

# ISMAIL INDUSTRIES LIMITED

Quarterly Report  
March 2016

Exceeding the  
Vision



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## COMPANY INFORMATION

### Board of Directors

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

### Audit Committee Members

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

### Human Resource Committee

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

### Registered Office

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

### Factory – 1

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

### Factory – 2

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

### Factory – 3

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

### Factory – 4

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

### Factory – 5

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

### Company Secretary

Mr. Ghulam Farooq

### Auditor

Grant Thornton Anjum Rahman  
Chartered Accountants

### Legal Advisor

Farooq Rasheed & Co.

### Share Registrar

THK Associates (Pvt.) Limited

### Bankers / Institutions

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

## DIRECTORS REVIEW

The Directors are pleased to present the financial statements of the Company for the third quarter and nine months period ended March 31, 2016. Your Company continues to deliver strong growth with success crowning its efforts, as shown by the following statistics.

	<b>March 2016</b>	March 2015	<b>Change In %</b>
	<b>PKR Million</b>		
Gross sales	<b>12,649</b>	10,695	18%
Net sales	<b>10,722</b>	9,120	18%
Gross profit	<b>2,121</b>	1,826	16%
Operating profit	<b>1,020</b>	998	2%
Profit before tax	<b>841</b>	496	70%
Profit after tax	<b>651</b>	360	81%
Earnings per share - Rupees	<b>12.89</b>	7.13	81%

Despite of tough economic situation, the company has successfully ended the nine month results with excellent financial performance based on strong growth in sales and earnings. The company has attained a topline growth of 18% with exceptional growth of 81% in bottom line. Gross turnover for nine months touched at Rs. 12,649 million as compared to Rs. 10,695 million in the corresponding period.

The momentum in the volume growth was maintained through aggressive marketing and trade activities conducted during the nine months period although it has slightly decreased our operating margins as the company has also initiated different customer awareness and regaining brand loyalty campaign in order to align company growth strategy. Our efforts on bottom line improvements is clearly delivering the desired results, as the company has also simultaneously worked internally to lower its overhead costs to become more cost efficient.

The pre-tax earnings for the period under review is Rs. 841 million in comparison of Rs. 496 million earned in same period last year majorly due to the fact that our diversification strategy by investing in different ventures are now materialized and positively impacting our bottom line.

The company has already applied to concern authorities for approvals, consents and authorization of merger of Astro Plastics (Private) Limited with and into the company.

Your Company has decided to invest in the equity of its newly established associated company "Hudson Pharma (Private) Limited" subject all regulatory / statutory approvals required under the law. Hudson Pharma aims to provide hospitals and health institutions in Pakistan



## Ismail Industries Limited

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with injectable medicines in polyethylene ampoules and bottles that are more sterile, easier and safer to administer, and cost competitive versus the current glass based competition.

### Future Outlook

Your company is confident that it will continue to fuel this growth trend through several other initiatives taking place during the upcoming quarter. The Company is focused on living up to expectations by continuing to create value through capital investments, innovations into new categories and improvement in operations. The management is hopeful to sustain the economic and competitive challenges and continue its journey towards the vision.

### Acknowledgement

The Board of Directors expresses their gratitude to all the employees of the Company and appreciates their contributions to the results achieved by the Company during the period.

