



ISMAIL
INDUSTRIES
LIMITED

TOGETHER WE LEAD

HALF YEARLY REPORT
DECEMBER
2018

TABLE OF CONTENTS

Company Profile	02
Director's Review Report on Company's Affairs	03
Independence Auditor's Review Report	05
Unconsolidated Condensed Interim Statement of Financial Position	08
Unconsolidated Condensed Interim Statement of Profit or Loss	09
Unconsolidated Condensed Interim Statement of Comprehensive Income	10
Unconsolidated Condensed Interim Statement of Changes in Equity	11
Unconsolidated Condensed Interim Statement of Cash Flows	12
Selected Notes to the Unconsolidated Condensed Interim Financial Statements ...	13-24
Consolidated Condensed Interim Statement of Financial Position	26
Consolidated Condensed Interim Statement of Profit or Loss	27
Consolidated Condensed Interim Statement of Comprehensive Income	28
Consolidated Condensed Interim Statement of Changes in Equity	29
Consolidated Condensed Interim Statement of Cash Flows	30
Selected Notes to the Consolidated Condensed Interim Financial Statements	31-41

COMPANY PROFILE

Board of Directors

Mr. Muhammad M. Ismail	Chairman
Mr. Munsarim Saifullah	Chief Executive Officer
Mr. Hamid Maqsood Ismail	Executive Director
Mr. Ahmed Muhammad	Executive Director
Mr. Maqsood Ismail	Non-Executive Director
Ms. Farzana Muhammad	Non-Executive Director
Ms. Almas Maqsood	Non-Executive Director
Ms. Reema Ismail Ahmed	Non-Executive Director
Mr. M. Zubair Motiwala	Independent Director

Audit Committee Members

Mr. M. Zubair Motiwala	Chairman
Mr. Muhammad M. Ismail	Member
Mr. Maqsood Ismail	Member
Ms. Almas Maqsood	Member
Ms. Reema Ismail Ahmed	Member

Registered Office

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

Factories

Unit-1: C-230, Hub H.I.T.E.,
Balochistan.

Unit -2: B-140, Hub H.I.T.E.,
Balochistan.

Unit-3: G-1, Hub H.I.T.E.,
Balochistan.

Unit-4: G-22, Hub H.I.T.E.,
Balochistan.

Unit-5: 38-C, Sundar Industrial Estate
Raiwind Road, Lahore.

Unit-6: D-91, D-92 & D-94 North Western Zone,
Port Qasim.

Unit-7: E164-168, North Western Zone,
Port Qasim.

Unit-8: E154-157, North Western Zone,
Port Qasim.

Human Resource Committee

Mr. M. Zubair Motiwala	Chairman
Mr. Maqsood Ismail	Member
Mr. Munsarim Saifullah	Member
Ms. Farzana Muhammad	Member

Company Secretary

Mr. Ghulam Farooq

Chief Financial Officer

Mr. Abdul Qadir

Auditor

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor

Mohsin Tayebaly & Co.

Share Registrar

THK Associates (Pvt.) Limited

Bankers / Institutions

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
Industrial & Commercial Bank of China Limited
JS Bank Limited
Meezan Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
National Bank of Pakistan
Pak Brunei Investment Co Ltd
Pak Oman Investment Co. Ltd
Standard Chartered Bank (Pakistan) Limited

DIRECTOR'S REVIEW REPORT ON COMPANY'S AFFAIRS

The Directors of Ismail Industries Limited feel immense pleasure to present the stand alone reviewed and consolidated condensed interim financial statements of the Company for the quarter and half year ended December 31, 2018. Brief highlights of the company's performance during the period under review are here under:

Description	Dec-18 PKR in Million	Dec-17	Change in %
Gross Sales	18,394	14,476	27%
Net Sales	15,111	11,405	32%
Gross Profit	3,412	2,604	31%
Operating Profit	1,334	1,157	15%
Profit before tax	1,069	947	13%
Profit after tax	707	685	3%
Earnings per share - Rs.	11.08	10.73	3%

We have continued our transformation journey by reinvigorating the business with effective mix of sales push in our quality flagship brands as well as agile and efficient utilization of resources to speed up our return to growth and secure our future ambitions. The period under review was critical for the country's economy since depreciation of PKR to US\$, discount rate increased by 4% and hike in prices of basic utilities which has narrow down the gap between income and expense, resulting reduction in purchasing power of common man.

During the period under review, the overall performance of the food and plastic segments were quite satisfactory as the company registered topline growth of 27%. Our core emphasis is on cost efficiency and customer satisfaction together with brand investment for sustainable growth in future. The momentum of enhancement in product portfolio and market share resulted in an increase in operating profit by 15% as compared to the corresponding period.

We concede that the success and growth in fast moving manufacturing industry always have stiff competition being at the heart of household consumers who not only recognized the developed family relationship with our products but are part of everyday lives. We have always endeavored to develop brands beyond imaginations and expectations which has kept us ahead of the competition.

FUTURE OUTLOOK

The Company is committed and hopeful that the period ahead would be a benchmarking milestone into the company's success. The business confidence across the country will groom and would expect to flourish positive which will turn a high consumption for the target audience of our company. We are confident that the Company's success journey will set new records in period ahead and would continue in ensuing years as well.

ACKNOWLEDGEMENT

We acknowledge the trust and continued support of valuable customers, financial institution and shareholders towards the Company. The Directors would also like to place on record their appreciation to all workforce of the Company for their dedication, diligence, commitment and hard work.

On behalf of the Board of Directors

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

Karachi: February 21, 2019

ڈائریکٹران کی جائزہ رپورٹ

ہم اس بات کا اعتراف کرتے ہیں کہ روزمرہ ضروریات بنانے والی انڈسٹری میں کامیابی اور ترقی کو ہمیشہ سخت مقابلے کا سامنا کرنا پڑتا ہے جس کی بنیادی وجہ ہماری مصنوعات کا گھریلو صارفین کی روزمرہ زندگی میں گراں قدر اہمیت ہے جنہوں نے صرف ہماری مصنوعات کو روزمرہ معمول کے استعمال کا حصہ بنایا ہے بلکہ ہماری مصنوعات کو ایک منفرد مقام دیا ہے۔ ہماری ہمیشہ کوشش رہی ہے کہ ہم اپنی مصنوعات کو تصورات اور امیدوں سے زائد ترقی دے سکیں جس نے ہمیں مقابلے میں ہمیشہ پیش قدم رکھا ہے۔

مستقبل کی پیش بینی

ہم پر امید اور پر عزم ہے کہ آنے والا دورانیہ کمپنی کی کامیابی میں اہم سنگ میل عبور کرنے کی بنیاد ہوگا۔ ملکی معیشت میں کاروباری اعتماد ترقی کرے گا جس کے ذریعے اس بات کا قوی امکان ہے کہ ملکی معیشت پر مثبت اثرات کمپنی کے صارفین کے استعمال میں اضافے کا باعث ہوگا۔ ہم پر اعتماد ہیں کہ کامیابی کی طرف کمپنی کا سفر نئی منازل طے کرے گا اور آنے والوں سالوں میں وسیع تر مفید ثابت ہوگا۔

اعتراف

ہم اپنے قابل قدر گاہکوں، مالیاتی اداروں اور حصص یافتگان کے اعتماد اور کمپنی کے ساتھ ان کے مسلسل تعاون کا اعتراف کرتے ہیں۔ ڈائریکٹران کمپنی کے ملازمین کی محنت، شائستگی، عزم اور احتکات محنت پر ان کے لئے اپنی ستائش ریکارڈ پر لا رہے ہیں۔

منجانب

یورڈاف ڈائریکٹرز

منصورہ سیف اللہ
چیفٹ اینیجیو
مقصود اسامہ عیسیٰ
ڈائریکٹر

کراچی: ۲۱ فروری ۲۰۱۹

اسامہ عیسیٰ انڈسٹریز لمیٹڈ کے ڈائریکٹران کمپنی کے وسط مالیاتی ۳۱ دسمبر ۲۰۱۸ کو ختم ہونے والی سہ ماہی اور نصف سالانہ مدت کے انفرادی اور انتظامی (غیر آڈٹ شدہ) نتائج پیش کرنے میں انتہائی خوشی محسوس کرتے ہیں۔ ذریعہ بازو دورانیہ میں کمپنی کی کارکردگی کا مختصر جائزہ درج ذیل ہے:

تفصیل	تبدیلی %	دسمبر ۲۰۱۸	دسمبر ۲۰۱۷
کل فروخت	27%	14,476	18,394
خالص فروخت	32%	11,405	15,111
مجموعی منافع	31%	2,604	3,412
نام منافع	15%	1,157	1,334
منافع قبل از ٹیکس	13%	947	1,069
منافع بعد از ٹیکس	3%	685	707
نی حصص منافع - روپے	3%	10.73	11.08

کاروبار کو مضبوط تر بنانے کے جوہر رہیدہ ہماری اعلیٰ مقبول عام پرائیڈر کے فروخت کی موثر مرکبات اور وسائل کے موثر، جلد اور مفید استعمال سے ہم نے اس بات کو یقینی بنایا کہ ترقی اور انقلابی تبدیلی کی طرف گامزن ہمارا سفر اسی طرح جاری رہے گا۔ ہم مفید منافع حاصل کرنے کی رفتار کو برقرار رکھ سکیں جس سے ہمارا مستقبل محفوظ رہے۔ زیر بازو دورانیہ ملکی معیشت کے لئے پریشان کن رہا جس کی بنیادی وجہ ڈالر کے مقابلے میں روپے کی گرتی ہوئی قدر، شرح سود میں ۴٪ فیصد اضافہ اور روزمرہ استعمال کی اشیاء کی قیمتوں میں بوجھ اضافہ دیکھنے میں آیا جس سے نہ صرف آمدن اور اخراجات کا تناسب متاثر کن رہا بلکہ عام آدمی کی قوت خرید میں خاطر خواہ کمی ہوئی۔

