	540,009,928

29 ADMINISTRATIVE EXPENSES

	Note	Food Segment 2013	Food Segment 2012	Plastic Segment 2013	Plastic Segment 2012	Total 2013	Total 2012
Salaries and other benefits including director's remuneration		50,065,451	38,173,799	651,053	1,365,688	50,716,504	39,539,487
Conveyance and travelling		9,541,357	2,809,632	310	24,910	9,541,667	2,834,542
Postage and telephone		3,940,169	2,942,455	147,054	61,278	4,087,223	3,003,733
Printing and stationery		3,442,144	1,941,198	7,100	15,289	3,449,244	1,956,487
Repairs and maintenance		2,171,404	970,338	50,000	-	2,221,404	970,338
Electricity and utilities		5,814,564	6,337,295	-	70,000	5,814,564	6,407,295
Insurance		1,689,640	1,767,827	45,741	57,252	1,735,381	1,825,079
Advertisement		593,690	166,506	-	-	593,690	166,506
Entertainment		800,178	278,732	270	1,650	800,448	280,382
Vehicle running and maintenance		5,451,369	3,260,384	43,885	92,154	5,495,254	3,352,538
Rent, rates and taxes		1,243,447	766,700	-	-	1,243,447	766,700
Fee and subscription		1,009,625	726,666	216,883	-	1,226,508	726,666
Legal and professional charges		6,230,479	2,484,564	38,000	50,000	6,268,479	2,534,564
Depreciation	4.2	9,045,542	11,103,652	1,727	2,084	9,047,269	11,105,736
General meeting expenses		122,264	20,827	-	-	122,264	20,827
		101,161,323	73,750,575	1,202,023	1,740,305	102,363,346	75,490,880

	Note	2013	2012
		Rupees	

30 OTHER OPERATING EXPENSES

	Note	2013	2012
Contribution to:			
- workers' profits participation fund	21.1	30,159,483	34,581,810
- workers' welfare fund		24,517,022	23,703,111
Auditors' remuneration	30.1	941,143	815,278
Property, plant and equipment - written off	4.1	-	79,601
Exchange loss		8,438,325	3,310,786
Donations	30.2	158,000	930,000
Other		-	123,309
		64,213,973	63,543,895

30.1 Auditor's remuneration

	2013	2012
- audit fee	600,000	600,000
- fee for half yearly review	150,000	70,000
- out-of-pocket expenses	191,143	145,278
	941,143	815,278

30.2 None of the directors or their spouses had any interest in the donees except as mentioned in note 42.

	Note	2013	2012
		Rupees	

31 OTHER OPERATING INCOME

	Note	2013	2012
Profit / (loss) on cross currency swap		3,377,065	(719,789)
Income from assets other than financial assets			
Sale of scrap		25,548,161	24,503,704
Gain on disposal of property, plant and equipment	4.3	8,022,510	5,053,658
Processing income		26,568,524	28,877,752
Others		24,848	200,420
		63,541,108	57,915,745

32 FINANCE COST

	Note	2013	2012
Mark up on:			
- long term finances		114,232,722	195,951,270
- short term finances		433,846,688	392,356,048
Interest on workers' profits participation fund	21.1	954,753	2,718,797
Finance charge on finance leases		18,742,516	26,815,787
Bank charges		8,770,957	7,075,574
		576,547,636	624,917,476

33 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
		2013			2012	
			Rupees			
Managerial remuneration	2,700,000	7,200,000	30,663,724	2,700,000	7,200,000	12,826,401
Gratuity	-	-	2,881,166	-	-	827,983
Reimbursement of expenses						
Utilities	413,927	834,144	-	531,586	818,707	-
Membership fees	137,993	365,856	-	168,414	381,293	-
	3,251,920	8,400,000	33,544,890	3,400,000	8,400,000	13,654,384
Number of persons *	1	3	36	1	3	17

* The Company had disclosed amounts relating to persons having annual gross salary of Rs. 500,000 or more under executives. However, the figure has been updated for executives having annual basic salary of Rs. 500,000 or more.