On behalf of the Board of Directors

**(Maqsood Ismail)**  
Chief Executive Officer

Karachi: April 25, 2016

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
(UN-AUDITED)  
FOR THE NINE MONTHS PERIOD ENDED  
MARCH 31, 2016**

# Ismail Industries Limited

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2016

	Note	Un-audited March 31, 2016 Rupees	Audited June 30, 2015 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4,519,196,338	4,372,072,916
Long-term investments	6	3,431,005,795	3,178,355,067
Long-term deposits		51,469,390	47,687,783
<b>Total non-current assets</b>		<b>8,001,671,523</b>	<b>7,598,115,766</b>
<b>Current assets</b>			
Stores and spares	7	102,535,814	84,765,314
Stock-in-trade	8	4,564,396,644	5,196,389,762
Trade debts	9	990,051,571	778,548,491
Advances - considered good		248,614,526	115,953,099
Trade deposits and short-term prepayments		18,294,539	30,276,202
Other receivables		43,967,047	34,482,045
Taxation - net		362,848,105	408,344,617
Cash and bank balances	10	79,911,384	29,092,389
<b>Total current assets</b>		<b>6,410,619,630</b>	<b>6,677,851,919</b>
<b>Total assets</b>		<b>14,412,291,153</b>	<b>14,275,967,685</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Authorised share capital			
100,000,000 (June 30, 2015: 100,000,000) ordinary share of Rs. 10 each		1,000,000,000	1,000,000,000
<b>Issued, subscribed and paid-up capital</b>			
50,520,750 (June 30, 2015: 50,520,750) ordinary shares of Rs.10 each full paid in cash		505,207,500	505,207,500
Capital reserve		579,265,000	579,265,000
Unappropriated profit		3,230,480,407	2,890,689,968
<b>Total shareholders' equity</b>		<b>4,314,952,907</b>	<b>3,975,162,468</b>
<b>Non-current liabilities</b>			
Sponsors' loan - subordinated		602,151,770	602,151,770
Long-term finances - secured	12	2,503,003,869	2,736,454,358
Liabilities against assets subject to finance lease		139,150,333	84,436,492
Deferred liabilities		695,789,494	647,740,169
<b>Total non-current liabilities</b>		<b>3,940,095,466</b>	<b>4,070,782,789</b>
<b>Current liabilities</b>			
Trade and other payables	13	597,984,844	820,336,751
Accrued mark-up		66,827,741	92,907,394
Short-term finance - secured	14	4,159,468,419	4,039,905,924
Current portion of:			
- long-term finances - secured	12	1,183,317,430	1,098,327,169
- liabilities against assets subject to finance lease		63,700,319	41,597,336
Advance from customers		85,944,027	136,947,854
<b>Total current liabilities</b>		<b>6,157,242,780</b>	<b>6,230,022,428</b>
<b>Total liabilities</b>		<b>10,097,338,246</b>	<b>10,300,805,217</b>
Contingencies and commitments	15		
<b>Total equity and liabilities</b>		<b>14,412,291,153</b>	<b>14,275,967,685</b>

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

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director

# Ismail Industries Limited

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Note	Nine months period ended		Quarter ended	
		March 31, 2016 Rupees	March 31, 2015 Rupees	March 31, 2016 Rupees	March 31, 2015 Rupees
Sales	19.2	12,649,131,438	10,695,046,151	4,492,045,865	4,036,124,956
Sales tax		(1,927,363,374)	(1,575,149,486)	(679,255,163)	(604,221,258)
Net sales		10,721,768,064	9,119,896,665	3,812,790,702	3,431,903,698
Cost of sales	19.2	(8,600,464,337)	(7,294,033,539)	(2,997,829,865)	(2,748,492,536)
<b>Gross profit</b>		<b>2,121,303,727</b>	<b>1,825,863,126</b>	<b>814,960,837</b>	<b>683,411,162</b>
Selling and distribution expenses		(978,087,453)	(728,921,054)	(398,231,032)	(280,042,163)
Administrative expenses		(122,848,695)	(98,770,451)	(39,865,082)	(34,294,290)
		(1,100,936,148)	(827,691,505)	(438,096,114)	(314,336,453)
<b>Operating profit</b>		<b>1,020,367,579</b>	<b>998,171,621</b>	<b>376,864,723</b>	<b>369,074,709</b>
Other operating expenses		(76,997,180)	(48,714,487)	(31,790,266)	(15,664,019)
		943,370,399	949,457,134	345,074,457	353,410,690
Other operating income		87,744,758	49,156,694	51,532,758	16,067,547
		1,031,115,157	998,613,828	396,607,215	369,478,237
Finance cost		(450,648,293)	(560,467,252)	(150,982,798)	(187,447,694)
		580,466,864	438,146,576	245,624,417	182,030,543
Share of profit from associate		260,705,965	58,195,528	141,739,885	41,620,096
<b>Profit before income tax</b>		<b>841,172,829</b>	<b>496,342,104</b>	<b>387,364,302</b>	<b>223,650,639</b>
Income tax expense		(190,202,653)	(136,250,170)	(75,241,246)	(67,816,339)
<b>Profit for the period</b>		<b>650,970,176</b>	<b>360,091,934</b>	<b>312,123,056</b>	<b>155,834,300</b>
<b>Earnings per share - basic and diluted</b>	16	<b>12.89</b>	<b>7.13</b>	<b>6.18</b>	<b>3.08</b>