زیر بازو مدت میں غذائی اور پلاسٹک کے شعبہ کی مجموعی کارکردگی تسلی بخش رہی اور کمپنی نے ۲۴ فیصد اعلیٰ درجہ کل فروخت کو حاصل کیا۔ مستقبل کے لئے پائیدار سرمایہ کاری کے ساتھ ساتھ، کاروباری لاگت میں کمی اور صارفین کا اطمینان ہماری اولین ترجیح رہی۔ مصنوعات کے پورٹ فولیو اور مارکیٹ شیئر میں اضافہ کی رفتار نے ہمیں اس قابل کیا کہ ہم نے ۱۵ فیصد کا مجموعی منافع حاصل کریں جو کہ سال گردش کی زیر موازنہ مدت سے زائد ہے۔

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ismail Industries Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of **Ismail Industries Limited** as at **December 31, 2018** and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the “interim financial statements”). Management is responsible for the preparation and presentation of this interim unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

INDEPENDENT AUDITOR'S REVIEW REPORT

Other Matters

The figures of the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income for the three-months period ended December 31, 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2018.

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Khalid Aziz**.

Yours truly

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: 19 February, 2019

UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD
ENDED DECEMBER 31, 2018

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	8	11,928,128,306	10,912,906,811
Intangible assets	9	71,639,258	41,739,258
Long term investments	10	3,238,406,820	3,560,461,082
Long term deposits		46,677,547	39,318,639
Total non-current assets		15,284,851,931	14,554,425,790
Current assets			
Stores and spares	11	227,035,900	195,891,564
Stock-in-trade	12	4,879,535,966	4,969,540,620
Trade debts	13	1,753,476,380	1,566,186,261
Loans and advances		972,778,584	735,291,605
Trade deposits and short-term prepayments		93,166,638	13,170,300
Other receivables		167,016,167	136,210,452
Taxation - net		695,404,435	850,571,987
Cash and bank balances	14	42,677,806	51,160,091
Total current assets		8,831,091,876	8,518,022,880
Total assets		24,115,943,807	23,072,448,670
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital			
250,000,000 (June 30, 2018: 250,000,000) ordinary share of		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up share capital			
63,804,750 (June 30, 2018: 63,804,750) ordinary shares of Rs.10 each		638,047,500	638,047,500
Reserves		6,812,510,467	6,581,983,812
Total shareholders' equity		7,450,557,967	7,220,031,312
Non-current liabilities			
Sponsors' loan - subordinated	15	902,151,770	902,151,770
Long-term finances - secured	16	5,418,469,229	4,730,767,470
Liabilities against assets subject to finance lease		152,754,428	403,658,251
Deferred liabilities		1,545,881,612	1,430,804,181
Total non-current liabilities		8,019,257,039	7,467,381,672
Current liabilities			
Trade and other payable:	17	1,631,891,769	1,424,613,356
Accrued mark-up		142,015,919	101,440,953
Short-term finance - secured	18	4,577,068,712	4,191,428,798
Current portion of:			
- long-term finances - secured	16	2,019,898,995	2,433,017,566
- liabilities against assets subject to finance lease		100,606,861	95,407,236
Unclaimed Dividend		2,477,375	1,818,498
Advances from customers		172,169,170	137,309,279
Total current liabilities		8,646,128,801	8,385,035,686
Total liabilities		16,665,385,840	15,852,417,358
Contingencies and commitments	19		
Total equity and liabilities		24,115,943,807	23,072,448,670

The annexed selected notes from 1 to 26 form an integral part of this condensed interim unconsolidated financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Note	Six-months Period Ended		Three-months Period Ended	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rupees	Rupees	Rupees	Rupees
Sales - gross	23.1	18,394,081,875	14,476,360,577	9,834,169,728	8,035,610,633
Sales returns & discounts		(694,810,418)	(1,108,474,518)	(165,192,023)	(452,781,121)
Export Rebate		3,467,354	6,025,689	923,152	3,701,229
		(691,343,064)	(1,102,448,829)	(164,268,871)	(449,079,892)
Sales		17,702,738,811	13,373,911,748	9,669,900,857	7,586,530,741
Sales tax		(2,591,761,246)	(1,968,787,450)	(1,379,477,139)	(1,106,986,591)
Net sales		15,110,977,565	11,405,124,298	8,290,423,718	6,479,544,150
Cost of sales	23.1	(11,698,510,726)	(8,800,764,312)	(6,453,997,005)	(5,061,189,866)
Gross profit		3,412,466,839	2,604,359,986	1,836,426,713	1,418,354,284
Selling and distribution expenses		(1,817,872,167)	(1,258,540,761)	(1,126,249,660)	(675,207,257)
Administrative expenses		(260,141,937)	(188,416,244)	(139,643,599)	(86,459,592)
		(2,078,014,104)	(1,446,957,005)	(1,265,893,259)	(761,666,849)
Operating profit		1,334,452,735	1,157,402,981	570,533,454	656,687,435
Other expenses		(134,677,460)	(117,746,374)	(59,693,134)	(71,169,887)
		1,199,775,275	1,039,656,607	510,840,320	585,517,548
Other income		151,858,370	109,251,933	108,540,674	80,374,298
		1,351,633,645	1,148,908,540	619,380,994	665,891,846
Finance cost		(319,354,688)	(307,319,862)	(129,230,179)	(129,458,137)
		1,032,278,957	841,588,678	490,150,815	536,433,709
Share of profit from associate		36,564,047	105,386,049	-	-
Profit before taxation		1,068,843,004	946,974,727	490,150,815	536,433,709
Taxation		(361,591,758)	(262,441,672)	(174,670,092)	(133,596,081)
Profit after taxation		707,251,246	684,533,055	315,480,723	402,837,628
Earnings per share - basic and diluted	20	11.08	10.73	4.94	6.31

The annexed selected notes from 1 to 26 form an integral part of this condensed interim unconsolidated financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

Note	Six-months Period Ended		Three-months Period Ended	
	December 31,	December 31,	December 31,	December 31,
	2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Profit after taxation	707,251,246	684,533,055	315,480,723	402,837,628
<i>Item that will not be reclassified to statement of profit or loss in subsequent period</i>	-	-	-	-
<i>Item to be reclassified to statement of profit or loss in subsequent period</i>				
Unrealized appreciation / (diminution) on available for sale investment - net of tax	10.5 1,821,854	(46,235,000)	1,821,854	(81,515,000)
Share of other comprehensive loss from associated undertaking - net of tax	10.4 (163,510,659)	(125,856,128)	-	-
Other comprehensive (loss) / income for the period - net of tax	(161,688,805)	(172,091,128)	1,821,854	(81,515,000)
Total comprehensive income for the period	545,562,441	512,441,927	317,302,577	321,322,628

The annexed selected notes from 1 to 26 form an integral part of this condensed interim unconsolidated financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

Issued, subscribed and paid-up share capital	Total Reserves					Total shareholders' equity		
	Capital reserve		Revenue reserve		Total reserves			
	Share premium	Amalgamation reserves	Share of AFS remeasurement from associate	Remeasurement of investment classified as 'available for sale'			Unappropriated profit	
Balance as at July 01, 2017	638,047,500	579,265,000	916,862,067	(83,785,290)	23,469,613	4,197,790,023	5,633,601,413	6,271,648,913
Total comprehensive income for the period								
Profit for the six months period ended December 31, 2017	-	-	-	-	-	684,533,055	684,533,055	684,533,055
Diminution on revaluation of investment - net of tax	-	-	-	-	(46,235,000)	-	(46,235,000)	(46,235,000)
Share of other comprehensive loss from associated undertaking - net of tax	-	-	-	(125,856,128)	-	-	(125,856,128)	(125,856,128)
Other comprehensive loss for the six months period ended December 31, 2017	-	-	-	(125,856,128)	(46,235,000)	-	(172,091,128)	(172,091,128)
Total comprehensive income for the period	-	-	-	(125,856,128)	(46,235,000)	684,533,055	512,441,927	512,441,927
Transaction with owners, recognised directly in equity								
Cash dividend paid for the year ended June 30, 2017 @ Rs. 2.75 per share	-	-	-	-	-	(175,463,063)	(175,463,063)	(175,463,063)
Balance as at December 31, 2017	638,047,500	579,265,000	916,862,067	(209,641,418)	(22,765,387)	4,706,860,015	5,970,586,277	6,608,027,777
Balance as at July 01, 2018	638,047,500	579,265,000	916,862,067	(366,021,780)	26,092,557	5,425,785,968	6,581,983,812	7,220,031,312
Total comprehensive income for the period								
Profit for the six months period ended December 31, 2018	-	-	-	-	-	707,251,246	707,251,246	707,251,246
Appreciation on revaluation of investment - net of tax	-	-	-	-	1,821,854	-	1,821,854	1,821,854
Share of other comprehensive loss from associated undertaking - net of tax	-	-	-	(163,510,659)	-	-	(163,510,659)	(163,510,659)
Other comprehensive loss for the six months period ended December 31, 2018	-	-	-	(163,510,659)	1,821,854	-	(161,688,805)	(161,688,805)
Total comprehensive income for the period	-	-	-	(163,510,659)	1,821,854	707,251,246	545,562,441	545,562,441
Reclassification due to disposal of investment - available for sale	-	-	-	(27,914,411)	(27,914,411)	-	(27,914,411)	(27,914,411)
Transaction with owners, recognised directly in equity								
Cash dividend paid for the year ended June 30, 2018 @ Rs. 4.50 per share	-	-	-	-	-	(287,121,375)	(287,121,375)	(287,121,375)
Balance as at December 31, 2018	638,047,500	579,265,000	916,862,067	(529,532,439)	-	5,845,915,839	6,812,510,467	7,450,557,967