In addition to the above, Company maintained cars are provided to the chief executive officer, directors and executives.

33.1 The remuneration has been allocated as follows:

	Chief Executive Officer	Directors	Executives	Chief Executive Officer	Directors	Executives
		2013			2012	
			Rupees			
Cost of goods sold	-	-	13,817,019	-	-	6,552,634
Selling and distribution expenses	-	-	16,089,506	-	-	5,261,009
Administrative expenses	3,251,920	8,400,000	3,638,365	3,400,000	8,400,000	1,840,741
	3,251,920	8,400,000	33,544,890	3,400,000	8,400,000	13,654,384
Number of persons	1	3	36	1	3	17

34 CLASSIFICATION OF EXPENSES

	Note	Local	Export	Common expenses	Total
		2013			
		Rupees			
Selling and distribution expenses	28	768,528,843	84,560,576	-	**853,089,419**
Administrative expenses	29	-	-	102,363,346	**102,363,346**
Finance cost	32	544,808,753	31,738,883	-	**576,547,636**

	Note	Local	Export	Common expenses	Total
		2012			
		Rupees			
Selling and distribution expenses	28	483,614,528	56,395,400	-	540,009,928
Administrative expenses	29	-	-	75,490,880	75,490,880
Finance cost	32	605,534,758	19,382,718	-	624,917,476

35 TAXATION

	Note	2013	2012
		Rupees	
Current		**55,888,640**	92,903,036
Prior year		**-**	730,181
Deferred		**126,068,078**	168,171,488
		181,956,718	261,804,705

35.1 The relationship between accounting profit and tax expense

The Company is subject to minimum tax under section 113 of Income Tax Ordianance 2001. Under the provisions of the said section the Company can carry forward any excess of mimnimum tax liability over and above the normal tax liability for subsequent five years. The Company estimates that its normal tax liability will continue to be less than its minimum tax in the future periods considering the fact that minimum tax rate has been increased from 0.5% to 1% (applicable from the tax year June 30, 2014 onwards). Therefore, the Company has not recorded deferred tax assets on any excess of minimum tax over normal tax liability which may arise under the provisions of IAS 12 'Income taxes'.

36 EARNINGS PER SHARE

	2013	2012
	Rupees	
Basic earnings per share		
Profit for the year	**358,118,126**	367,313,098
	Number of shares	
Weighted average number of ordinary shares during the year	**50,520,750**	50,520,750
	Rupees	
Basic earnings per share	**7.09**	7.27

Diluted earnings per share

There is no dilution effect on the basic earning per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2013.

	Note	2013	2012

37 NUMBER OF EMPLOYEES

		2013	2012
Number of employees as at the year end		1,156	1,166
Average number of employees during the year		1,161	1,176

38 CASH GENERATED FROM OPERATIONS

	Note	2013 Rupees	2012 Rupees
Profit before income tax		540,074,844	629,117,803
Adjustments for non-cash and other items:			
Depreciation	4.1	260,934,979	242,107,902
Property, plant and equipment - written off	4.1	-	79,601
Gain on disposal of property, plant and equipment - net	4.3	(8,022,510)	(5,053,658)
Provision for staff gratuity scheme - unfunded	20.1.3	11,791,057	11,140,912
Finance cost	32	576,547,636	624,917,476
Share of profit from associated undertaking	5.3	(97,866,881)	(44,646,281)
Provision for obsolescence - stores and spares	7.1	900,000	900,000
Provision for obsolescence - stock in trade	8.1	38,037,899	12,194,959
Provision for impairment - trade debts	28	8,100,000	3,600,000
Exchange loss	30	8,438,325	3,310,786
		1,338,935,349	1,477,669,500
Net decrease in working capital			
(Increase) / Decrease in current assets			
(Increase) in stores and spares		(12,653,320)	(12,689,256)
(Increase) in stock in trade		(318,371,660)	(502,650,194)
Decrease / (increase) in trade debts		83,902,183	(134,204,657)
Decrease in advances - considered good		11,146,225	143,896,382
(Increase) / Decrease in trade deposits and short term prepayments		(3,081,751)	2,374,771
Decrease in other receivables		61,167,124	49,473,859
		(177,891,199)	(453,799,095)
(Decrease) / Increase in current liabilities			
(Decrease) in trade and other payables		(178,038,994)	(322,951,893)
Increase in short term finances, excluding running finance facility		67,141,004	227,466,652
(Decrease) / increase in advance from customers		(51,591,717)	11,846,092
		(162,489,707)	(83,639,149)
Net decrease in working capital		(340,380,906)	(537,438,244)
Cash generated from operations		998,554,443	940,231,256

