



ISMAIL INDUSTRIES LIMITED

## 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 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) 3529 7671-5

#### Unit 6:

D-91, D-92 & D-94,  
North Western Industrial Zone,  
Port Qasim Authority,  
Karachi-75020, Pakistan.  
Tel.: (+92-21) 34154169-70  
Fax: (+92-21) 34154176

#### Unit 7:

E-164 to E-168,  
North Western Industrial Zone,  
Port Qasim Authority,  
Karachi-75020, Pakistan.  
Tel.: (+92-21) 34154171-73  
Fax: (+92-21) 34154176

#### Unit 8:

E-154 to E-157,  
North Western Industrial Zone,  
Port Qasim Authority,  
Karachi-75020, Pakistan.  
Tel.: (+92-21) 34154174-75  
Fax: (+92-21) 34154176

Thriving to  
**Succeed**

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## COMPANY PROFILE

### Board of Directors

Mr. Muhammad M. Ismail	Chairman
Mr. Munsarim Saifullah	Chief Executive
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 Shahra-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. Maqsood Ismail	Chairman
Mr. M. Zubair Motiwala	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  
Bank Alfalah Limited  
Bank Al-Habib Limited  
Bank Islami Pakistan Limited  
Dubai Islamic Bank (Pakistan) Limited  
Faysal Bank Limited  
Habib Bank 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  
Summit Bank Limited

## DIRECTOR REVIEW

The Directors are pleased to present the stand alone and consolidated un-audited condensed interim financial statements of the Company for the quarter ended September 30, 2017.

Description	30-Sep-17	30-Sep-16	Change in
	PKR in Million		%
Turnover	5,787	5,222	11%
Gross Profit	1,186	915	30%
Operating Profit	501	462	8%
Profit before tax	411	382	8%
Profit after tax	282	266	6%
Earnings per share – Rupees	4.41	4.17	6%

During the quarter under review, fundamentals of the Company remained strong despite the volatile economic situation and highly competitive business environment. However, the overall performance of food and plastic segments was quite satisfactory as the Company has registered top line growth by 11% while operating profit showing an increase of 8% compared to the corresponding period of last year. EPS for the quarter showing an improvement of 6% over last year mainly driven by our operational efficiency and cost-cutting strategies taken on during the quarter on some key products to gain a competitive edge in the market.

In a competitive business environment, cautious sales mix improvements and relentless focus on cost savings has helped us to invest rigorously and strategically in our brands as well as on our sales field force who strive hard to make our products the market leaders. The Company continued driving key operational efficiency programs that were set out at the beginning of the quarter which yielding the results. We have endeavored to ensure that investments in sales and marketing have been optimized to reflect emphasis on our flagship brands, leading to improved production efficiency and hence the bottom line.

### Future Outlook:

Business environment will continue to remain challenging and competitive intensity is likely to remain high in periods ahead. Our primary focus is still on aggressive volume driven sales growth through both new and existing products which will further allow us to take advantage of economies of scale. The Company has a long term optimistic outlook for our business and is taking appropriate measure by optimizing operations and expanding the product base.

### Acknowledgement

Directors acknowledge the trust and continued support of valuable customers, financial institutions and shareholders towards the Company. They would also like to place on record their appreciation to all employees of the Company for their dedication, diligence and hard work.

On behalf of the Board of Director

Karachi: October 27, 2017

**MUNSARIM SAIFULLAH**  
CHIEF EXECUTIVE

## ڈائریکٹر کا جائزہ

کمپنی کے ڈائریکٹر مسرت کے ساتھ 30 ستمبر 2017 کی اختتام شدہ سرمایہ کی انفرادی واجتماعی غیر آڈٹ شدہ مالیاتی جائزہ پیش کرتے ہیں۔

تفصیل	30 ستمبر 2017	30 ستمبر 2016	تبدیلی
	ملین پاکستانی روپے	ملین پاکستانی روپے	فیصد
مجموعی فروخت	5,787	5,222	11%
مجموعی منافع	1,186	915	30%
خام منافع	501	462	8%
تقلیٰ اور محصول منافع	411	382	8%
بعد از محصول منافع	282	266	6%
نی چھ آمدن۔ روپے	4.41	4.17	6%

زیر جائزہ سرمایہ کے دوران متزلزل معاشی حالات و انتہائی مسابقتی کاروباری ماحول کے باوجود کمپنی کی اساس مضبوط رہی۔ کمپنی کی غذائی اور پلاسٹک شعبہ جات کی مجموعی کارکردگی اطمینان بخش رہی۔ سال گزشتہ کی ابتدائی سرمایہ کی فروخت کے مقابلہ میں اس سال اسی عرصہ میں فروخت 11 فیصد اضافی رہی جبکہ سال گزشتہ کی ابتدائی سرمایہ کے آپریٹنگ منافع کے مقابلہ میں اس سال اسی عرصہ میں آپریٹنگ منافع 8 فیصد زائد رہا۔ رواں سال کی پہلی سرمایہ میں چند کلیدی مصنوعات کی پیداواری صلاحیت میں اضافہ اور اگست میں کوئی کی حکمت عملی کی وجہ سے فی چھ آمدن گزشتہ سال کے اسی عرصہ کے مقابلہ میں 6 فیصد زائد ہوئی۔

مسابقتی کاروباری ماحول میں محتاط و جدید ذرائع فروخت اور مسلسل توجہ برائے لاگت میں کمی ہمیں مناسب حکمت عملی کے ساتھ ہمارے براڈ زور ہماری سلیز کے شعبہ کے ملازمین پر بھی سرمایہ کاری کا باعث بنا جو کہ ہماری مصنوعات کو اپنی سخت محنت سے مارکیٹ میں بلند یوں تک پہنچاتے ہیں۔ کمپنی نے سرمایہ کی ابتداء میں کلیدی پیداوار کے حوالہ سے جو مضبوط بندی کی تھی اس پر کاربند رہی جس کے مثبت نتائج برآمد ہوئے۔ ہم نے بھرپور کوشش سے اس امر کو یقینی بنایا کہ فروخت و تھیر میں کمی جانے والی سرمایہ کاری ہماری اہم ترین مصنوعات میں نظر آئے، جس کی مدد سے پیداواری صلاحیت میں اضافہ کے ساتھ مجموعی نتائج میں بھی بہتری آئی۔

### مستقبل کی پیش بینی

کاروباری فضا میں تقابل و مسابقت کے تسلسل کی امید ہے۔ ہماری بنیادی توجہ کار مرکز جارحانہ انداز میں بنی اور موجودہ مصنوعات کی فروخت کے حجم میں اضافہ ہے جو کہ ہمیں معاشی مثبت اعمیاریوں کے حصول میں معاون ثابت ہوں گے۔ کمپنی کاروبار کے اعتبار سے طویل الیحا پیش بندی کئے ہوئے ہے اور اس ضمن میں پیداواری صلاحیت اور انتظامی امور کی خاطر مناسب اقدامات کر رہی ہے۔