The annexed selected notes from 1 to 26 form an integral part of this condensed interim unconsolidated financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	21	1,344,872,667	1,900,182,431
Gratuity paid		(2,798,322)	(21,519,586)
Taxes paid		(145,023,330)	(147,107,581)
Long-term deposits paid		(7,358,908)	(18,934,374)
Net cash generated from operating activities		1,189,692,107	1,712,620,890
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		(1,548,424,619)	(631,684,453)
Capital expenditure - intangibles		(29,900,000)	(7,972,200)
Proceeds from sale of investment	10.5	197,251,008	-
Proceeds from disposal of property, plant and equipment		11,047,389	31,967,273
Net cash used in investing activities		(1,370,026,222)	(607,689,380)
CASH FLOWS FROM FINANCING ACTIVITIES			
Liability against assets subject to finance lease (paid) / obtained		(245,704,198)	51,479,283
Dividends paid		(286,462,498)	(175,701,894)
Long-term finances obtained net of repayments		274,583,188	(619,535,964)
Financial charges paid		(278,779,724)	(327,227,812)
Net cash used in from financing activities		(536,363,232)	(1,070,986,387)
Net (decrease) / increase in cash and cash equivalents		(716,697,347)	33,945,123
Cash and cash equivalents at the beginning of the period		(1,916,243,707)	(773,560,635)
Cash and cash equivalents at the end of the period	22	(2,632,941,054)	(739,615,512)

The annexed selected notes from 1 to 26 form an integral part of this condensed interim unconsolidated financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

SELECTED NOTES TO THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

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 - Banglore Town, Shahr-e-e-Faisal, Karachi, Pakistan. Previously the shares of the Company were listed on the Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange effective January 11, 2016 the shares of the company are now quoted on Pakistan Stock Exchange. Principal activities of the Company are manufacturing and trading of sugar confectionery items, biscuits, potato chips, cast polypropylene (CPP) and Biaxially-oriented polyethylene terephthalate (BOPET) film under the brands of 'CandyLand', 'Bisconni', 'Snackcity' and 'Astro films' respectively.

2 SIGNIFICANT EVENTS AND TRANSACTIONS

There are no significant events and transactions occurred during the period.

3 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

4 BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the company does not include all of the information and disclosure required in the unconsolidated annual financial statements and should be read in conjunction with the annual financial statements of the company as at and for the year ended June 30, 2018. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements.

The figures in the condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated statement of cash flows together with the relevant notes to the condensed interim unconsolidated financial statements for the six-months period ended December 31, 2018 are not audited. Further, the figures for the three-months period ended December 31, 2018 and 2017 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have also not been reviewed by auditors.

5 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

5.1 The accounting policies and methods of computation adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers". The accounting policy adopted by the management are as follows:

5.1.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Revenue from sale of goods is recognized when the Company satisfies a performance obligation by transferring promised goods to customer. Goods are transferred when the customer obtains their control (i.e. on dispatch of goods to customers). Revenue is recognized at transaction price (which excludes estimates of variable consideration).

However, the application of above standard do not have any significant impact on the Company's financial reporting and, therefore, have not been presented in these condensed interim unconsolidated financial statements.

6 USE OF JUDGEMENTS AND ESTIMATES

The estimates / judgments and associated assumptions used in the preparation of this condensed interim unconsolidated financial statements are consistent with those applied in the preparation of the financial statements of the Company for the year ended June 30, 2018.

7 FUNCTIONAL AND PRESENTATION CURRENCY

This condensed interim unconsolidated financial statements is presented in Pakistani Rupees which is also Company's functional currency.

	Note	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
8 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	8.1	10,369,278,161	10,755,985,939
Capital work in progress - at cost	8.2	1,558,850,145	156,920,872
		11,928,128,306	10,912,906,811

8.1 Details of additions and deletions to operating fixed assets during the six-months period are as follows:

	(Un-audited)			
	Additions		Disposals	
	-----At cost-----		-----At net book value-----	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees			
Owned assets				
Leasehold land	-	83,467,359	-	-
Building on leasehold land	5,955,115	542,176,992	-	-
Plant and machinery	57,108,928	170,784,912	-	-
Furniture and fittings	-	7,063,680	-	-
Equipment	2,544,348	115,524,657	-	-
Computers	16,726,495	2,398,650	107,580	-
Vehicles	19,355,610	37,140,258	8,869,970	17,889,115
	101,690,496	958,556,508	8,977,550	17,889,115
Leased assets				
Plant and machinery				
Vehicles	44,804,850	116,128,500	-	-
	44,804,850	116,128,500	-	-
	146,495,346	1,074,685,008	8,977,550	17,889,115

8.2 Details of additions in and transfers from capital work-in-progress during the six-months period are as follows:

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----			
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- Rupees -----			
Civil works	159,386,912	187,140,943	5,955,115	-
Plant and machinery	1,305,486,405	47,675,065	57,108,928	155,214,042
Electric installation	-	27,342,924	-	15,570,870
Equipment and fixtures	120,000	130,390,754	-	122,588,337
	1,464,993,317	392,549,686	63,064,043	835,550,241

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Note	Rupees	Rupees
Capital work in progress - at cost	9.1	<u>71,639,258</u>	<u>41,739,258</u>

9.1 Details of additions for implementation of software during the six-months period are as follows:

	(Un-audited)			
	Additions		Transfer	
	At cost			
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	Rupees			
Software under implementation	29,900,000	7,972,200	-	-
	29,900,000	7,972,200	-	-

		(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Note	Rupees	Rupees

10 LONG-TERM INVESTMENTS

Investment in subsidiary Company- unquoted shares

Hudson Pharma (Private) Limited	10.1	605,984,000	605,984,000
---------------------------------	------	-------------	-------------

Investment in associated undertakings

Novelty Enterprises (Private) Limited- unquoted shares	10.2	228,727,912	228,727,912
The Bank of Khyber	10.3	2,403,694,908	2,530,641,520

Other investment - Available for sale

Bank Islami Pakistan Limited	10.5	-	195,107,650
		<u>3,238,406,820</u>	<u>3,560,461,082</u>

10.1 Hudson Pharma (Private) Limited

The Company holds 60,598,400 (June 2018: 60,598,400) shares of Hudson Pharma (Private) Limited (subsidiary), which is equivalent to 71.29% of total paid-up capital. The subsidiary is incorporated under

Companies Act, 2017 as a private company, limited by shares. The registered office of the company is located at 17 Bangalore town, main Shahrah-e-Faisal Karachi. Principal activities of the subsidiary are manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing, wholesale and retail, trading and selling of all kinds of pharmaceutical drugs and medicines. The shares of Subsidiary are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of Subsidiary is June 30.

10.2 Novelty Enterprises (Private) Limited

The Company holds 33% (June 2018: 33%) voting and equity interest in Novelty Enterprises (Private) Limited (NEL). The shares of NEL are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of NEL is June 30.

Total equity / net assets of NEL as at June 30, 2018 based on audited financial statements amounted to Rs. 561.487 million (June 2018: Rs. 561.487 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated December 31, 2015 fair value of fixed assets of NEL amounted to Rs. 1,016.32 million resulting in surplus on fixed assets of Rs. 483.607 million. Revised net assets after the revaluation surplus amounted to Rs. 1,045.094 million (June 2018: Rs. 1,045.094 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

10.3 The Bank of Khyber

The total shareholding of the Company in the Bank of Khyber (the Bank) is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (June 2018: 24.16%). In addition to this, the Company also has representation on the board of directors of the Bank. The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. Amounts in these financial statements have been taken from condensed interim unconsolidated financial statements of the Bank for the nine-months periods ended September 30, 2018 and six-months period ended June 30, 2018. Adjustment to confirm to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances.

The market value of holding in the Bank as on December 31, 2018 was Rs. 3,129.23 million (June 30, 2018: Rs. 3,298.373 million).

- 10.4 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	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	December 31,	June 30,	December 31,	June 30,
	2018	2018	2018	2018
Carrying value at beginning of the period	2,530,641,520	2,782,115,507	228,727,912	228,737,812
Share of profit/(loss)	36,564,047	393,221,050	-	(9,900)
Dividend received	-	(362,458,547)	-	-
Share of other comprehensive loss	(186,869,324)	(322,555,988)	-	-
Related deferred tax on OCI	23,358,665	40,319,498	-	-
	(163,510,659)	(282,236,490)	-	-
	2,403,694,908	2,530,641,520	228,727,912	228,727,912

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 cash dividend from Bank of Khyber during the period ended December 31, 2018 (June 30, 2018: Rs. 1.50 per share).