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

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director

# Ismail Industries Limited

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Note	Nine months period ended		Quarter ended	
		March 31,	March 31,	March 31,	March 31,
		2016 Rupees	2015 Rupees	2016 Rupees	2015 Rupees
Profit for the period		650,970,176	360,091,934	312,123,056	155,834,300
<i>Item to be reclassified to profit and loss account in subsequent period</i>					
Unrealized appreciation on available for sale investment	6.4	15,400,000	(13,996,769)	(21,000,000)	(5,925,682)
		15,400,000	(13,996,769)	(21,000,000)	(5,925,682)
Share of other comprehensive income from associated undertaking		(26,805,985)	81,512,462	(97,905,064)	93,372,986
Impact of deferred tax		3,350,748	(8,151,246)	12,238,133	(9,337,298)
	6.3	(23,455,237)	73,361,216	(85,666,931)	84,035,688
Other comprehensive income - net of tax		(8,055,237)	59,364,447	(106,666,931)	78,110,006
Total comprehensive income for the period		642,914,939	419,456,381	205,456,125	233,944,306

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

MAQSOOD ISMAIL  
Chief Executive Officer

MUNSARIM SAIFULLAH  
Director

## CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Note	March 31, 2016 Rupees	March 31, 2015 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations after working capital changes	17	757,229,816	2,226,869,005
Gratuity paid		(11,841,104)	(7,024,325)
Taxes paid		(112,082,052)	(131,580,436)
Payment of long-term deposits		(3,781,607)	4,679,804
<b>Net cash generated from operating activities</b>		<b>629,525,053</b>	<b>2,092,944,048</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(469,029,248)	(832,060,109)
Purchase of short term investment		-	(68,636,946)
Purchase share of associate undertaking-Bank of Khyber		-	(1,516,335,105)
Proceeds from disposal of property, plant and equipment		4,070,843	506,001
<b>Net cash used in investing activities</b>		<b>(464,958,405)</b>	<b>(2,416,526,159)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease obtained / (rentals paid)		76,816,824	(23,440,135)
Director's loan-obtained		-	250,000,000
Dividends paid		(303,926,052)	(750,993)
Long-term finance less repayments		(148,460,228)	262,897,030
Financial charges paid		(476,727,946)	(567,239,383)
<b>Net cash used in financing activities</b>		<b>(852,297,402)</b>	<b>(78,533,481)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(687,730,754)</b>	<b>(402,115,592)</b>
Cash and cash equivalents at the beginning of the period		(630,342,533)	(487,994,721)
<b>Cash and cash equivalents at the end of the period</b>	18	<b>(1,318,073,287)</b>	<b>(890,110,313)</b>