### خراج تحسین

ڈائریکٹر ز اپنے قابل احترام صارفین، حصص داران اور مالیاتی اداروں کا ان کے اعتماد اور مسلسل اعانت کے تہہ دل سے مشکور ہیں۔ چافٹائی اور انتہائی محنت کے صلہ میں ملازمین بھی تحسین کے مستحق ہیں۔

منجانب بورڈ آف ڈائریکٹرز

منصہ سیف اللہ

چیف ایگزیکٹو

کراچی: 27 اکتوبر 2017



## CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2017

	Note	(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipments	6	10,512,000,851	10,396,249,287
Long-term investments	7	3,945,527,240	3,925,677,319
Long-term deposits		48,237,213	33,358,415
<b>Total non-current assets</b>		<b>14,505,765,304</b>	<b>14,355,285,021</b>
<b>Current assets</b>			
Stores and spares	8	185,717,807	169,495,028
Stock-in-trade	9	4,617,017,932	4,863,525,805
Trade debts	10	1,443,973,716	1,442,852,765
Advances - considered good		325,723,899	369,770,405
Trade deposits and short-term prepayments		48,148,707	21,688,637
Other receivables		235,036,537	217,441,616
Taxation - net		761,188,097	766,013,092
Cash and bank balances	11	33,305,354	32,655,755
<b>Total current assets</b>		<b>7,650,112,049</b>	<b>7,883,443,103</b>
<b>Total assets</b>		<b>22,155,877,353</b>	<b>22,238,728,124</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Authorised share capital</b>			
250,000,000 (June 30, 2017: 250,000,000) ordinary share of Rs. 10 each		2,500,000,000	2,500,000,000
<b>Issued, subscribed and paid-up capital</b>			
63,804,750 (June 30, 2017: 63,804,750) ordinary shares of Rs.10 each full paid in cash		638,047,500	638,047,500
Reserves		5,649,257,649	5,633,601,413
<b>Total shareholders' equity</b>		<b>6,287,305,149</b>	<b>6,271,648,913</b>
<b>Non-current liabilities</b>			
Sponsors' loan - subordinated		902,151,770	902,151,770
Long-term finances - secured	13	6,140,767,651	6,524,794,709
Liabilities against assets subject to finance lease		194,033,944	168,176,412
Deferred liabilities		1,289,337,028	1,213,385,942
<b>Total non-current liabilities</b>		<b>8,526,290,393</b>	<b>8,808,508,833</b>
<b>Current liabilities</b>			
Trade and other payables	14	1,435,778,390	1,038,113,662
Accrued mark-up		80,410,243	93,598,715
Short-term finance - secured	15	3,372,442,675	3,783,293,527
Current portion of:			
- long-term finances - secured	13	2,289,083,623	2,078,107,585
- liabilities against assets subject to finance lease		89,765,618	80,377,295
Advances from customers		74,801,262	85,079,594
<b>Total current liabilities</b>		<b>7,342,281,811</b>	<b>7,158,570,378</b>
<b>Total liabilities</b>		<b>15,868,572,204</b>	<b>15,967,079,211</b>
Contingencies and commitments	16		
<b>Total equity and liabilities</b>		<b>22,155,877,353</b>	<b>22,238,728,124</b>

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

MUNSARIM SAIFULLAH  
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL  
DIRECTOR

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	September 30, 2017 Rupees	September 30, 2016 Rupees
Sales	20.1	5,787,381,007	5,221,856,088
Sales tax		(861,800,859)	(818,369,010)
Net sales		4,925,580,148	4,403,487,078
Cost of sales	20.1	(3,739,574,446)	(3,488,442,183)
<b>Gross profit</b>		<b>1,186,005,702</b>	<b>915,044,895</b>
Selling and distribution expenses		(583,333,504)	(408,626,202)
Administrative expenses		(101,956,652)	(44,340,149)
		(685,290,156)	(452,966,351)
<b>Operating profit</b>		<b>500,715,546</b>	<b>462,078,544</b>
Other expenses		(46,576,487)	(26,216,083)
		454,139,059	435,862,461
Other income		28,877,635	30,188,346
		483,016,694	466,050,807
Finance cost		(177,861,725)	(192,728,432)
		305,154,969	273,322,375
Share of profit from associate		105,386,049	108,467,823
<b>Profit before income tax</b>		<b>410,541,018</b>	<b>381,790,198</b>
Income tax expense		(128,845,591)	(115,822,230)
<b>Profit for the period</b>		<b>281,695,427</b>	<b>265,967,968</b>
<b>Earnings per share - basic and diluted</b>	17	<b>4.41</b>	<b>4.17</b>

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

MUNSARIM SAIFULLAH  
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL  
DIRECTOR

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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

**MAQSOOD ISMAIL**  
DIRECTOR

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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

MAQSOOD ISMAIL  
DIRECTOR

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

**MUNSARIM SAIFULLAH**  
CHIEF EXECUTIVE OFFICER

**MAQSOOD ISMAIL**  
DIRECTOR

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## FOR THE QUARTER ENDED SEPTEMBER 30, 2017

Ismail Industries Limited (the Company) was incorporated in Karachi, Pakistan as a private limited company on June 21, 1988. On November 01, 1989 the Company was converted into a public limited company. The registered office of the Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. 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.

The condensed interim financial information of the Company for the three months period ended September 30, 2017 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 or directives of Securities and Exchange Commission of Pakistan (SECP) have been followed.

This condensed interim financial statements is being submitted to the shareholders as required by section 245 of Companies Ordinance, 1984 and the Listing Regulation of Pakistan Stock Exchange Limited.

The condensed interim financial information does not include all of the information required for complete set of annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2017.

The 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.

The 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.

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2017.

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.

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, 2017.

This condensed interim financial information is presented in Pakistani Rupees which is also company's functional currency.