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
10.5 BankIslami Pakistan Limited			
Carrying Value		195,107,650	308,840,000
Appreciation in value of investment		2,143,358	15,020,840
Less: Sale of investment at carrying value		(197,251,008)	(128,753,190)
Fair value of investment		-	195,107,650
11 STORES AND SPARES			
Stores and spare parts - gross		234,464,573	204,066,664
Diesel and liquified petroleum gas		416,320	416,320
Others		1,016,427	-
Provision for slow moving spare parts	11.1	(8,861,420)	(8,591,420)
Store and spares - net		227,035,900	195,891,564
11.1 Reconciliation of provision for slow moving spare parts			
Opening provision		(8,591,420)	(8,051,420)
Charge for the period / year		(270,000)	(540,000)
Closing provision		(8,861,420)	(8,591,420)
12 STOCK-IN-TRADE			
Raw materials	12.1	2,467,615,987	3,182,907,393
Packing materials	12.1	458,755,810	309,942,607
Work-in-process		129,052,707	117,725,966
Finished goods		1,824,111,462	1,358,964,654
		4,879,535,966	4,969,540,620
12.1	Raw materials and packing materials are stated at net of provision for slow moving items amounting to Rs.13,384,583 (June 30, 2018: Rs.13,384,583) and Rs.140,735,038 (June 30, 2018: Rs. 128,735,038) respectively.		
		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
13 TRADE DEBTS			
Considered good			
- secured (export debtors)		46,508,336	311,568,772
- unsecured		1,706,968,044	1,254,617,489
		1,753,476,380	1,566,186,261
Considered doubtful		56,763,694	51,963,694
Trade debts - gross		1,810,240,074	1,618,149,955
Provision for doubtful debts		(56,763,694)	(51,963,694)
Trade debts - net		1,753,476,380	1,566,186,261

(Un-audited)	(Audited)
December 31,	June 30,
2018	2018
Rupees	Rupees

14 CASH AND BANK BALANCES

Cash in hand	17,628,663	6,288,157
Cash with banks in:		
- current accounts- <i>conventional</i>	13,462,984	18,051,949
- current accounts- <i>islamic</i>	11,586,159	26,819,985
	42,677,806	51,160,091

15 SPONSORS' LOAN - SUBORDINATED

The Company has obtained interest free loan from its sponsors. The sponsors have entered into an agreement with the company and various banks in which they have under take to subordinate their loans and their claims over the company's assets. Subsequent to the year ended June 30, 2018, company have applied with the Securities & Exchange Commission of Pakistan for special permission for conversion of Sponsors Loan into equity without going into public. The required formalities would be completed once the approval received from the regulatory authority.

16 LONG TERM FINANCES - Secured

	(Un-audited)			(Audited)		
	31-Dec-18			30-Jun-18		
	-----Rupees-----					
	Conventional	Islamic	Total	Conventional	Islamic	Total
At beginning of the period / year	4,629,479,472	2,534,305,564	7,163,785,036	5,204,568,968	3,398,333,326	8,602,902,294
Obtained during the period / year	1,426,802,127	500,000,000	1,926,802,127	627,480,000	-	627,480,000
Repaid during the period / year	(844,163,390)	(808,055,549)	(1,652,218,939)	(1,202,569,496)	(864,027,762)	(2,066,597,258)
	5,212,118,209	2,226,250,015	7,438,368,224	4,629,479,472	2,534,305,564	7,163,785,036
Less: Current maturity	(987,398,997)	(1,032,499,998)	(2,019,898,995)	(1,203,850,907)	(1,229,166,659)	(2,433,017,566)
	4,224,719,212	1,193,750,017	5,418,469,229	3,425,628,565	1,305,138,905	4,730,767,470

- 16.1 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 charge over property, plant and equipment of the company and personal guarantees of the directors. These facilities carry mark-up at the rate ranging from 1 month KIBOR + 0.20% to 3 month KIBOR + 0.50% (June 30, 2018: 1 month KIBOR + 0.20% to 3 month KIBOR + 0.50%) and from 0.25% to 0.75 % (June 30, 2018: 0.25% to 0.75 %) above the State Bank of Pakistan rate for LTFF.

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
17	TRADE AND OTHER PAYABLES		
	Trade creditors	821,612,904	1,001,003,569
	Other liabilities	810,278,865	423,609,787
		1,631,891,769	1,424,613,356
18	SHORT TERM FINANCES - Secured		
	Term finances-conventional	123,215,549	939,675,000
	Term finances-islamic	1,293,884,303	850,000,000
	Export refinances	484,350,000	434,350,000
	Running finance utilized under mark-up arrangement	2,675,618,860	1,967,403,798
		4,577,068,712	4,191,428,798

18.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 1,200 million (June 2018: Rs. 1,200 million). These are secured against pari-passu 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 6.24% to 10.70% per annum (June 2018: 5.98% to 6.24% per annum).

18.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,100 million (June 2018: Rs. 2,100 million). These are secured against pari-passu 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 6.56% to 10.82% per annum (June 2018: 6.26% to 7.13% per annum).

18.3 These represented facilities for export refinance arranged from various banks aggregating to Rs. 664.35 million (June 2018: Rs. 614.35 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 carried mark-up at the rate 0.25% above the State Bank of Pakistan (SBP) rate per annum (June 2018: 0.25% to 0.50% above SBP rate per annum).

18.4 These facilities for running finances available from various banks aggregated to Rs. 4,800.65 million (June 2018: Rs. 4,525.65 million). These are secured against pari-passu hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 7.02% to 10.65% per annum (June 2018: 6.27% to 7.17% per annum).

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There are no material changes in the status of contingencies as same reported in the annual audited financial statements the Company from note 24.1.

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
19.2 Commitments	Note		
Outstanding letter of guarantees		822,892,696	717,831,941
Outstanding letter of credit for:			
- capital expenditures		4,062,286,081	1,368,181,418
- others		732,704,350	999,649,684

20 EARNINGS PER SHARE-Basic and Diluted

There is no dilutive effect on the basic earnings per share of the company which is based on:

		(Un-audited) December 31, 2018 Rupees	(Un-audited) December 31, 2017 Rupees
Basic earnings per share	Note		
Profit for the period		707,251,246	684,533,055
		----- (Number) -----	
Weighted average number of ordinary shares during the period		63,804,750	63,804,750
		----- (Rupees) -----	
Basic earnings per share		11.08	10.73

21 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Profit before income tax		1,068,843,004	946,974,727
Adjustments for non-cash and other items:			
Depreciation		524,225,574	474,127,011
Gain on disposal of property, plant and equipment - net		(2,069,840)	(14,078,158)
Gain on disposal of available for sale investment		(27,914,411)	-
Provision for staff retirement gratuity		56,153,377	62,590,604
Share of profit from associated undertaking		(36,564,047)	(105,386,049)
Exchange loss		28,745,652	15,858,006
Finance cost		319,354,688	307,319,862
Net increase in working capital	21.1	(585,901,329)	212,776,428
		1,344,872,667	1,900,182,431

		(Un-audited) December 31, 2018 Rupees	(Un-audited) December 31, 2017 Rupees
21.1 Working capital changes			
Current assets			
Decrease / (Increase) in current assets			
Stores and spares		(31,144,336)	(39,379,401)
Stock-in-trade		90,004,654	276,237,293
Trade debts		(216,035,771)	(19,338,426)
Loans and advances		(237,486,979)	128,999,375
Trade deposits and short-term prepayments		(79,996,338)	(31,317,945)
Other receivables		(30,805,715)	73,881,885
		(505,464,485)	389,082,781
Current liabilities			
(Decrease) / Increase in current liabilities			
Trade and other payables		207,278,413	974,890,436
Short-term finance - secured		(322,575,148)	(1,142,727,011)
Advance from customers		34,859,891	(8,469,778)
		(80,436,844)	(176,306,353)
Net (increase) / decrease in working capital		(585,901,329)	212,776,428
22 CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	42,677,806	89,592,618
Running finances under mark-up arrangement	18	(2,675,618,860)	(829,208,130)
		(2,632,941,054)	(739,615,512)

23 SEGMENT INFORMATION

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incur expenses and its results are regularly reviewed by the Company's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure and sold, the company is organised into the following two operating segments:

Food processing

Plastic film

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

	(Un-audited)					
	Three-months Period Ended			Six-months Period Ended		
	Food Processing		Total	Food Processing		Total
	December 31, 2017	December 31, 2018	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2018
Sales						
Local	7,536,486,804	6,142,658,607	9,523,035,461	7,717,270,147	11,048,136,347	17,882,939,747
Export	282,138,151	245,793,302	311,134,627	318,340,486	487,556,628	511,442,128
Export rebates	923,152	3,701,229	923,152	3,701,229	6,025,689	3,467,354
	7,819,548,107	6,392,153,138	9,835,092,880	8,039,311,862	11,488,138,679	18,397,549,229
Less:						
Sales return and discounts	(162,674,753)	(307,356,238)	(165,192,023)	(452,781,121)	(877,985,601)	(694,810,418)
Sales tax	(1,075,453,759)	(892,232,104)	(1,379,477,139)	(1,116,986,591)	(1,567,810,894)	(1,908,787,246)
	(1,238,128,912)	(1,199,588,342)	(1,544,669,162)	(1,569,767,712)	(2,445,805,495)	(2,567,297,592)
Net sales	6,581,419,995	5,192,564,796	8,290,423,718	6,479,544,150	9,042,332,984	15,110,977,565
Cost of sales	(4,948,133,114)	(3,330,683,016)	(6,453,997,005)	(5,061,189,866)	(6,636,860,448)	(11,698,510,726)
Selling and distribution expenses	(1,084,352,970)	(630,056,677)	(1,418,966,990)	(675,207,257)	(1,175,790,736)	(1,877,874,167)
Administrative expenses	(94,000,067)	(84,224,280)	(139,643,599)	(204,548,984)	(183,265,298)	(260,414,937)
	(6,026,486,151)	(4,344,963,973)	(6,003,643,594)	(5,942,856,915)	(6,999,683,052)	(10,247,212,317)
Segment result	454,933,444	647,600,823	115,600,010	536,687,435	1,046,412,852	1,334,452,735
Unallocated income and expenses						
Other operating income						
Finance cost						
Other operating expenses						
Share of profit from associated undertakings						
Profit before taxation						
Income tax expense						
Profit for the period						

Transactions among the business segments are recorded at estimated cost.