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial instruments by category

Financial assets

Loans and receivables at amortized cost

Long term deposits	6	**27,466,543**	42,821,706
Trade debts	9	**477,260,242**	577,700,749
Advances - considered good	10	**12,603,509**	11,034,231
Trade deposits	11	**1,864,999**	3,968,323
Other receivables	12	**-**	1,789,839
Cash and bank balances	14	**28,281,204**	20,637,681
Total financial assets		**547,476,497**	657,952,529

Financial liabilities

Financial liabilities at amortized cost

Directors' loan - subordinated (interest-free)	17	**352,151,770**	352,151,770
Long term finances	18	**1,648,053,083**	1,135,765,409
Liabilities against assets subject to finance lease	19	**108,531,768**	210,755,285
Trade and other payables	21	**535,953,378**	712,089,200
Accrued mark-up	22	**112,235,557**	118,996,600
Short term finances	23	**3,559,194,391**	3,686,383,205
Total financial liabilities		**6,316,119,947**	6,216,141,469

Fair value of financial assets and liabilities

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values.

39.2 Financial risk management

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

39.2.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and deposits with banks and financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2013	2012
		Rupees	
Trade debts	9	**477,260,242**	577,700,749
Advances	10	**12,603,509**	11,034,231
Trade deposits	11	**1,864,999**	3,968,323
Other receivables	12	**-**	1,789,839
Bank balances	14	**28,281,204**	20,637,681
		520,009,954	615,130,823

To reduce the exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Advances recoverable from employees are secured against their retirement benefits.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

39.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

		2013			
	Note	Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
			Rupees		
Financial liabilities					
Interest bearing					
Long term finances - secured	18	7%	1,648,053,083	443,528,159	1,204,524,924
Liabilities against assets subject to finance lease	19	10.30% - 15.31%	108,531,768	39,348,736	69,183,032
Short term finances - secured	23	9.76% to 13.99%	3,559,194,391	3,559,194,391	-
Directors' loan - subordinated	17	-	352,151,770	-	352,151,770
Trade and other payables	21	-	535,953,378	535,953,378	-
Accrued mark-up	22	-	112,235,557	112,235,557	-
			6,316,119,947	4,690,260,221	1,625,859,726

	Note	2012			
		Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		Rupees			
Financial liabilities					
Interest bearing					
Long term finances - secured	18	17%	1,135,765,409	481,897,741	653,867,668
Liabilities against assets subject to finance lease	19	12.25% - 15.81%	210,755,285	60,432,033	150,323,252
Short term finances - secured	23	12.65% - 15.54%	3,686,383,205	3,686,383,205	-
Non - interest bearing					
Directors' loan - subordinated	17	-	352,151,770	-	352,151,770
Trade and other payables	21	-	712,089,200	712,089,200	-
Accrued mark-up	22	-	118,996,600	118,996,600	-
			6,216,141,469	5,059,798,779	1,156,342,690

39.2.3 Market risk

Market risk is the risk that fair value of future cash flows of the financial instrument will may fluctuate as a result of changes in market prices. Market risk comprises three types of risk namely currency risk, interest rate risk and other price risk.

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial asset or a liability will fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars.