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



## 6 PROPERTY, PLANT AND EQUIPMENTS

	Note	(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
Operating fixed assets	6.1	9,292,995,943	9,221,162,306
Capital work in progress	6.2	1,219,004,908	1,175,086,981
		<b>10,512,000,851</b>	<b>10,396,249,287</b>

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

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----		-----At net book value-----	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	----- Rupees -----			
<b>Owned assets</b>				
Bulidig on leasehold land	96,973,758	-	-	-
Plant and machinery	46,053,404	927,289	-	-
Furniture and fittings	6,292,000	-	-	-
Equipment	81,565,900	331,900	-	-
Computers	1,714,150	726,808	-	43,396
Vehicles	4,627,390	21,282,280	452,329	88,528
	237,226,602	23,268,277	452,329	131,924
<b>Leased assets</b>				
Vehicles	52,230,000	13,664,160	-	-
	52,230,000	13,664,160	-	-
	<b>289,456,602</b>	<b>36,932,437</b>	<b>452,329</b>	<b>131,924</b>

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

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----			
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	----- Rupees -----			
Civil works	109,754,529	63,364,826	96,973,758	-
Plant and machinery	149,341,836	795,470,883	46,053,404	927,289
Electric installation	5,372,424	14,076,934	-	-
Equipments and fixtures	6,412,000	4,422,665	87,857,900	331,900
Software development	3,922,200	-	-	-
	274,802,989	877,335,308	230,885,062	1,259,189

## 7 LONG-TERM INVESTMENTS

	Note	(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
<b>Investment in subsidiary Company- unquoted shares</b>			
Hudson Pharma (Private) Limited	7.1	605,984,000	605,984,000
<b>Investment in associated undertakings</b>			
Novelty Enterprises (Private) Limited	7.2	228,737,812	228,737,812
The Bank of Khyber	7.3	2,761,645,428	2,782,115,507
		2,990,383,240	3,010,853,319
<b>Other investment-Available for sale</b>			
Bank Islami Pakistan Limited	7.5	349,160,000	308,840,000
		<b>3,945,527,240</b>	<b>3,925,677,319</b>

### 7.1 Hudson Pharma (Private) Limited

The Company holds 60,598,400 (2017: 60,598,400) shares of Hudson Pharma (Private) Limited, which is equivalent to 71.29% of total paid up capital, as a result of right issue which was not fully subscribed by the existing shareholders. The company is incorporated under companies ordinance 1984 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 company are manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing, wholesale and retail, trading and selling of all kinds of pharmaceutical drugs and medicines. However, the company has not commenced commercial operations yet. The shares of Hudson Pharma (Private) Limited are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of Hudson Pharma (Private) Limited is June 30.

### 7.2 Novelty Enterprises (Private) Limited

The Company holds 33% (2017: 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, 2017 based on un-audited financial statements amounted to Rs. 561.518 million (2017: Rs. 561.518 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.1,045.125 million (2017: Rs. 1,045.125 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

NEL has not commenced operations and hence the investment is stated at cost.

### 7.3 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 (2017: 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 financial information of the Bank for the nine-month periods ended September 30, 2017 and June 30, 2017. 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 September 30, 2017 was Rs. 3,138.891 million (June 30, 2017: Rs. 3,805.815 million)

7.4 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)
	September 30, 2017	June 30, 2017	September 30, 2017	June 30, 2017
Carrying value at beginning of the period	2,782,115,507	3,142,849,649	228,737,812	228,763,991
Share of profit relating to profit and loss account	105,386,049	468,315,392	-	(26,179)
Dividend received	-	(362,458,547)	-	-
Share of (loss)/profit relating to other comprehensive income - net of tax	(125,856,128)	(466,590,987)	-	-
	<b>2,761,645,428</b>	<b>2,782,115,507</b>	<b>228,737,812</b>	<b>228,737,812</b>

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

### 7.5 Bank Islami Pakistan Limited

	(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
Carrying Value	308,840,000	294,840,000
Unrealized appreciation in value of investment	40,320,000	14,000,000
Fair value of investment	349,160,000	308,840,000

### 8 STORES AND SPARES

Stores and spare parts - gross	111,541,792	176,317,379
Diesel and liquified petroleum gas	81,633,521	1,167,269
Others	1,133,914	61,800
Provision for slow moving spare parts	(8,591,420)	(8,051,420)
Store and spares - net	185,717,807	169,495,028

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

Opening provision	(8,051,420)	(7,511,420)
Charge for the period / year	(540,000)	(540,000)
Closing provision	(8,591,420)	(8,051,420)

### 9 STOCK-IN-TRADE

Raw materials	9.1	2,795,133,388	3,112,825,860
Packing materials	9.1	316,916,585	351,355,736
Work-in-process		132,765,528	151,165,802
Finished goods		1,372,202,431	1,248,178,407
		4,617,017,932	4,863,525,805

9.1 Raw materials and packing materials are stated at net of provision for slow moving items amounting to Rs.13,404,278 (June 30, 2017: Rs.13,404,278) and Rs.126,016,276 (June 30, 2017: Rs. 118,216,276) respectively.

### 10 TRADE DEBTS

Considered good			
- secured (export debtors)		96,722,082	124,849,742
- unsecured		1,347,251,634	1,318,003,023
		1,443,973,716	1,442,852,765
Considered doubtful		43,213,694	42,313,694
<b>Trade debts - gross</b>		1,487,187,410	1,485,166,459
Provision for doubtful debts		(43,213,694)	(42,313,694)
<b>Trade debts - net</b>		1,443,973,716	1,442,852,765

### 11 CASH AND BANK BALANCES

Cash in hand		990,660	1,802,402
Cash with banks in:			
- current accounts- conventional		29,617,038	27,087,396
- current accounts- islamic		2,697,656	3,765,957
		33,305,354	32,655,755

### 12 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 the Company's assets. These loans will be converted into ordinary shares and management are under advance stage of discussion for conversion to ordinary shares. The required formalities would be completed once final decision and agreement has been reached.

### 13 LONG TERM FINANCES - secured

	(Un-audited) September 30, 2017 Rupees			(Audited) June 30, 2017 Rupees		
	Conventional	Islamic	Total	Conventional	Islamic	Total
At beginning of the period / year	6,371,235,635	2,231,666,659	8,602,902,294	4,740,612,260	1,679,166,659	6,419,778,919
Obtained during the period / year	174,405,000	-	174,405,000	4,232,089,466	900,000,000	5,132,089,466
Repaid during the period / year	(244,122,686)	(103,333,334)	(347,456,020)	(2,601,466,091)	(347,500,000)	(2,948,966,091)
	6,301,517,949	2,128,333,325	8,429,851,274	6,371,235,635	2,231,666,659	8,602,902,294
	(1,513,250,306)	(775,833,317)	(2,289,083,623)	(1,441,857,599)	(636,249,986)	(2,078,107,585)
Less: Current maturity	4,788,267,643	1,352,500,008	6,140,767,651	4,929,378,036	1,595,416,673	6,524,794,709

13.1 These represent term finance facilities obtained for property, plant, and equipments. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over property, plant and equipments 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% and from 0.25% to 1 % above the State Bank of Pakistan rate for LTFF.