The Commodity's export value has been extremely weak to contract in the Middle East, Africa and South Asia. However, no material amount of export value has been made to any one or more particular countries.

The company's export sales have been primarily made to countries in the Middle East, Africa and South Asia,

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

23.9 RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
Assets			
Total assets for reportable segments	23.2	20,642,290,225	19,273,816,898
Administrative capital assets		235,246,762	238,170,690
Long term investment	10	3,238,406,820	3,560,461,082
Total assets		24,115,943,807	23,072,448,670
Liabilities			
Total liabilities for reportable segments	23.4	6,525,622,945	6,087,691,060
Sponsors' loan - subordinated		902,151,770	902,151,770
Deferred liabilities		1,545,881,612	1,199,724,005
Long term finance	16	7,438,368,224	7,163,785,036
Liabilities against assets subject to finance lease		253,361,289	499,065,487
Total liabilities		16,665,385,840	15,852,417,358

24 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	(Un-audited) December 31, 2018 Rupees	December 31, 2017 Rupees
Transactions		
Plasitflex Films (Private) Limited		
<i>Close family relationship</i>		
- Purchase of raw material	1,376,472	24,586,765
- Purchase of finished goods	50,629,633	-
- Sale of raw materials	(5,890,330)	23,081,098
- Metallization charges	(1,116,340)	-
- Receivable of metallization charges	(15,847,505)	-
Others		
Remuneration to directors and other key management personnel:		
Chief Executive Officer	3,900,000	3,000,000
Directors	7,200,000	4,800,000
Executives	132,305,549	113,081,666
	143,405,549	120,881,666
Balances		
Creditors - associated company		
- Payable to associate	34,649,045	5,497,115
Sponsors' subordinated - loan		
- Payable to director's	902,151,770	902,151,770

25 **CORRESPONDING FIGURES**

Previous year figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in the condensed interim unconsolidated financial statements. For better presentation, reclassification made in the financial statements were as follows:

<u>Reclassification from</u>	<u>Reclassification to</u>	<u>Rupees</u>
<i>Statement of Financial Position</i>		
Property, plant and equipment	Intangible assets	<u>41,739,258</u>

26 **DATE OF AUTHORIZATION FOR ISSUE**

This condensed interim unconsolidated financial statements was authorized for issue on 21st February 2019 by the Board of the Company.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD
ENDED DECEMBER 31, 2018

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

	Note	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	8	13,156,572,160	12,196,647,115
Goodwill		11,959,187	11,959,187
Intangible assets	9	71,639,258	41,739,258
Long term investments	10	2,632,422,820	2,954,477,082
Long term deposits		50,359,906	42,996,197
Total non-current assets		15,922,953,331	15,247,818,839
Current assets			
Stores and spares	11	231,866,917	195,891,564
Stock-in-trade	12	4,963,859,867	5,007,426,291
Trade debts	13	1,804,937,164	1,569,862,225
Loans and advances		977,415,293	738,012,983
Trade deposits and short-term prepayments		97,184,797	13,170,300
Other receivables		169,680,316	136,230,676
Taxation - net		707,806,497	861,475,370
Cash and bank balances	14	51,239,241	81,115,556
Total current assets		9,003,990,092	8,603,184,965
Total assets		24,926,943,423	23,851,003,804
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital			
250,000,000 (June 30, 2018: 250,000,000) ordinary share of Rs. 10 each		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up share capital			
63,804,750 (June 30, 2018: 63,804,750) ordinary shares of Rs.10 each		638,047,500	638,047,500
Non-controlling interest		184,640,793	220,543,953
Reserves		6,677,018,564	6,535,653,031
Total shareholders' equity		7,499,706,857	7,394,244,484
Non-current liabilities			
Sponsors' loan - subordinated	15	1,071,657,737	915,357,737
Long-term finances - secured	16	5,829,024,785	5,230,767,470
Liabilities against assets subject to finance lease		152,754,428	403,658,251
Deferred liabilities		1,555,430,183	1,439,275,898
Total non-current liabilities		8,608,867,133	7,989,059,356
Current liabilities			
Trade and other payables	17	1,685,960,762	1,454,810,499
Accrued mark-up		145,743,114	103,908,088
Short-term finance - secured	18	4,577,068,712	4,191,428,798
Current portion of:			
- long-term finances - secured	16	2,134,343,439	2,483,017,566
- liabilities against assets subject to finance lease		100,606,861	95,407,236
Unclaimed Dividend		2,477,375	1,818,498
Advances from customers		172,169,171	137,309,279
Total current liabilities		8,818,369,434	8,467,699,964
Total liabilities		17,427,236,566	16,456,759,320
Contingencies and commitments	19		
Total equity and liabilities		24,926,943,423	23,851,003,804

The annexed selected notes from 1 to 26 form an integral part of this consolidated condensed interim financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

		Six-months Period Ended		Three-months Period Ended	
	Note	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
		Rupees	Rupees	Rupees	Rupees
Sales - gross	23.1	18,466,972,887	14,476,360,577	9,895,212,857	8,035,610,633
Sales returns & discounts		(695,555,612)	(1,108,474,518)	(165,937,217)	(452,781,121)
Export Rebate		3,467,354	6,025,689	923,152	3,701,229
		(692,088,258)	(1,102,448,829)	(165,014,065)	(449,079,892)
Sales		17,774,884,629	13,373,911,748	9,730,198,792	7,586,530,741
Sales tax		(2,591,761,246)	(1,968,787,450)	(1,379,477,139)	(1,106,986,591)
Net sales		15,183,123,383	11,405,124,298	8,350,721,653	6,479,544,150
Cost of sales	23.1	(11,786,346,980)	(8,800,764,312)	(6,519,926,855)	(5,061,189,866)
Gross profit		3,396,776,403	2,604,359,986	1,830,794,798	1,418,354,284
Selling and distribution expenses		(1,884,804,233)	(1,258,540,761)	(1,169,396,358)	(675,207,257)
Administrative expenses		(280,497,357)	(212,209,128)	(151,389,222)	(101,011,524)
		(2,165,301,590)	(1,470,749,889)	(1,320,785,580)	(776,218,781)
Operating profit		1,231,474,813	1,133,610,097	510,009,218	642,135,503
Other expenses		(134,677,460)	(117,757,488)	(59,693,134)	(71,181,001)
		1,096,797,353	1,015,852,609	450,316,084	570,954,502
Other income		152,214,876	109,919,152	108,541,687	81,041,517
		1,249,012,229	1,125,771,761	558,857,771	651,996,019
Finance cost		(341,797,555)	(307,443,554)	(141,209,956)	(129,465,507)
		907,214,674	818,328,207	417,647,815	522,530,512
Share of profit from associate		36,564,047	105,386,049	-	-
Profit before income tax		943,778,721	923,714,256	417,647,815	522,530,512
Taxation		(361,591,758)	(262,441,672)	(174,670,092)	(133,596,081)
Profit for the period		582,186,963	661,272,584	242,977,724	388,934,431
Profit for the period attributable to:					
Shareholders of the Holding Company		618,090,123	667,899,239	260,352,878	391,620,695
Non-controlling interest		(35,903,160)	(6,626,655)	(17,375,155)	(2,686,264)
		582,186,963	661,272,584	242,977,724	388,934,431
Earnings per share - basic and diluted	20	9.12	10.36	3.81	6.10

The annexed selected notes from 1 to 26 form an integral part of this consolidated condensed interim financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTHS ENDED DECEMBER 31, 2018

	Note	Six-months Period Ended		Three-months Period Ended	
		December 31,	December 31,	December 31,	December 31,
		2018 Rupees	2017 Rupees	2018 Rupees	2017 Rupees
Profit for the period		582,186,963	661,272,584	242,977,724	388,934,431
Item that will not be reclassified to statement of profit or loss in subsequent period		-	-	-	-
Item to be reclassified to statement of profit or loss in subsequent period					
Unrealized appreciation / (diminution) on available for sale investment - net of tax	10.4	1,821,854	(46,235,000)	1,821,854	(81,515,000)
Share of other comprehensive loss from associated undertaking - net of tax	10.3	(163,510,658)	(125,856,128)	-	-
Other comprehensive (loss) / income for the period - net of tax		(161,688,804)	(172,091,128)	1,821,854	(81,515,000)
Total comprehensive income for the period		420,498,159	489,181,456	244,799,578	307,419,431