As at 30 June 2013, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar with all other variables being constant, profit before tax for the year would have been lower / higher by Rs. 11.37 million (2012: Rs. 2.34 million) mainly as a result of foreign exchange gains / losses on translation of dollar denominated financial assets.

b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument may fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks, running finance facilities and finance leases. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is as follows:

	2013	2012
Carrying amount	Rupees	
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(5,315,779,242)	(5,032,903,899)
	(5,315,779,242)	(5,032,903,899)

As at 30 June 2013, if KIBOR had been 100 bps lower / higher with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 53.158 million. (2012: Rs. 50.33 million) mainly because of higher / lower interest expense on variable rate instruments.

40 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / right shares.

The Company's equity includes share capital, unappropriated profit and reserves. As at balance sheet date the capital of the Company is as follows:

	Note	**2013**	2012
		Rupees	
Share capital	15.1	**505,207,500**	505,207,500
Capital reserve	16	**579,265,000**	579,265,000
Unappropriated profit		**1,715,009,782**	1,324,989,579
		2,799,482,282	2,409,462,079

41 PLANT CAPACITY AND ANNUAL PRODUCTION

	2013		2012	
	Metric ton		Metric ton	
	Rated capacity	**Actual production**	Rated capacity	Actual production
Food Processing	**78,350**	**53,480**	72,750	51,225
Plastic Film	**5,720**	**5,624**	5,720	5,715

Reason for shortfall

The shortfall in capacity utilization in food processing segment is due to normal stoppages, and new machines for candies and biscuits were installed during the year, hence they did not give full year's production.

42 TRANSACTION WITH RELATED PARTIES

The related parties includes directors of the Company, associated companies, companies where directors also hold directorship and key employees. Details of transactions and balances with related parties, other than those which have been specifically discussed elsewhere in these financial statements are as follows:

	2013	2012
	Rupees	
Rent paid to Chief Executive Officer	**1,320,000**	1,200,000
Dividend paid to associated undertaking	**-**	783,720

	2013	2012
	Rupees	
Plasitflex Films (Pvt) Limited		
(formerly Flexipack Films (Private) Limited)		
Close family relationship		
- Payments for packing material	30,594,600	19,408,049
- Purchases of packing material	24,899,410	23,001,935
Lasbella Chamber of Commerce		
CEO is elected president of the Chamber		
- Services	4,000	-
- Donation	12,000	-

43 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET

43.1 The board of directors in its meeting held on September 24, 2013 has proposed dividend in respect of the year ended June 30, 2013 of Rs. 2.25 per share (2012: Rs. 2 per share). The appropriation will be approved in the forthcoming annual general meeting. The financial statements for the year ended June 30, 2013 do not include the effect of proposed dividend which will be accounted for in the financial statements for the year ending June 30, 2014.

44 DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 24, 2013 by the board of directors of the Company.

45 GENERAL

The figures have been rounded of to the nearest rupee.

MAQSOOD ISMAIL
Chief Executive

MUNSARIM SAIF
Director

PATTERN OF SHAREHOLDING

SHAREHOLDERS STATISTICS AT JUNE 30, 2013

	Number of Shareholders	Shareholdings From		Shareholdings To	Total Number of Shares Held
	1221	1	-	100	20,362
	146	101	-	500	42,423
	31	501	-	1000	25,188
	55	1001	-	5000	121,020
	7	5001	-	10000	49,437
	3	10001	-	15000	38,941
	2	15001		20000	35,571
	1	20001	-	25000	20,876
	1	30001	-	35000	34,794
	1	95001	-	100000	98,700
	1	185001	-	190000	185,400
	1	305001	-	310000	308,131
	1	315001	-	320000	317,620
	1	435001	-	440000	435,400
	1	445001	-	450000	450,000
	1	495001	-	500000	499,900
	1	505001	-	510000	510,000
	3	625001	-	630000	1,877,384
	1	645001	-	650000	647,075
	1	1900001	-	1905000	1,905,000
	1	2360001	-	2365000	2,361,436
	1	4790001	-	4795000	4,793,141
	1	6065001	-	6070000	6,068,683
	1	10260001	-	10265000	10,264,575
	1	19405001	-	19410000	19,409,693
Total	**1485**				**50,520,750**