### 14 TRADE AND OTHER PAYABLES

	Note	(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
Trade creditors		614,549,992	660,782,576
Other liabilities		821,228,398	377,331,086
		1,435,778,390	1,038,113,662

### 15 SHORT TERM FINANCES - Secured

Term finances-conventional	15.1	249,999,976	1,096,074,976
Term finances-islamic	15.2	1,002,694,418	1,430,002,161
Export refinances	15.3	423,850,000	451,000,000
Running finance utilized under mark-up arrangement	15.4	1,695,898,281	806,216,390
		3,372,442,675	3,783,293,527

15.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,250 million (2017: Rs. 2,100 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 5.98% to 6.26% per annum (2017: 5.98% to 7.05% per annum).

15.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,100 million (2017: Rs. 2,400 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 6.26% to 6.30% per annum (2017: 6.22% to 6.31% per annum).

15.3 These represented facilities for export refinance arranged from various banks aggregating to Rs. 604 million (2017: Rs. 631 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 ranging from 0.25% to 0.50% above the State Bank of Pakistan (SBP) rate per annum (2017: 0.25% to 0.50% above SBP rate per annum).

15.4 These facilities for running finances available from various banks aggregated to Rs. 3,686 million (2017: Rs. 3,509 million). These are secured against pari-passu / ranking hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 6.29% to 6.53% per annum (2017: 6.27% to 7.30% per annum).

## 16 CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

- 16.1.1** The Company has filed an appeal before the Commissioner (Appeals), LTU, Karachi against certain add-backs out of expenses claimed and short tax credit allowed during the proceeding u/s 122 5A of the Ordinance. As per the legal counsel of the Company the order of the commissioner will not have any impact on the tax liability of the Company as it falls under minimum tax.
- 16.1.2** As the Ministry of Industries has declared BOPET film manufacturing project of the Company as Pioneer Industry, after which imports of capital goods shall be duty free. The Company approached Board of Investment (BOI) for the permission of imports who entertained the request and is in the process of evaluating the permission of import vide SRO 41(I)/2009. In the meantime, the Company imported some capital goods and as per section 81 of The Customs Act, 1969, issued post dated cheques amounting to Rs. 557.403 million (2016: Rs. 557.403 million) for provisional clearance in favor of Collector of Custom. However, due to delay on the part of Federal Board of Revenue, the formal SRO to endorse the decision of Ministry of Industries is still awaited. The company had filed the subject petition to refrain FBR and Pakistan Customs to encash the securities submitted against the provisional release of the plant and machineries, and also to issue formal notification to endorse the earlier decision of the Ministry of Industries dated August 15, 2012. The High Court vide order dated May 13, 2015, has passed interim orders in favor of the company which are still operative. The management of the Company, based on legal counsel's opinion, is confident that exemption shall be granted on duties related to import of capital goods against BOPET project retrospective.
- 16.1.3** The Company has filed suit against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in Sindh High Court against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% import duty on import of Poly Ethylene Terephthalate (PET). In this connection Sindh High Court vide order dated March 12, 2013 directed that custom duties at the rate of 3% to be paid by the Company and insofar as differential amount is concerned 2.5% shall be deposited in cash and 2.5% shall be paid through post dated cheques to the Nazir of the High Court. In this connection the Company has deposited pay orders amounting to Rs. 100.217 million (2017: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2017: Rs. 100.217 million) in favor of Nazir of High Court as directed. Further, the Company has filed petition for rationalization of duty structure on PET Resin. Subsequent to the year end, the main grievance of the Company for classifying the Pet Resin (Film Grade) and Pet Resin (Yarn Grade) under the same PCT Heading has already been redresses in Fiscal Budget (2015-16) and from 01st July, 2015, the major raw material for BOPET film manufacturing i.e. PET Resin – Film Grade is being imported on the same rate as applicable to PET Resin – Yarn Grade. However, the retrospective relief on the previous consignments has been regretted by the High Court which has been challenged in the Honorable Supreme Court of Pakistan. As per legal Counsel, there is no immediate financial liability against the Company in the above mentioned matter and has a good prima facie case.
- 16.1.4** The Company has filed the petition in the High Court of Sindh against the Federation of Pakistan and others in order to obtain the benefit of exemption of advance tax on import of plant and machinery on the basis of SRO 947 of 2008. The Commissioner (Inland Revenue) refused to issue exemption certificate in respect of withholding tax at import stage in respect of plant and machinery in terms of SRO 947 of 2008. The company has imported various plant and machinery against the irrevocable letter of credit which were not released by the custom authorities. The intention of the company to install this plant and machinery to extend and expand its existing business operations. Furthermore, the company is not going to pay any tax on income from business under the ordinance on account of brought forward assessed losses available to the company for the tax year 2017. However, the High Court ordered to release the goods after the company provides bank guarantee of Rs. 91.115 million with the Nazir of the High Court against all the consignments which are released under similar circumstances. The case is still pending in the High Court while the legal counsel is of the opinion that the company has a good prima facie case.
- 16.1.5** During the current year, Federal Board of Revenue has issued a show cause notice (SCN) on the basis of scrutiny of sales tax returns for the various tax periods which revealed that the company has claimed input tax of Astro Plastics (Private) Limited (APL) amounting to Rs. 477,804,698 in the sales tax return of the Ismail Industries Limited (IIL). In response of the SCN, the Company has given the reference of the letter (Dated: October 2016) sent to Federal Board of Revenue in which it was mentioned that High Court of Sindh, at Karachi, has sanctioned the petition no. J.Misc. 13/ 2016 for amalgamation by way of merger of APL and its members with and into IIL and its members. However, the company has obtained the stay order from the Court and the case is still pending in the High Court.