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

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director

# Ismail Industries Limited

## CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

	Issued, subscribed and paid up capital	Capital Reserve Share premium	Unappropriated profit	Share holders' equity
	Rupees			
<b>Balance as at June 30, 2014</b>	505,207,500	579,265,000	2,168,661,763	3,253,134,263
Total comprehensive income for the nine-month period ended March 31, 2015	-	-	419,456,381	419,456,381
<b>Transactions with owners</b>				
Cash dividend paid for the year ended June 30, 2014 @ Rs. 2.25 per share	-	-	(842,427)	(842,427)
	-	-	418,613,954	418,613,954
<b>Balance as at March 31, 2015</b>	505,207,500	579,265,000	2,587,275,717	3,671,748,217
<b>Balance as at June 30, 2015</b>	505,207,500	579,265,000	2,890,689,968	3,975,162,468
Total comprehensive income for the nine months period ended March 31, 2016	-	-	642,914,939	642,914,939
<b>Transactions with owners</b>				
Cash dividend paid for the year ended June 30, 2015 @ Rs. 6 per share	-	-	(303,124,500)	(303,124,500)
	-	-	339,790,439	339,790,439
<b>Balance as at March 31, 2016</b>	505,207,500	579,265,000	3,230,480,407	4,314,952,907

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

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2016

### 1 LEGAL STATUS AND OPERATIONS

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

### 2 STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the nine month period ended March 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

This condensed interim financial information does not include all of the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2015.

#### 2.1 Basis of measurement

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

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

### 3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

- 3.1 This accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2015.
- 3.2 Certain amendments and interpretation to approved accounting standards become effective during period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company

### 4 ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates/judgments and associated assumptions used in the preparation of this condensed interim financial information are consistent with those applied in the preparation of the financial statements of the Company for the year ended June 30, 2015.



# Ismail Industries Limited

## 5 PROPERTY, PLANT AND EQUIPMENT

	Note	March 31, 2016 Rupees	June 30, 2015 Rupees
Operating fixed assets	5.1	4,190,947,583	4,132,933,736
Capital work in progress	5.2	328,248,755	239,139,180
		<u>4,519,196,338</u>	<u>4,372,072,916</u>

5.1 Details of additions and deletions to operating fixed assets during the nine months period are as follows:

	Additions (at cost)		Deletions (at net book value)	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees -----			
<b>Owned assets</b>				
Leasehold land	-	-	-	-
Building on leasehold land	1,122,640	92,499,075	-	-
Plant and machinery	297,872,525	882,742,857	-	-
Furniture and fittings	59,500	413,600	-	-
Equipment	4,286,958	4,375,956	-	-
Computers	2,002,989	787,879	34,878	-
Vehicles	820,512	23,420,202	1,586,180	318,709
	<u>306,165,124</u>	<u>1,004,239,569</u>	<u>1,621,058</u>	<u>318,709</u>
<b>Leased assets</b>				
Plant and machinery	64,098,224	-	-	-
Vehicles	9,656,325	19,481,374	-	-
	<u>73,754,549</u>	<u>19,481,374</u>	<u>-</u>	<u>-</u>
	<u>379,919,673</u>	<u>1,023,720,943</u>	<u>1,621,058</u>	<u>318,709</u>

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

	Additions (at cost)		Transfers (at cost)	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	----- Rupees -----			
Civil works	56,497,147	180,857,017	1,122,640	92,499,075
Plant and machinery	328,220,106	602,629,080	297,872,525	882,742,857
Equipments and fixtures	7,733,945	4,884,557	4,346,458	4,789,556
	<u>392,451,198</u>	<u>788,370,654</u>	<u>303,341,623</u>	<u>980,031,488</u>
		Note	March 31, 2016 Rupees	June 30, 2015 Rupees

## 6 LONG-TERM INVESTMENTS

### Investment in associated undertakings

The Bank of Khyber	6.1	2,900,281,726	2,663,030,998
Novelty Enterprises (Private) Limited	6.2	229,724,069	229,724,069
		<u>3,130,005,795</u>	<u>2,892,755,067</u>

### Other investment-Available for sale

Bank Islami Pakistan Limited		301,000,000	285,600,000
		<u>3,431,005,795</u>	<u>3,178,355,067</u>

# Ismail Industries Limited

## 6.1 The Bank of Khyber

The total shareholding of the Company in the Bank is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (June 30, 2015: 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 annual audited financial statements of the Bank for the year ended December 31, 2015 and June 30, 2015. 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 March 31, 2016 was Rs. 2,416.39 million (June 30, 2015: Rs. 2,658.029 million).