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
CEO,Directors their Spouses & Children	12	49,697,738	98.37%
Associated Company	1	435,400	0.86%
Modarabas & Mutual Funds	1	10	0.00%
Foreign Companies	1	3,300	0.01%
Others	7	7,824	0.02%
General Public	1463	376,478	0.75%
Total	**1485**	**50,520,750**	**100.0%**

PATTERN OF SHAREHOLDING
AT JUNE 30, 2013

Shareholder Category	Number of Folios	Number of Share Held	Percentage
Associated Company:			
Uniron Industries (Private) Limited	1	435,400	0.862
Directors:			
Mr. Miftah Ismail	1	10,911,650	21.598
Mr. Munsarim Saif	1	500	0.001
Ms. Uzma Dawood	1	626,382	1.240
Ms. Rashida Iqbal	1	625,751	1.239
Ms. Nafisa Yousuf	1	625,751	1.239
Ms. Anisa Naviwala	1	625,751	1.239
Chief Executive Officer:			
Mr. Maqsood Ismail	1	24,202,834	47.907
Chairman:			
Mr. Muhammad M. Ismail	1	8,430,119	16.686
CEO, Directors their Spouses & Children:			
Ms. Reema Miftah W/o. Miftah Ismail	1	499,900	0.989
Ms. Farzana Muhammad W/o. Mr. Muhammad M. Ismail	1	608,700	1.205
Ms. Almas Maqsood W/o. Mr. Maqsood Ismail	1	635,400	1.258
Mr. Asad Iqbal S/o. Rashida Iqbal	1	1,905,000	3.771
Others	1472	387,612	0.767
Total	**1485**	**50,520,750**	**100.000**

Shareholders holding 5% or more voting interest

Mr. Muhammad M. Ismail	2	8,430,119	16.686
Mr. Maqsood Ismail	2	24,202,834	47.907
Mr. Miftah Ismail	2	10,911,650	21.598

STATEMENT SHOWING SHARES PURCHASE AND SALE BY DIRECTORS, EXECUTIVE THEIR SPOUSES & CHILDREN

FROM JULY 01, 2011 TO JUNE 30, 2013

S.no.	Name	Designation	Shares	
			Purchase	Sale
1	Mr. Muhammad M.Ismail	Director	8,260	-

PROXY FORM

The Secretary/ Registrar

I/We ______________________ son/ daughter/ wife of ______________________ , shareholder of **Ismail Industries Limited,** holding ________ ordinary shares as per register under Folio No ______ and/or CDC Participant ID __________ and Sub- Account No. ______ hereby appoint ________ (holding ______ ordinary shares in the company as per register under Folio No ________ and/or CDC Participant ID __________ and Sub- Account No. ________) or failing him/her ______________________ , (holding ______ ordinary shares in the company as per register under Folio No ______ and/or CDC Participant ID __________ and Sub- Account No. __________) as my/ our proxy, to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on October 21, 2013 and/ or any adjournment thereof.

Signed this ______ day of ______ 2013.

(Signature should agree with the specimen signature registered with the Company)

Sign across Rs. 5/- Revenue Stamp

Signature of Member(s)

Witness 1:

Signature ______________________

Name ______________________

CNIC # ______________________

Witness 2:

Signature ______________________

Name ______________________

CNIC # ______________________

Notes:

1. A proxy need be a member of the Company
2. In order to be valid, this Proxy must be received to our Registrar/Transfer Agents, M/s. THK Associates (Pvt) Ltd. Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530 Pakistan at least 48 hours before the time fixed for the Meeting, duly completed in all respects.
3. CDC Shareholders or their Proxies should bring their original Computerized National Identity Card (CNIC) or original Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.

ISMAIL INDUSTRIES LIMITED

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Tel.: (92-853) 363602-364234, Fax: (92-853) 363322

Unit 3: G-1, H.I.T.E., Hub, Balochistan, Pakistan.
Tel.: (92-853) 302326, Fax: (92-853) 302611, 303817

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