- 16.1.6** The Company has filed sale tax reference with the High Court of Sindh upon the dismissal of appeal filed by the Company before the Appellate Tribunal for tax year 2013. The High Court of Sindh has restrained the Commissioner Inland Revenue from initiating the proceeding on the basis of the order passed by the Appellate Tribunal as well as operation of the Order / Judgement passed by the Tribunal has also been suspended. As per the opinion of legal counsel, there is no immediate financial liability against the Company and has good arguable case on merits.
- 16.1.7** The Company has filed the suit in High Court against the Excise and Taxation Department in respect of infrastructure cess / fee being charged by the Government of Sindh on Imports and prayed to declare that Sindh Finance (Amendment) Act, 2009 and / or rules made thereunder to be unconstitutional, illegal, void ab initio, and of no legal effect. In all the five versions of the law i.e Sindh Finance Act / Ordinance, the incidence of tax arise upon ensuring of goods entering or leaving the province and such goods enter or leave the country through air or sea. Furthermore, import and export are within the exclusive domain of the federal legislature i.e. the sindh legislature throughout lacked the jurisdiction to impose the levy. The imported goods were not released by the custom authorities without paying the infrastructure cess / fee charged by the Government of Sindh. In order to release the goods from the custom authority. Subsequently, the High Court ordered to release the goods upon furnishing Bank Guarantee amounting to Rs. 90,469,505 which is equivalent to 50 % of amount of cess. The case is still pending in High Court.
- 16.1.8** In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the subject, where it had up held that the earlier introduction of GIDC Act 2011 was unconstitutional and ultra vires on the ground, amongst others, that GIDC was a 'Fee' and not a 'Tax' and the same suit was also filed against Federation of Pakistan, OGRA, SSGC and SNGPL in different Honorable High Courts of Pakistan by Industry at Large. In May 2015, the Government passed the GIDC Act, 2015 and the Company has challenged the GIDC Act 2015 and filed writ petition in the Sindh High Court (SHC) including retrospective treatment of the provisions of the GIDC Act, 2015. On October 2015, SHC decided this suit in favor of Company with the instructions to refund the GIDC collected so far by the Federation. However, the Government filed an appeal in SHC, where the Company was not party to such litigation. Since this issue is being faced by industry at large, management is of the view that there is no need to maintain any provision against this liability. The legal counsel of the company is confident that decision of the case will be in favor of the Company.
- 16.1.9** The Company has filed sale tax reference with the High Court of Sindh upon the dismissal of appeal filed by the Company before the Appellate Tribunal for tax year 2013. The High Court of Sindh has restrained the Commissioner Inland Revenue from initiating the proceeding on the basis of the order passed by the Appellate Tribunal as well as operation of the Order / Judgement passed by the Tribunal has also been suspended. As per the opinion of legal counsel, there is no immediate financial liability against the Company and has good arguable case on merits.
- 16.1.10** The Company filed a Constitutional Petition before the Sindh High Court challenging the vires of Section 5A of the Income Tax Ordinance, 2001 which was amended through Finance Act 2017 that every public company shall pay tax @ 7.5% of its accounting profit before tax for the year in which such company does not distribute at least 40% of its after tax profits within six (6) months of the end of the tax year through cash or bonus shares. The Sindh High Court has accepted the Constitutional Petition and granted stay against the newly amended section 5A. Further, the Board of Directors of the Company in their meeting dated September 22, 2017 has proposed cash dividend in respect of the year ended June 30, 2017 of Rs. 2.75/- per share which amounts to Rs. 175.463 million (i.e. 15.05% of after tax profits) for the financial and tax year 2017, which is lower than the minimum prescribed distribution rate. In case the Sindh High Court's decision is not in favor of the Company; the Company will either be required to declare dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.5% of the accounting profit before tax of the Company for the financial year ended June 30, 2017.



	Note	(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
<b>16.2 Commitments</b>			
Outstanding letter of guarantees		609,760,124	481,662,420
Outstanding letter of credit for:			
- capital expenditures		348,812,854	313,270,182
- others		290,211,237	653,704,383

	Note	(Un-audited) September 30, 2017 Rupees	(Un-audited) September 30, 2016 Rupees
<b>17 EARNINGS PER SHARE-Basic and Diluted</b>			
There is no dilutive effect on the basic earnings per share of the company which is based on:			
<b>Basic earnings per share</b>			
Profit for the period		281,695,427	265,967,968
Weighted average number of ordinary shares during the period		----- (Number) ----- 63,804,750	63,804,750
Basic earnings per share		----- (Rupees) ----- 4.41	4.17

## 18 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Profit before income tax		410,541,018	381,790,198
<b>Adjustments for non-cash and other items:</b>			
Depreciation		217,170,636	176,663,254
Gain on disposal of property, plant and equipments - net		(38,171)	(20,376)
Loss on sale of investment		-	131,966
Provision for staff retirement gratuity		15,436,894	2,097,171
Share of profit from associated undertaking		(105,386,049)	(108,467,823)
Finance cost		177,861,725	192,728,432
Net decrease in working capital	18.1	(859,453,752)	(648,447,350)

## 18.1 Working capital changes

### Current assets

#### Decrease / (Increase) in current assets

Stores and spares	(16,222,779)	(13,210,620)
Stock-in-trade	246,507,873	217,762,125
Trade debts	(1,120,951)	(120,465,647)
Advances - considered good	44,046,506	(267,819,517)
Trade deposits and short-term prepayments	(26,460,070)	(11,069,557)
Other receivables	(17,594,921)	(18,487,785)
	229,155,658	(213,291,001)

### Current liabilities

#### (Decrease) / Increase in current liabilities

Trade and other payables	222,201,665	(538,327,990)
Short-term finances	(1,300,532,743)	136,334,729
Advance from customers	(10,278,332)	(33,163,088)
	(1,088,609,410)	(435,156,349)
<b>Net decrease in working capital</b>	<b>(859,453,752)</b>	<b>(648,447,350)</b>

	Note	(Un-audited) September 30, 2017 Rupees	(Un-audited) September 30, 2016 Rupees
<b>19 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	11	33,305,354	58,469,139
Running finances under mark-up arrangement	15	(1,695,898,281)	(1,861,274,112)
		(1,662,592,927)	(1,802,804,973)

## 20 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.

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

- 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.

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

	(Un-audited) Quarter ended					
	Food Processing		Plastic Film		Total	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	Rupees					
<b>20.1</b>						
Sales						
Local	4,905,477,740	4,198,840,931	1,324,542,464	1,171,317,917	6,230,020,204	5,370,158,848
Export	188,179,541	135,699,065	22,550,199	27,162,546	210,729,740	162,861,611
Export rebates	2,324,460	2,961,414	-	-	2,324,460	2,961,414
	5,095,981,741	4,337,501,410	1,347,092,663	1,198,480,463	6,443,074,404	5,535,981,873
Less:						
Sales return and discounts	(570,629,363)	(310,271,643)	(85,064,034)	(3,854,142)	(655,693,397)	(314,125,785)
Sales tax	(675,587,790)	(628,666,457)	(186,213,069)	(189,702,553)	(861,800,859)	(818,369,010)
	(1,246,217,153)	(938,938,100)	(271,277,103)	(193,556,695)	(1,517,494,256)	(1,132,494,795)
Net sales	3,849,764,588	3,398,563,310	1,075,815,560	1,004,923,768	4,925,580,148	4,403,487,078
Cost of sales	(2,806,177,482)	(2,586,090,845)	(933,396,964)	(902,351,338)	(3,739,574,446)	(3,488,442,183)
Selling and distribution	(545,734,059)	(380,903,509)	(37,599,445)	(27,722,693)	(583,333,504)	(408,626,202)
Administrative expenses	(99,041,018)	(40,829,975)	(2,915,634)	(3,510,174)	(101,956,652)	(44,340,149)
	(3,450,952,559)	(3,007,824,329)	(973,912,043)	(933,584,205)	(4,424,864,602)	(3,941,408,534)
<b>Segment result</b>	<b>398,812,029</b>	<b>390,738,981</b>	<b>101,903,517</b>	<b>71,339,563</b>	<b>500,715,546</b>	<b>462,078,544</b>
<b>Unallocated income and expenses</b>						
Other operating income					28,877,635	30,188,346
Finance cost					(177,861,725)	(192,728,432)
Other operating expenses					(46,576,487)	(26,216,083)
Share of profit from associated undertakings					105,386,049	108,467,823
<b>Profit before taxation</b>					<b>410,541,018</b>	<b>381,790,198</b>
Income tax expense					(128,845,591)	(115,822,230)
<b>Profit for the period</b>					<b>281,695,427</b>	<b>265,967,968</b>