## 6.2 Novelty Enterprises (Private) Limited

The Company holds 33% (June 30, 2015: 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, 2015 amounted to Rs. 561.63 million based on audited financial statements (2015: Rs. 561.63 million).

However, as per report of an independent valuer, Masud Associates report dated August 12, 2011 fair value of fixed assets of Novelty Enterprises (Private) Limited amounted to Rs. 730.48 million resulting in surplus on fixed assets of Rs. 196.767 million. Revised net assets after the revaluation surplus amounted to Rs. 758.40 million (2014: Rs. 758.43 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 share of profit or loss has not been accounted for in this condensed interim financial information.

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

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015
Carrying value at beginning of the period	2,663,030,998	1,085,647,801	229,724,069	229,724,069
Purchase during the year		1,516,335,105		
Share of profit relating to profit and loss account	260,705,965	207,684,856	-	-
Dividend received	-	(241,639,031)		
Share of (loss)/profit relating to other comprehensive income	(23,455,237)	95,002,267	-	-
Carrying value at end of the period	2,900,281,726	2,663,030,998	229,724,069	229,724,069

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 dividend during the period (June 30, 2015: Rs. 1 per share).

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

# Ismail Industries Limited

	Note	March 31, 2016 Rupees	June 30, 2015 Rupees
<b>6.4 Bank Islami Pakistan Limited</b>			
Carrying Value		285,600,000	280,000,000
Unrealized appreciation in value of investment		15,400,000	5,600,000
Fair value of investment		<u>301,000,000</u>	<u>285,600,000</u>

## 7 STORES AND SPARES

Stores and spare parts - gross		105,926,561	89,806,185
Diesel and liquified petroleum gas		1,053,223	1,928,149
Others		2,797,450	2,400
Provision for slow moving spare parts	7.1	<u>(7,241,420)</u>	<u>(6,971,420)</u>
Store and spares - net		<u>102,535,814</u>	<u>84,765,314</u>

### 7.1 Reconciliation of provision for slow moving spare parts

Opening provision	(6,971,420)	(6,431,420)
Charge for the period / year	<u>(270,000)</u>	<u>(540,000)</u>
Closing provision	<u>(7,241,420)</u>	<u>(6,971,420)</u>

## 8 STOCK-IN-TRADE

Raw materials	8.1	2,386,692,827	3,100,457,782
Packing materials	8.1	403,864,103	437,320,823
Work-in-process		23,935,944	36,844,384
Finished goods	8.1	1,749,903,770	1,621,766,773
		<u>4,564,396,644</u>	<u>5,196,389,762</u>

8.1	March 31, 2016		
	Raw materials	Packing materials	Finished goods
	Rupees		
Stock-in-trade (gross)	2,400,097,105	562,204,029	1,749,903,770
Provision for obsolescence			
- opening	(13,404,278)	(149,276,255)	-
- (charge) for the year		(27,300,000)	
- written off	-	18,236,329	-
- closing	(13,404,278)	(158,339,926)	-
Stock-in-trade (net)	<u>2,386,692,827</u>	<u>403,864,103</u>	<u>1,749,903,770</u>

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	June 30, 2015		
	Raw materials	Packing materials	Finished goods
	Rupees		
Stock-in-trade (gross)	3,113,862,060	586,597,078	1,621,766,773
Provision for obsolescence			
- opening	(13,404,278)	(136,820,000)	-
- (charge) for the year	-	(33,647,770)	-
- written off	-	21,191,515	-
- closing	(13,404,278)	(149,276,255)	-
Stock-in-trade (net)	3,100,457,782	437,320,823	1,621,766,773

**Note**                      **March 31,**                      June 30,  
    **2016**                                      2015  
    **Rupees**                                      Rupees