The annexed selected notes from 1 to 26 form an integral part of this consolidated condensed interim financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM
STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up share capital	Capital reserve		Total Reserves			Non-Controlling Interest	Total shareholders' equity	
		Share premium	Amalgamation reserves	Revenue reserve					
				Share of AFS renewment from associate	Remeasurement of investment classified as available for sale'	Unappropriated profit			
Balance as at July 01, 2017									
Total comprehensive income for the period	638,047,500	579,265,000	916,862,067	(83,785,290)	23,469,613	4,177,829,339	5,613,640,729	231,091,188	6,482,779,417
Profit for the six months period ended December 31, 2017	-	-	-	-	-	-	-	-	-
Diminution on revaluation of investment - net of tax	-	-	-	-	-	-	-	-	-
Share of other comprehensive loss from associated undertaking - net of tax	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the six months period ended December 31, 2017	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Transaction with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-
Cash dividend paid for the year ended June 30, 2017 @ Rs. 2.75 per share	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2017	638,047,500	579,265,000	916,862,067	(125,856,128)	66,235,000	4,177,829,339	5,613,640,729	231,091,188	6,482,779,417
Balance as at July 01, 2018									
Total comprehensive income for the period	638,047,500	579,265,000	916,862,067	(125,856,128)	66,235,000	4,177,829,339	5,613,640,729	231,091,188	6,482,779,417
Profit for the six months period ended December 31, 2018	-	-	-	-	-	-	-	-	-
Appreciation on revaluation of investment - net of tax	-	-	-	-	-	-	-	-	-
Share of other comprehensive loss from associated undertaking - net of tax	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the six months period ended December 31, 2018	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Transaction with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-
Cash dividend paid for the year ended June 30, 2018 @ Rs. 4.50 per share	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2018	638,047,500	579,265,000	916,862,067	(125,856,128)	66,235,000	4,177,829,339	5,613,640,729	231,091,188	6,482,779,417

The annexed selected notes from 1 to 26 form an integral part of this consolidated condensed interim financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

	Note	December 31, 2018 Rupees	December 31, 2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	21	1,228,714,444	1,930,812,877
Gratuity paid		(4,589,992)	(21,591,288)
Taxes paid		(146,522,009)	(148,779,949)
Long-term deposits paid		(7,363,709)	(19,734,374)
Net cash generated from operating activities		1,070,238,734	1,740,707,266
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		(1,562,083,529)	(668,208,577)
Capital expenditure - intangibles		(29,900,000)	-
Proceeds from sale of investment		197,251,008	-
Proceeds from disposal of property, plant and equipment		12,648,449	31,969,386
Net cash used in investing activities		(1,382,084,072)	(636,239,191)
CASH FLOWS FROM FINANCING ACTIVITIES			
Sponsors' loan - subordinated		156,300,000	-
Liability against assets subject to finance lease (paid) / obtained		(245,704,198)	51,479,283
Dividends paid		(286,462,498)	(175,701,894)
Long-term finances obtained net of repayments		249,583,188	(619,535,964)
Financial charges paid		(299,962,531)	(327,351,504)
Net cash used in financing activities		(426,246,039)	(1,071,110,079)
Net (decrease) / increase in cash and cash equivalents		(738,091,377)	33,357,996
Cash and cash equivalents at the beginning of the period		(1,886,288,242)	(772,090,557)
Cash and cash equivalents at the end of the period	22	(2,624,379,619)	(738,732,561)

The annexed selected notes from 1 to 26 form an integral part of this consolidated condensed interim financial statements.

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

1 LEGAL STATUS AND OPERATIONS

The group consist of:

Holding company: Ismail Industries Limited

Susidiary company: Hudson Pharma (Private) Limited

a) Ismail Industries Limited

The Holding 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. Previously the shares of the Company were listed on the Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange effective January 11, 2016 the shares of the company are now quoted on Pakistan Stock Exchange. Principal activities of the Company are manufacturing and trading of sugar confectionery items, biscuits, potato chips, cast polypropylene (CPP) and Biaxially-oriented polyethylene terephthalate (BOPET) film under the brands of 'CandyLand', 'Bisconni', 'Snackcity' and 'Astro films' respectively.

b) Hudson Pharma (Private) Limited

The Subsidiary Company was incorporated in Pakistan as a private limited company on May 5, 2010, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the subsidiary company is located at 17, Bangalore Town, Main Shakra-e-Faisal, Karachi. Principal activities of the subsidiary company are manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing, wholesale and retail, trading and selling of all kinds of pharmaceutical drugs and medicines.

2 SIGNIFICANT EVENTS AND TRANSACTIONS

There are no significant events and transactions occurred during the period.

3 STATEMENT OF COMPLIANCE

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

4 BASIS OF PREPARATION

These consolidated condensed interim financial statements of the Group does not include all of the information and disclosure required in the consolidated annual financial statements and should be read in conjunction with the consolidated annual financial statements of the company as at and for the year ended June 30, 2018. However, selected explanatory notes are included to explain the events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements.

The figures in the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows together with the 'relevant notes to the consolidated condensed interim financial statements for the six-months period ended December 31, 2018 are not audited. Further, the figures for the three-months period ended December 31, 2018 and 2017 in the consolidated condensed interim statement of profit or loss and consolidated condensed interim statement of comprehensive income have also not been reviewed by auditors.

5 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

- 5.1 The accounting policies and methods of computation adopted for the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers". The accounting policy adopted by the management are as follows:

5.1.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

Revenue from sale of goods is recognized when the Company satisfies a performance obligation by transferring promised goods to customer. Goods are transferred when the customer obtains their control (i.e. on dispatch of goods to customers). Revenue is recognized at transaction price (which excludes estimates of variable consideration).

However, the application of above standard do not have any significant impact on the Company's financial reporting and, therefore, have not been presented in these consolidated condensed interim financial statements.

6 USE OF JUDGEMENTS AND ESTIMATES

The estimates / judgments and associated assumptions used in the preparation of this consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements of the Company for the year ended June 30, 2018.

7 FUNCTIONAL AND PRESENTATION CURRENCY

This consolidated condensed interim financial statements is presented in Pakistani Rupees which is also Company's functional currency.

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
8 PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets	8.1	11,597,722,015	12,039,726,243
Capital work in progress - at cost	8.2	1,558,850,145	156,920,872
		13,156,572,160	12,196,647,115

8.1 Details of additions and deletions to operating fixed assets during the six-months period are as follows:

	(Un-audited)			
	Additions		Disposals	
	-----At cost-----		-----At net book value-----	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- Rupees -----			
Owned assets				
Leasehold land	-	83,467,359	-	-
Building on leasehold land	5,955,115	542,176,992	-	-
Plant and machinery	58,068,728	171,945,910	-	-
Furniture and fittings	84,200	7,063,680	-	-
Equipment	3,256,122	117,822,007	-	-
Computers	19,497,930	6,198,291	244,620	-
Vehicles	28,487,310	55,658,718	10,190,683	17,912,662
	115,349,405	984,332,957	10,435,303	17,912,662
Leased assets				
Vehicles	44,804,850	116,128,500	-	-
	44,804,850	116,128,500	-	-
	160,154,255	1,100,461,457	10,435,303	17,912,662

8.2 Details of additions in and transfers from capital work-in-progress during the six-months period are as

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----			
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- Rupees -----			
Civil works	159,386,912	188,026,788	5,955,115	542,176,992
Plant and machinery	1,306,446,205	49,564,695	58,068,728	155,214,042
Electric installation	-	28,503,922	-	16,731,868
Equipment and fixtures	831,774	132,688,104	711,774	124,885,687
	1,466,664,891	398,783,509	64,735,617	839,008,589

9 INTANGIBLE ASSETS

	Note	(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
Capital work in progress - at cost	9.1	71,639,258	41,739,258

9.1 Details of additions for implementation of software during the six-months period are as follows:

	(Un-audited)			
	Additions		Transfer	
	-----At cost-----			
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	----- Rupees -----			
Software under implementation	29,900,000	7,972,200	-	-
	29,900,000	7,972,200	-	-

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
10 LONG-TERM INVESTMENTS	Note		
<i>Investment in associated undertakings</i>			
Novelty Enterprises (Private) Limited	10.1	228,727,912	228,727,912
The Bank of Khyber	10.3	2,403,694,908	2,530,641,520
<i>Other investment - Available for sale</i>			
Bank Islami Pakistan Limited	10.4	-	195,107,650
		2,632,422,820	2,954,477,082

10.1 Novelty Enterprises (Private) Limited

The Holding Company holds 33% (June 2018: 33%) voting and equity interest in Novelty Enterprises (Private) Limited (NEL). The shares of NEL are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of NEL is June 30.

Total equity / net assets of NEL as at June 30, 2018 based on audited financial statements amounted to Rs. 561.487 million (June 2018: Rs. 561.487 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated December 31, 2015 fair value of fixed assets of NEL amounted to Rs. 1,016.32 million resulting in surplus on fixed assets of Rs. 483.607 million. Revised net assets after the revaluation surplus amounted to Rs. 1,045.094 million (June 2018: Rs. 1,045.094 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

10.2 The Bank of Khyber

The total shareholding of the Holding Company in the Bank of Khyber (the Bank) is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (June 2018: 24.16%). In addition to this, the Holding Company also has representation on the board of directors of the Bank. The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. Amounts in these financial statements have been taken from condensed interim unconsolidated financial statements of the Bank for the nine-months periods ended September 30, 2018 and six-months period ended June 30, 2018. Adjustment to confirm to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances.

The market value of holding in the Bank as on December 31, 2018 was Rs. 3,129.23 million (June 30, 2018: Rs. 3,298.373 million).