	(Un-audited) Food Segment	(Audited) June 30, 2017	(Un-audited) Plastic Segment	(Audited) June 30, 2017	(Un-audited) Total	(Audited) June 30, 2017
	September 30, 2017	September 30, 2017	September 30, 2017	September 30, 2017	September 30, 2017	September 30, 2017
	Rupees					
<b>20.2</b> Segment assets	7,659,276,189	11,985,334,104	10,394,438,211	6,166,762,839	18,053,714,400	18,152,096,943
<b>20.3</b> Unallocated assets	-	-	-	-	4,102,162,953	4,086,631,181
	7,659,276,189	11,985,334,104	10,394,438,211	6,166,762,839	22,155,877,353	22,238,728,124
<b>20.4</b> Segment liabilities	659,806,112	1,391,716,778	4,303,626,458	3,784,282,086	4,963,432,570	5,175,998,864
<b>20.5</b> Unallocated liabilities	-	-	-	-	10,905,139,634	10,791,080,347
	659,806,112	1,391,716,778	4,303,626,458	3,784,282,086	15,868,572,204	15,967,079,211

## 20.6 Inter-segment pricing

Transactions among the business segments are recorded at estimated cost.

**20.7** The Company's export sales have been primarily made to countries in the Middle East, Africa and South Asia. However, no material amount of export sales have been made to any one or more particular countries.

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

## 20.9 RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES

		(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
<b>Assets</b>			
Total assets for reportable segments	20.2	18,053,714,400	18,152,096,943
Administrative capital assets		156,635,713	160,953,862
Long term investment	7	3,945,527,240	3,925,677,319
Total assets		22,155,877,353	22,238,728,124
<b>Liabilities</b>			
Total liabilities for reportable segments	20.4	4,963,432,570	5,175,998,864
Sponsors' loan - subordinated		902,151,770	902,151,770
Deferred liabilities		1,289,337,028	1,037,472,576
Long term finance	13	8,429,851,274	8,602,902,294
Liabilities against assets subject to finance lease		283,799,562	248,553,707
Total liabilities		15,868,572,204	15,967,079,211

## 21 TRANSACTIONS WITH RELATED PARTIES

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

		(Un-audited) September 30, 2017 Rupees	September 30, 2016 Rupees
<b>Transactions</b>			
<b>Plasitflex Films (Private) Limited</b> <i>(formerly Flexipack Films (Private) Limited)</i>			
Close family relationship			
- Payment against purchases		7,910,009	11,152,606
- Purchases		8,394,028	11,463,976
<b>Others</b>			
<b>Remuneration to directors and other key management personnel:</b>			
Chief Executive Officer		1,750,000	1,500,000
Directors		2,775,000	2,349,999
Executives		52,770,279	40,745,636
		57,295,279	44,595,635
<b>Balances</b>			
<b>Creditors - associated company</b>			
-Payable to associate		15,576,674	15,092,655
<b>Sponsors' subordinated - loan</b>			
Payable to director's		902,151,770	902,151,770

## 22 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27th October, 2017 by the Board of the Company.

MUNSARIM SAIFULLAH  
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL  
DIRECTOR

# CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT FOR THE QUARTER ENDED SEPTEMBER 30, 2017

# CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2017

	Note	(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipments	6	11,534,444,776	11,362,732,876
Goodwill		11,959,187	11,959,187
Long-term investments	7	3,339,543,240	3,319,693,319
Long-term deposits		50,514,771	35,635,973
<b>Total non-current assets</b>		<b>14,936,461,974</b>	<b>14,730,021,355</b>
<b>Current assets</b>			
Stores and spares	8	185,717,807	169,495,028
Stock-in-trade	9	4,617,017,932	4,863,525,805
Trade debts	10	1,443,973,716	1,442,852,765
Advances - considered good		348,854,144	376,350,875
Trade deposits and short-term prepayments		48,607,357	21,688,637
Other receivables		235,036,537	217,475,557
Taxation - net		769,794,003	774,157,713
Cash and bank balances	11	38,537,517	34,125,833
<b>Total current assets</b>		<b>7,687,539,013</b>	<b>7,899,672,213</b>
<b>Total assets</b>		<b>22,624,000,986</b>	<b>22,629,693,568</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
<b>Authorised share capital</b>			
250,000,000 (June 30, 2017: 250,000,000) ordinary share of Rs. 10 each		2,500,000,000	2,500,000,000
<b>Issued, subscribed and paid-up capital</b>			
63,804,750 (June 30, 2017: 63,804,750) ordinary shares of Rs.10 each full paid in cash		638,047,500	638,047,500
Non-controlling interest		152,902,904	231,091,188
Reserves		5,698,127,975	5,613,640,729
<b>Total shareholders' equity</b>		<b>6,489,078,379</b>	<b>6,482,779,417</b>
<b>Non-current liabilities</b>			
Sponsors' loan - subordinated		902,151,770	902,151,770
Long-term finances - secured	13	6,278,267,651	6,674,794,709
Liabilities against assets subject to finance lease		194,033,944	168,176,412
Deferred liabilities		1,292,210,708	1,215,829,176
<b>Total non-current liabilities</b>		<b>8,666,664,073</b>	<b>8,960,952,067</b>
<b>Current liabilities</b>			
Trade and other payables	14	1,549,255,113	1,065,505,368
Accrued mark-up		80,410,243	93,598,715
Short-term finance - secured	15	3,372,442,675	3,783,293,527
Current portion of:			
- long-term finances - secured	13	2,301,583,623	2,078,107,585
- liabilities against assets subject to finance lease		89,765,618	80,377,295
Advances from customers		74,801,262	85,079,594
<b>Total current liabilities</b>		<b>7,468,258,534</b>	<b>7,185,962,084</b>
<b>Total liabilities</b>		<b>16,134,922,607</b>	<b>16,146,914,151</b>
Contingencies and commitments	16		
<b>Total equity and liabilities</b>		<b>22,624,000,986</b>	<b>22,629,693,568</b>