## 9 TRADE DEBTS

Considered good		
- secured (export debtors)	37,540,212	84,094,131
- unsecured	952,511,359	694,454,360
	990,051,571	778,548,491
Considered doubtful	39,064,885	36,364,885
<b>Trade debts - gross</b>	<b>1,029,116,456</b>	<b>814,913,376</b>
Provision for doubtful - opening balance	(36,364,885)	(28,264,885)
Charge for the year	(2,700,000)	(8,100,000)
Provision for doubtful - closing balance	(39,064,885)	(36,364,885)
<b>Trade debts - net</b>	<b>990,051,571</b>	<b>778,548,491</b>

## 10 CASH AND BANK BALANCES

Cash in hand	14,989,440	2,095,344
Cash with banks in current accounts	64,921,944	26,997,045
	<b>79,911,384</b>	<b>29,092,389</b>

## 11 SPONSORS' LOAN - SUBORDINATED

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

**March 31,**                      June 30,  
**2016**                                      2015  
**Rupees**                                      Rupees

## 12 LONG TERM FINANCES - secured

At beginning of the period / year	3,834,781,527	2,496,314,650
Obtained during the period / year	697,778,510	2,345,786,596
Repaid during the period / year	(846,238,738)	(1,007,319,719)
	3,686,321,299	3,834,781,527
Less: Current maturity	(1,183,317,430)	(1,098,327,169)
	<b>2,503,003,869</b>	<b>2,736,454,358</b>

# Ismail Industries Limited

- 12.1 These represent term finance facilities obtained for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over property, plant and equipment of the Company and personal guarantees of the directors. These facilities carry mark-up at the rate ranging from 1 month KIBOR + 0.75% to 3 month KIBOR + 1.75%.

	March 31, 2016 Rupees	June 30, 2015 Rupees
<b>13 TRADE AND OTHER PAYABLES</b>		
Trade creditors	313,830,969	612,057,321
Sales tax payable	133,965,790	48,741,297
Other liabilities	150,188,085	159,538,133
	<b>597,984,844</b>	<b>820,336,751</b>

## 14 SHORT TERM FINANCES - Secured

Term finances	14.1	2,396,483,748	3,380,471,002
Export refinances	14.2	365,000,000	-
Running finance utilized under mark-up arrangement	14.3	1,397,984,671	659,434,922
		<b>4,159,468,419</b>	<b>4,039,905,924</b>

- 14.1 The facilities for term finances from various banks aggregated to Rs. 5,350 million (June 30, 2015: Rs. 4,394 million). These facilities are secured against pari-passu/ranking hypothecation of stocks, book debts and personal guarantees of the directors. These facilities carry mark-up at the rates ranging from 6.59% to 7.0% per annum (June 30, 2015: 7.24% to 11.21% per annum).
- 14.2 The facilities for export refinance from various banks aggregated to Rs. 365 million (June 30, 2015: Rs. 380 million). These facilities are secured against pari-passu / ranking hypothecation of stocks, book debts, lien on export letters of credit and personal guarantees of the directors. These facilities carry mark-up at the rate ranging from 0.75% to 1% above the State Bank of Pakistan rate per annum (June 30, 2015: 1% above the State Bank of Pakistan rate per annum).
- 14.3 The facilities for running finances available from various banks aggregated to Rs. 1,400 million (June 30, 2015: Rs. 2,675 million). These facilities are secured against pari-passu/ranking hypothecation of stocks, book debts and personal guarantees of the directors. These facilities carry mark-up at the rates ranging from 6.97% to 8.51% per annum (June 30, 2015: 7.3% to 11.21% per annum).

## 15 CONTINGENCIES AND COMMITMENTS

### 15.1 Contingencies

- 15.1.1 The Company has two labour matters pending in different courts of Balochistan for reinstatement. No liability has been booked against these claims as the management of the Company, based on the advice of its legal advisor, is of the opinion that matters will be decided in the Company's favour.
- 15.1.2 The Company has filed a suit against a debtor for recovery of Rs. 960,450. The suit was decreed in favour of the Company but as the debtor didn't have any tangible property within the territorial jurisdiction of court at Hub the case has been transferred to the District Judge, Lahore for execution. As the case has been decided in favour of the Company and the debtor is being pursued to pay the decretal amount, the amount due has not been written off.
- 15.1.3 A suit for Rs. 20 million has been filed against the Company and Lasbella Industrial Estates Development Authority for illegal allotment of Plot No. C-386 Hub Industrial Trading Estate (HITE). 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 the Company's favour.