- 10.3 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	
	(Un-audited) December 31, 2018	(Audited) June 30, 2018	(Un-audited) December 31, 2018	(Audited) June 30, 2018
Carrying value at beginning of the period	2,530,641,520	2,782,115,507	228,727,912	228,737,812
Share of profit/(loss)	36,564,047	393,221,050	-	(9,900)
Dividend received	-	(362,458,547)	-	-
Share of other comprehensive loss	(186,869,324)	(322,555,988)	-	-
Related deferred tax on OCI	23,358,665	40,319,498	-	-
	(163,510,659)	(282,236,490)	-	-
	2,403,694,908	2,530,641,520	228,727,912	228,727,912

All transfers of funds to the Holding Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of the associates. The Holding Company has not received cash dividend from Bank of Khyber during the period ended December 31, 2018 (June 30, 2018: Rs. 1.50 per share)

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
10.4 BankIslami Pakistan Limited	Note		
Carrying Value		195,107,650	308,840,000
Less: Sale of investment at carrying value		(197,251,008)	(128,753,190)
Unrealized appreciation in value of investment		2,143,358	15,020,840
Fair value of investment		-	195,107,650
11 STORES AND SPARES			
Stores and spare parts - gross		234,464,573	204,066,664
Diesel and liquified petroleum gas		416,320	416,320
Others		5,847,444	-
Provision for slow moving spare parts	11.1	(8,861,420)	(8,591,420)
Store and spares - net		231,866,917	195,891,564
11.1 Reconciliation of provision for slow moving spare parts			
Opening provision		(8,591,420)	(8,051,420)
Charge for the period / year		(270,000)	(540,000)
Closing provision		(8,861,420)	(8,591,420)
12 STOCK-IN-TRADE			
Raw materials	12.1	2,486,808,114	3,194,941,766
Packing materials	12.1	464,670,807	312,061,635
Work-in-process		140,521,039	129,522,332
Finished goods		1,871,859,907	1,370,900,558
		4,963,859,867	5,007,426,291
12.1	Raw materials and packing materials are stated at net of provision for slow moving items amounting to Rs.13,384,583 (June 30, 2018: Rs.13,384,583) and Rs.140,735,038 (June 30, 2018: Rs. 128,735,038) respectively.		
		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
13 TRADE DEBTS			
Considered good			
- secured (export debtors)		46,508,336	311,568,772
- unsecured		1,758,428,828	1,258,293,453
		1,804,937,164	1,569,862,225
Considered doubtful		56,763,694	51,963,694
Trade debts - gross		1,861,700,858	1,621,825,919
Provision for doubtful debts		(56,763,694)	(51,963,694)
Trade debts - net		1,804,937,164	1,569,862,225
14 CASH AND BANK BALANCES			
Cash in hand		18,693,190	6,906,185
Cash with banks in:			
- current accounts- <i>conventional</i>		20,799,434	47,327,427
- current accounts- <i>islamic</i>		11,746,617	26,881,944
		51,239,241	81,115,556

15 SPONSORS' LOAN - SUBORDINATED

The Group has obtained interest free loan from its sponsors. The sponsors have entered into an agreement with the holding company and various banks in which they have under take to subordinate their loans and their claims over the company's assets. Subsequent to the year ended June 30, 2018, holding company have applied with the Securities & Exchange Commission of Pakistan for special permission for conversion of Sponsors Loan into equity without going into public. The required formalities would be completed once the approval received from the regulatory authority.

16 LONG TERM FINANCES - Secured

	(Un-audited)			(Audited)		
	31-Dec-18			30-Jun-18		
	-----Rupees-----					
	Conventional	Islamic	Total	Conventional	Islamic	Total
At beginning of the period / year	5,179,479,472	2,534,305,564	7,713,785,036	5,354,568,968	3,398,333,326	8,752,902,294
Obtained during the period / year	1,426,802,127	500,000,000	1,926,802,127	1,027,481,000	-	1,027,481,000
Repaid during the period / year	(869,163,390)	(808,055,549)	(1,677,218,939)	(1,202,570,496)	(864,027,762)	(2,066,598,258)
	5,737,118,209	2,226,250,015	7,963,368,224	5,179,479,472	2,534,305,564	7,713,785,036
	(1,037,398,997)	(1,096,944,442)	(2,134,343,439)	(1,253,850,907)	(1,229,166,659)	(2,483,017,566)
Less: Current maturity	4,699,719,212	1,129,305,573	5,829,024,785	3,925,628,565	1,305,138,905	5,230,767,470

- 16.1 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 charge over property, plant and equipment of the company and personal guarantees of the directors. These facilities carry mark-up at the rate ranging from 1 month KIBOR + 0.20% to 3 month KIBOR + 0.50% (June 30, 2018: 1 month KIBOR + 0.20% to 3 month KIBOR + 0.50%) and from 0.25% to 0.75 % (June 30, 2018: 0.25% to 0.75 %) above the State Bank of Pakistan rate for LTFE.

17 TRADE AND OTHER PAYABLES

Note

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	Rupees	Rupees
Trade creditors	873,814,316	1,015,598,798
Other liabilities	812,146,446	439,211,701
	1,685,960,762	1,454,810,499

18 SHORT TERM FINANCES - Secured

Term finances-conventional	18.1	123,215,549	939,675,000
Term finances-islamic	18.2	1,293,884,303	850,000,000
Export refinances	18.3	484,350,000	434,350,000
Running finance utilized under mark-up arrangement	18.4	2,675,618,860	1,967,403,798
		4,577,068,712	4,191,428,798

- 18.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 1,200 million (June 2018: Rs. 1,200 million). These are secured against pari-passu 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 6.24% to 10.70% per annum (June 2018: 5.98% to 6.24% per annum).

- 18.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,100 million (June 2018: Rs. 2,100 million). These are secured against pari-passu 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 6.56% to 10.82% per annum (June 2018: 6.26% to 7.13% per annum).

- 18.3** These represented facilities for export refinance arranged from various banks aggregating to Rs. 664.35 million (June 2018: Rs. 614.35 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 carried mark-up at the rate 0.25% above the State Bank of Pakistan (SBP) rate per annum (June 2018: 0.25% to 0.50% above SBP rate per annum).
- 18.4** These facilities for running finances available from various banks aggregated to Rs. 4,800.65 million (June 2018: Rs. 4,525.65 million). These are secured against pari-passu hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 7.02% to 10.65% per annum (June 2018: 6.27% to 7.17% per annum).

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

There are no material changes in the status of contingencies as same reported in the annual audited financial statements of the Group from note 24.1.

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
19.2 Commitments	Note		
Outstanding letter of guarantees		822,892,696	717,831,941
Outstanding letter of credit for:			
- capital expenditures		4,062,286,081	1,368,181,418
- others		732,704,350	999,649,684

20 EARNINGS PER SHARE-Basic and Diluted

There is no dilutive effect on the basic earnings per share of the company which is based on:

		(Un-audited) December 31, 2018 Rupees	(Un-audited) December 31, 2017 Rupees
Basic earnings per share	Note		
Profit for the period		582,186,963	661,272,584
		----- (Number) -----	
Weighted average number of ordinary shares during the period		63,804,750	63,804,750
		----- (Rupees) -----	
Basic earnings per share		9.12	10.36

	Note	(Un-audited) December 31, 2018 Rupees	(Un-audited) December 31, 2017 Rupees
21 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
Profit before income tax		943,778,721	923,714,256
Adjustments for non-cash and other items:			
Depreciation		591,723,181	477,048,987
Gain on disposal of property, plant and equipment - net		(2,213,146)	(14,056,725)
Gain on disposal of available for sale investment		(27,914,411)	-
Provision for staff retirement gratuity		59,021,900	64,427,414
Share of profit from associated undertaking		(36,564,047)	(105,386,049)
Exchange loss		28,745,652	15,858,006
Finance cost		341,797,555	307,443,554
Net increase in working capital	21.1	(669,660,960)	261,763,435
		1,228,714,445	1,930,812,878
21.1 Working capital changes			
Current assets			
Decrease / (Increase) in current assets			
Stores and spares		(35,975,353)	(39,379,401)
Stock-in-trade		43,566,424	276,237,293
Trade debts		(263,820,591)	(30,779,166)
Advances - considered good		(239,402,310)	131,962,243
Trade deposits and short-term prepayments		(84,014,497)	(32,235,463)
Other receivables		(33,449,640)	73,892,295
		(613,095,967)	379,697,801
Current liabilities			
(Decrease) / Increase in current liabilities			
Trade and other payables		231,150,263	1,033,262,423
Short-term finances		(322,575,148)	(1,142,727,011)
Advance from customers		34,859,892	(8,469,778)
		(56,564,993)	(117,934,366)
Net (increase) / decrease in working capital		(669,660,960)	261,763,435
22 CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	51,239,241	90,475,569
Running finances under mark-up arrangement	18.4	(2,675,618,860)	(829,208,130)
		(2,624,379,619)	(738,732,561)

23 SEGMENT INFORMATION

A segment is a distinguishable component of the Group that is engaged in business activities from which the Group earns revenues and incurs expenses and its results are regularly reviewed by the Group's chief operating decision maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure and products produced and sold, the Group is organised into the following two operating segments:

- Food Processing

- Plastic Film

- Pharmaceutical Segment

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

Segment revenue, segment result, costs, assets and liabilities for the period are as follows:

	(Un-audited)											
	Three months Period Ended						Six months Period Ended					
	Pharmitic 2018		Pharmitic 2017		Total		Pharmitic 2018		Pharmitic 2017		Total	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2017	
	Food Processing		Food Processing		Food Processing		Food Processing		Food Processing		Food Processing	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2017	
	Pharmaceutical segment		Pharmaceutical segment		Pharmaceutical segment		Pharmaceutical segment		Pharmaceutical segment		Pharmaceutical segment	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2017	
Sales	75,53,406,804	6,14,65,697	1,86,548,467	6,04,41,29	1,72,72,147	14,00,93,475	3,87,000,072	2,89,114,04	7,24,01,02	-	77,95,830,759	13,94,290,151
Local	282,138,151	24,79,332	28,996,116	-	9,54,078,590	5,19,2,56,796	3,87,000,072	2,89,114,04	-	-	51,14,12,28	520,070,226
Export	7,09,448,497	6,09,413,118	2,01,544,773	1,67,158,284	923,152	3,657,354	3,92,938,572	2,99,231,387	7,24,01,02	-	16,47,440,241	14,48,286,266
Less:												
Sales return and discounts	(10,24,79,783)	(9,77,82,230)	(24,37,270)	(743,199)	9,996,36,09	8,079,11,862	14,47,962,687	11,48,134,679	(743,199)	-	(69,53,69,612)	(1,10,84,74,318)
Sales tax	(1,23,28,128)	(1,19,28,342)	(20,24,650)	(360,179,130)	9,996,36,09	8,079,11,862	14,47,962,687	11,48,134,679	(743,199)	-	(2,27,30,83,59)	(3,07,261,965)
Net sales	6,56,470,595	5,19,2,56,796	1,79,004,123	1,26,079,154	923,152	3,657,354	3,92,938,572	2,99,231,387	7,24,01,02	-	16,47,440,241	14,48,286,266
Cost of sales	(4,98,133,144)	(3,80,083,016)	(1,30,583,897)	(1,20,506,250)	(86,93,97,27)	(1,10,96,59,51)	(2,24,010,564)	(1,75,415,943)	(743,199)	-	(2,59,71,36,538)	(8,80,764,312)
Manufacturing expenses	(94,009,027)	(84,226,977)	(15,645,532)	(11,74,620)	(1,54,54,713)	(1,35,97,712)	(2,24,010,564)	(1,75,415,943)	(743,199)	-	(2,59,71,36,538)	(8,80,764,312)
Administrative expenses	(6,12,46,152)	(6,54,96,973)	(12,93,40,113)	(1,27,27,42)	(1,69,396,485)	(5,06,29,237)	(1,74,84,81,569)	(1,175,290,756)	(743,199)	-	(1,84,340,243)	(2,25,540,761)
Segment result	454,970,443	67,60,823	115,600,000	(1,27,27,42)	(1,69,396,485)	(5,06,29,237)	(1,74,84,81,569)	(1,175,290,756)	(743,199)	-	(1,84,340,243)	(2,25,540,761)
Unallocated income and expenses					(14,531,321)	(10,011,1524)	(20,429,984)	(6,663,933)	(23,792,884)	-	(20,429,984)	(23,792,884)
Finance cost					30,099,238	1,036,412,582	1,068,238,860	1,190,610,129	(80,277,621)	-	12,34,744,413	11,130,109,192
Other operating income										-	13,24,74,476	10,919,137
Other operating expenses										-	(64,179,745)	(64,179,745)
Share of profit from associated undertakings										-	36,564,647	105,386,049
Profit before tax on										-	93,717,426	93,717,426
Income tax expense										-	(52,886,583)	(52,886,583)
Profit for the period										-	40,830,843	40,830,843

	(Un-audited)						Total
	Three months Period Ended			Six months Period Ended			
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2018	December 31, 2017	December 31, 2018	
	Food Segment		(Un-audited)	Plastic Segment	(Un-audited)	Pharmaceutical Segment	(Audited)
	December 31, 2018	December 31, 2017	December 31, 2018	January 31, 2019	January 31, 2019	January 31, 2019	January 31, 2019
Returns							
14,89,070,283	12,72,045,715	7,15,624,401	6,341,832,820	1,40,924,429	1,37,279,747	23,453,30,068	20,646,35,482
Local	1,80,070,283	1,29,294,853	7,15,624,401	6,341,832,820	1,40,924,429	1,37,279,747	23,453,30,068
Export	1,86,697,529	2,21,767,860	4,99,721,063	70,450,725	51,184,761	10,84,87,453	9,567,484,158
Less:							
Sales return and discounts	(1,86,697,529)	(2,21,767,860)	(4,99,721,063)	(70,450,725)	(51,184,761)	(10,84,87,453)	(9,567,484,158)
Segment result:	1,86,697,529	2,21,767,860	4,99,721,063	3,140,64,911	761,84,561	1,94,32,000	1,94,32,000
Unallocated income and expenses							
Finance cost							
Other operating expenses							
Profit before income tax							
Income tax expense							
Profit for the period							

23.2 Segment assets

23.3 Unallocated assets

23.4 Segment liabilities

23.5 Unallocated liabilities

23.6 Inter-segment pricing

23.7 The Holding Group's export sales have been primarily 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.

23.8 There were no major customers of the group which formed 10 percent or more of the Group's revenue.

23.9 RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES

Assets

		(Un-audited) December 31, 2018 Rupees	(Audited) June 30, 2018 Rupees
Total assets for reportable segments	23.2	23,452,339,083	20,646,358,482
Administrative capital assets		235,246,762	238,209,053
Goodwill		11,959,187	11,959,187
Long term investment	10	2,632,422,820	2,954,477,082
Total assets		26,331,967,852	23,851,003,804

Liabilities

Total liabilities for reportable segments	23.4	6,583,419,133	5,889,275,162
Sponsors' loan - subordinated		1,071,657,737	915,357,737
Deferred liabilities		1,555,430,183	1,439,275,898
Long term finance	16	7,963,368,224	7,713,785,036
Liabilities against assets subject to finance lease		253,361,289	499,065,487
Total liabilities		17,427,236,566	16,456,759,320

24 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

		(Un-audited) December 31, 2018 Rupees	December 31, 2017 Rupees
Transactions			
Plasitflex Films (Private) Limited			
Close family relationship			
- Purchase of raw material		1,376,472	24,586,765
- Purchase of finished goods		50,629,633	-
- Sale of raw materials		(5,890,330)	23,081,098
- Metallization charges		(1,116,340)	-
- Receivable of metallization charges		(15,847,505)	-
Others			
Remuneration to directors and other key management personnel:			
Chief Executive Officer		7,624,266	6,151,788
Directors		7,200,000	4,800,000
Executives		143,756,609	136,111,593
		158,580,875	147,063,381
Balances			
Creditors - associated company			
-Payable to associate		34,649,045	5,497,115
Sponsors' subordinated - loan			
-Payable to director's		902,151,770	902,151,770

25 CORRESPONDING FIGURES

Previous year figures have been rearranged and/or reclassified, wherever necessary, for the purpose of comparison in the consolidated condensed interim financial statements. For better presentation, reclassification made in the financial statements were as follows:

<u>Reclassification from</u>	<u>Reclassification to</u>	<u>Rupees</u>
<i>Statement of Financial Position</i>		
Property, plant and equipment	Intangible assets	<u>41,739,258</u>
<i>Statement of Cash Flow</i>		
Trade debts	Exchange Loss	<u>6,636,592.25</u>
Trade and other payables	Exchange Loss	<u>9,221,413.75</u>

26 DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial statements was authorized for issue on 21st February 2019 by the Board of the Group.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

ISMAIL INDUSTRIES LIMITED

HEAD OFFICE

17-BANGALORE TOWN, SHAHRAH-E-FAISAL, KARACHI, PAKISTAN.
TEL: (92-21) 34311172-75, FAX: (92-21) 34547843-34541094

FACTORIES

UNIT 1: C-230, H.I.T.E, HUB, BALOCHISTAN, PAKISTAN.
TEL: (92-853) 302526-302392, FAX: (92-853) 302527

UNIT 2: B-140, H.I.T.E, HUB, BALOCHISTAN, PAKISTAN.
TEL: (92-853) 364234-363602, FAX: (92-853) 363322

UNIT 3: G-1, H.I.T.E, HUB, BALOCHISTAN, PAKISTAN.
TEL: (92-853) 302326, FAX: (92-853) 302611-303817

UNIT 4: G-22-23, H.I.T.E, HUB, BALOCHISTAN, PAKISTAN.
TEL: (92-853) 303193-303177, FAX: (92-853) 302284

UNIT 5: 38-C, 39, 39-A, 42-C, SUNDER INDUSTRIAL ESTATE,
RAIWIND ROAD, LAHORE, PAKISTAN. TEL: (92-42) 35297671-75

UNIT 6: D-91, D-92, D-94, NORTH WESTERN INDUSTRIAL ZONE,
PORT QASIM AUTHORITY, KARACHI, PAKISTAN.
TEL: (92-21) 34154171-73, FAX: (92-21) 34154176

UNIT 7: E-164 TO E-168, NORTH WESTERN INDUSTRIAL ZONE,
PORT QASIM AUTHORITY, KARACHI, PAKISTAN.
TEL: (92-21) 34154174-75, FAX: (92-21) 34154176

UNIT 8: E-154 TO E-157, NORTH WESTERN INDUSTRIAL ZONE,
PORT QASIM AUTHORITY, KARACHI, PAKISTAN.
TEL: (92-21) 34154255-57, FAX: (92-21) 34154176