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

MUNSARIM SAIFULLAH  
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL  
DIRECTOR

# CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

	Note	September 30, 2017 Rupees	September 30, 2016 Rupees
Sales	20.1	5,787,381,007	5,221,856,088
Sales tax		(861,800,859)	(818,369,010)
Net sales		4,925,580,148	4,403,487,078
Cost of sales	20.1	(3,739,574,446)	(3,488,442,183)
<b>Gross profit</b>		<b>1,186,005,702</b>	<b>915,044,895</b>
Selling and distribution expenses		(583,333,504)	(408,626,202)
Administrative expenses		(111,197,604)	(52,898,323)
		(694,531,108)	(461,524,525)
<b>Operating profit</b>		<b>491,474,594</b>	<b>453,520,370</b>
Other expenses		(46,576,487)	(26,216,083)
		444,898,107	427,304,287
Other income		28,877,635	30,188,346
		473,775,742	457,492,633
Finance cost		(177,978,047)	(192,728,432)
		295,797,695	264,764,201
Share of profit from associate		105,386,049	108,467,823
<b>Profit before income tax</b>		<b>401,183,744</b>	<b>373,232,024</b>
Income tax expense		(128,845,591)	(115,822,230)
<b>Profit for the period</b>		<b>272,338,153</b>	<b>257,409,794</b>
<b>Profit for the year attributable to:</b>			
Shareholders of the Holding Company		350,526,437	259,866,845
Non-controlling interest		(78,188,284)	(2,457,051)
		272,338,153	257,409,794
<b>Earnings per share - basic and diluted</b>	17	<b>4.27</b>	<b>4.03</b>

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

MUNSARIM SAIFULLAH  
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL  
DIRECTOR



FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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

**MAQSOOD ISMAIL**  
DIRECTOR

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

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

MAQSOOD ISMAIL  
DIRECTOR

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

Share capital	Capital to be issued pursuant to amalgamation	Total Reserves					Non-controlling Interest	Total shareholders' equity	
		Capital reserve	Revenue reserve			Total reserves			
			Share premium	Amalgamation reserves	Share of AFS remeasurement from associate				Unappropriated profit classified as 'available for sale'
505,207,500	132,840,000	579,265,000	916,862,067	382,805,697	13,741,613	3,468,829,978	5,360,837,355	239,226,433	6,238,111,288
-	-	-	-	-	-	259,866,845	259,866,845	(2,457,051)	257,409,794
-	-	-	-	(54,257,012)	46,795,000	259,866,845	252,404,833	(7,462,012)	(7,462,012)
-	-	-	-	(54,257,012)	46,795,000	259,866,845	252,404,833	(2,457,051)	249,947,782
505,207,500	132,840,000	579,265,000	916,862,067	-	-	328,548,685	59,869,613	(414,730,875)	(414,730,875)
							3,343,965,948	5,198,511,313	234,769,382
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
-	-	-	-	-	-	350,526,437	350,526,437	(78,188,284)	272,338,153
-	-	-	-	(125,856,128)	35,280,000	-	(90,576,128)	-	(90,576,128)
-	-	-	-	(125,856,128)	35,280,000	350,526,437	259,950,309	(78,188,284)	181,762,025
638,047,500	-	579,265,000	916,862,067	(209,641,418)	58,749,613	4,352,892,713	5,698,127,075	152,902,904	6,489,078,379

**Balance as at June 30, 2016**  
Profit for the three month period ended September 30, 2016  
Total other comprehensive income for the three month period ended September 30, 2016  
Total comprehensive income  
**Transaction with owners, recognised directly in equity**  
Cash dividend paid for the year ended June 30, 2016 @ Rs. 6.50 per share  
**Balance as at September 30, 2016**  
**Balance as at June 30, 2017**  
Profit for the three month period ended September 30, 2017  
Total other comprehensive income for the three month period ended September 30, 2017  
Total comprehensive income  
**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 September 30, 2017**

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

**MUNSARIM SAIFULLAH**  
CHIEF EXECUTIVE OFFICER

**MAQSOOD ISMAIL**  
DIRECTOR

## SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2017

## 1 LEGAL STATUS AND OPERATIONS

### 1.1 The Group consist of:

**Holding company :** Ismail Industries Limited

**Subsidiary companies :** 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 company is incorporated in Karachi, Pakistan under the Companies Ordinance, 1984 (the Ordinance) as a private company limited by shares. The registered office of the company is located at 17, Bangalore Town, Main Shahr-e-Faisal, Karachi. Principal activities of the 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 STATEMENT OF COMPLIANCE

The consolidated condensed interim financial information of the Group for the three months period ended September 30, 2017 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 or directives of Securities and Exchange Commission of Pakistan (SECP) have been followed.

This consolidated condensed interim financial statements is being submitted to the shareholders as required by section 245 of Companies Ordinance, 1984 and the Listing Regulation of Pakistan Stock Exchange Limited.

The consolidated condensed interim financial information does not include all of the information required for complete set of annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2017.

## 2.1 Basis of measurement

The consolidated 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.

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

### 3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

**3.1** The accounting policies and methods of computation adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the financial statements of the Group for the year ended June 30, 2017.

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

#### 4 USE OF JUDGEMENTS AND ESTIMATES

The estimates / judgments and associated assumptions used in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the financial statements of the Group for the year ended June 30, 2017.