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		March 31, 2016 Rupees	June 30, 2015 Rupees
<b>15.2 Commitments</b>			
Outstanding letter of guarantees		182,556,787	135,199,254
Outstanding letter of credit for:			
- capital expenditures		784,991,827	113,185,773
- others		69,229,249	482,917,920
Rentals under Ijarah contract			
Not later than one year		44,412,224	44,508,327
Over one year to five years		74,736,781	152,476,241
		119,149,005	196,984,568
<b>16 EARNINGS PER SHARE-Basic and Diluted</b>			
<b>Basic earnings per share</b>			
Profit for the period - Rupees		650,970,176	360,091,934
Weighted average number of shares - Numbers		50,520,750	50,520,750
Earnings per share - Rupees		12.89	7.13
<b>Diluted earning per share</b>			
There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.			
<b>17 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>		March 31, 2016 Rupees	March 31, 2015 Rupees
Profit before income tax		841,172,829	496,342,104
<b>Adjustments for non-cash and other items:</b>			
Depreciation		320,284,768	281,669,396
Gain on disposal of property, plant and equipment - net		(2,449,785)	(187,292)
Gain on sale of available for sale investments - net		-	(2,080,407)
Provision for staff retirement gratuity		27,266,340	22,729,435
Share of profit from associated undertaking		(260,705,965)	(58,195,528)
Finance cost		450,648,293	560,467,252
<b>Net (decrease) / increase in working capital</b>	17.1	(618,986,664)	926,124,045
		757,229,816	2,226,869,005
<b>17.1 Working capital changes</b>			
<b>Current assets</b>			
Increase in stores and spares		(17,770,500)	(22,350,298)
Decrease in stock-in-trade		631,993,118	46,863,727
(Increase)/decrease in the trade debts		(211,503,080)	193,386,233
(Increase)/decrease in advances		(132,661,427)	26,680,077
Decrease/(increase) in trade deposits and short-term prepayments		11,981,663	(32,471,536)
(Increase)/decrease in other receivables		(9,485,002)	6,210,150
		272,554,772	218,318,353
<b>Current liabilities</b>			
(Decrease)/ increase in the trade and other payables		(221,550,355)	461,866,355
(Decrease)/ increase in short-term finances		(618,987,254)	57,611,171
(Decrease)/ increase in advance from customers		(51,003,827)	188,328,166
		(891,541,436)	707,805,692
<b>Net (decrease) / increase in working capital</b>		(618,986,664)	926,124,045
<b>18 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	10	79,911,384	44,721,687
Running finances under mark-up arrangement	14	(1,397,984,671)	(934,832,000)
		(1,318,073,287)	(890,110,313)

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

- 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:

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

902 Reconciliation of reportable segment sales and cost of sales

	Food Segment		Plastic Segment		Total	
	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015	March 31, 2016	June 30, 2015
	Rupees					
19.3 Segment assets	8,477,896,350	9,513,714,555	2,443,012,555	1,516,625,732	10,920,908,905	11,030,340,287
19.4 Unallocated assets	-	-	-	-	3,491,382,248	3,245,627,398
	<u>8,477,896,350</u>	<u>9,513,714,555</u>	<u>2,443,012,555</u>	<u>1,516,625,732</u>	<u>14,412,291,153</u>	<u>14,275,967,685</u>
19.5 Segment liabilities	3,595,532,205	4,323,388,715	1,423,452,622	860,043,768	5,018,984,827	5,183,432,483
19.6 Unallocated liabilities	-	-	-	-	5,078,353,419	5,117,372,734
	<u>3,595,532,205</u>	<u>4,323,388,715</u>	<u>1,423,452,622</u>	<u>860,043,768</u>	<u>10,097,338,246</u>	<u>10,300,805,217</u>
19.7 <b>Inter-segment pricing</b>						
	Transactions among the business segments are recorded at estimated cost.					
19.8	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.					
19.9	There were no major customers of the Company which formed 10 percent or more of the Company's revenue.					
19.10 <b>RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES</b>						
19.11 <b>Assets</b>						
Total assets for reportable segments				19.3	10,920,908,905	11,030,340,287
Administrative capital assets					60,376,453	67,272,331
Long term investment				6	3,431,005,795	3,178,355,067
Total assets					<u>14,412,291,153</u>	<u>14,275,967,685</u>
19.12 <b>Liabilities</b>						
Total liabilities for reportable segments				19.5	5,018,984,827	5,183,432,483
Directors loan					602,151,770	602,151,770
Deferred liabilities					587,029,698	554,405,609
Long term finance				12	3,686,321,299	3,834,781,527
Liabilities against assets subject to finance lease					202,850,652	126,033,828
Total liabilities					<u>10,097,338,246</u>	<u>10,300,805,217</u>



# Ismail Industries Limited

## 20 TRANSACTIONS WITH RELATED PARTIES

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

	March 31, 2016 Rupees	March 31, 2015 Rupees
<b>Transactions</b>		
Rent paid to Chief Executive Officer	<u>1,058,750</u>	<u>825,000</u>
<b>Plasitflex Films (Private) Limited</b>		
Close family relationship		
- Purchases of packing material	<u>35,951,722</u>	<u>27,517,774</u>
<b>Astro Plastic (Private) Limited</b>		
Common directorship		
- Processing charges	<u>12,651,353</u>	<u>48,067,625</u>
<b>Others</b>		
<b>Remuneration to directors and other key management personnel:</b>		
Chief Executive Officer	2,700,000	2,700,000
Directors	4,500,000	4,500,000
Executives	<u>81,516,413</u>	<u>72,742,194</u>
	<u>60,577,040</u>	<u>79,942,194</u>
<b>Balances</b>		
<b>Creditors - associated company</b>		
At beginning of the period / year	<u>17,059,072</u>	<u>91,613,303</u>
Purchases during the period / year	<u>48,603,075</u>	<u>93,069,121</u>
Paid during the period / year	<u>26,447,498</u>	<u>201,741,496</u>
At the end of the period / year	<u>39,214,649</u>	<u>(17,059,072)</u>
<b>Sponsors' subordinated - loan</b>		
At beginning of the period / year	602,151,770	352,151,770
Received during the period / year	-	-
Repaid during the period / year	-	-
At the end of the period / year	<u>602,151,770</u>	<u>352,151,770</u>

## 21 SUBSEQUENT EVENT

The board of directors of the Company in their meeting on February 01, 2016 has approved the Merger of Astro Plastics (Private) Limited with and into the Company. The scheme of arrangement for the merger of Astro Plastics (Private) Limited and the Company shall be made in accordance with the provision of Companies Ordinance 1984. The Company has applied to concern authorities for approvals, consents and authorization of said merger transaction.

## 22 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 25th April 2016 by the Board of the Company.

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director

## ISMAIL INDUSTRIES LIMITED

### Head Office

17-Bangalore Town, Shahrah-e-Faisal, Karachi-75350, Pakistan.  
Tel.: (92-21) 3431 1172-75, Fax: (92-21) 3454 7843, 3454 1094

### Factories

Unit 1: C-230, H.I.T.E., Hub, Balochistan, Pakistan.  
Tel.: (92-853) 302526-302393, Fax: (92-853) 302527

Unit 2: B-140, H.I.T.E., Hub, Balochistan, Pakistan.  
Tel.: (92-853) 363602-364234, Fax: (92-853) 363322

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) 3529 7671-5

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