#### 5 FUNCTIONAL AND PRESENTATION CURRENCY

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

#### 6 PROPERTY, PLANT AND EQUIPMENTS

	Note	(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
Operating fixed assets	6.1	9,332,164,947	9,254,678,590
Capital work in progress	6.2	2,202,279,829	2,108,054,286
		<b>11,534,444,776</b>	<b>11,362,732,876</b>

6.1 Details of additions and deletions to operating fixed assets during the three-month period are as follows:

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----		-----At net book value-----	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	----- Rupees -----			
<b>Owned assets</b>				
Bulidig on leasehold land	96,973,758	-	-	-
Plant and machinery	46,053,404	927,289	-	-
Furniture and fittings	6,292,000	-	-	-
Equipment	83,361,850	723,182	-	-
Computers	4,041,995	842,808	-	43,396
Vehicles	7,301,190	23,038,495	452,329	88,528
	<b>244,024,197</b>	<b>25,531,774</b>	<b>452,329</b>	<b>131,924</b>
<b>Leased assets</b>				
Vehicles	52,230,000	13,664,160	-	-
	<b>52,230,000</b>	<b>13,664,160</b>	<b>-</b>	<b>-</b>
	<b>296,254,197</b>	<b>39,195,934</b>	<b>452,329</b>	<b>131,924</b>

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

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----		-----At net book value-----	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	----- Rupees -----			
Civil works	128,632,952	79,111,087	96,973,758	-
Plant and machinery	182,566,979	809,198,076	46,053,404	927,289
Electric installation	5,372,424	14,076,934	-	-
Equipments and fixtures	6,412,000	7,124,553	89,653,850	723,182
Software development	3,922,200	-	-	-
	<b>326,906,555</b>	<b>909,510,650</b>	<b>232,681,012</b>	<b>1,650,471</b>

#### 7 LONG-TERM INVESTMENTS

##### Investment in associated undertakings

Note	(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
Novelty Enterprises (Private) Limited	228,737,812	228,737,812
The Bank of Khyber	2,761,645,428	2,782,115,507
	<b>2,990,383,240</b>	<b>3,010,853,319</b>
<b>Other investment-Available for sale</b>		
Bank Islami Pakistan Limited	349,160,000	308,840,000
	<b>3,339,543,240</b>	<b>3,319,693,319</b>

##### 7.1 Novelty Enterprises (Private) Limited

The Holding Company holds 33% (2017: 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, 2017 based on un-audited financial statements amounted to Rs. 561.518 million (2017: Rs. 561.518 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.1,045.125 million (2017: Rs. 1,045.125 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

NEL has not commenced operations and hence the investment is stated at cost.

##### 7.2 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 (2017: 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 consolidated financial statements have been taken from condensed interim financial information of the Bank for the nine-month periods ended September 30, 2017 and June 30, 2017. 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 September 30, 2017 was Rs. 3,138.891 million (June 30, 2017: Rs. 3,805.815 million)

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

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	(Un-audited) September 30, 2017	(Audited) June 30, 2017	(Un-audited) September 30, 2017	(Audited) June 30, 2017
Carrying value at beginning of the period	2,782,115,507	3,142,849,649	228,737,812	228,763,991
Share of profit relating to profit and loss account	105,386,049	468,315,392	-	(26,179)
Dividend received	-	(362,458,547)	-	-
Share of (loss)/profit relating to other comprehensive income - net of tax	(125,856,128)	(466,590,987)	-	-
	<b>2,761,645,428</b>	<b>2,782,115,507</b>	<b>228,737,812</b>	<b>228,737,812</b>

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



		(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
<b>7.4 Bank Islami Pakistan Limited</b>			
Carrying Value		308,840,000	294,840,000
Unrealized appreciation in value of investment		40,320,000	14,000,000
Fair value of investment		349,160,000	308,840,000
<b>8 STORES AND SPARES</b>			
Stores and spare parts - gross		111,541,792	176,317,379
Diesel and liquified petroleum gas		81,633,521	1,167,269
Others		1,133,914	61,800
Provision for slow moving spare parts	8.1	(8,591,420)	(8,051,420)
Store and spares - net		185,717,807	169,495,028
<b>8.1 Reconciliation of provision for slow moving spare parts</b>			
Opening provision		(8,051,420)	(7,511,420)
Charge for the period / year		(540,000)	(540,000)
Closing provision		(8,591,420)	(8,051,420)
<b>9 STOCK-IN-TRADE</b>			
Raw materials	9.1	2,795,133,388	3,112,825,860
Packing materials	9.1	316,916,585	351,355,736
Work-in-process		132,765,528	151,165,802
Finished goods		1,372,202,431	1,248,178,407
		4,617,017,932	4,863,525,805
<b>9.1</b>	Raw materials and packing materials are stated at net of provision for slow moving items amounting to Rs.13,404,278 (June 30, 2017: Rs.13,404,278) and Rs.126,016,276 (June 30, 2017: Rs. 118,216,276) respectively.		
		(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
<b>10 TRADE DEBTS</b>			
Considered good			
- secured (export debtors)		96,722,082	124,849,742
- unsecured		1,347,251,634	1,318,003,023
		1,443,973,716	1,442,852,765
Considered doubtful		43,213,694	42,313,694
<b>Trade debts - gross</b>		1,487,187,410	1,485,166,459
Provision for doubtful debts		(43,213,694)	(42,313,694)
<b>Trade debts - net</b>		1,443,973,716	1,442,852,765
<b>11 CASH AND BANK BALANCES</b>			
Cash in hand		1,191,678	1,928,660
Cash with banks in:			
- current accounts- conventional		34,648,183	28,431,216
- current accounts- islamic		2,697,656	3,765,957
		38,537,517	34,125,833

## 12 SPONSORS' LOAN - SUBORDINATED

The Holding Company has obtained interest free loan from its sponsors. The sponsors have entered into agreements with the Holding Company and various banks in which they have undertaken to sub-ordinate their loans and their claims over the Holding Company's assets. These loans will be converted into ordinary shares and management are under advance stage of discussion for conversion to ordinary shares. The required formalities would be completed once final decision and agreement has been reached.

## 13 LONG TERM FINANCES - secured

	(Un-audited) September 30, 2017 Rupees			(Audited) June 30, 2017 Rupees		
	Conventional	Islamic	Total	Conventional	Islamic	Total
At beginning of the period / year	6,521,235,635	2,231,666,659	8,752,902,294	4,740,612,260	1,679,166,659	6,419,778,919
Obtained during the period / year	174,405,000	-	174,405,000	4,382,089,466	900,000,000	5,282,089,466
Repaid during the period / year	(244,122,686)	(103,333,334)	(347,456,020)	(2,601,466,091)	(347,500,000)	(2,948,966,091)
	6,451,517,949	2,128,333,325	8,579,851,274	6,521,235,635	2,231,666,659	8,752,902,294
Less: Current maturity	(1,525,750,306)	(775,833,317)	(2,301,583,623)	(1,441,857,599)	(636,249,986)	(2,078,107,585)
	4,925,767,643	1,352,500,008	6,278,267,651	5,079,378,036	1,595,416,673	6,674,794,709

**13.1** These represent term finance facilities obtained for property, plant, and equipments. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over property, plant and equipments of the group 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% and from 0.25% to 1 % above the State Bank of Pakistan rate for LTFF.

		(Un-audited) September 30, 2017 Rupees	(Audited) June 30, 2017 Rupees
<b>14 TRADE AND OTHER PAYABLES</b>	Note		
Trade creditors		614,549,992	660,542,576
Other liabilities		934,705,121	404,962,792
		1,549,255,113	1,065,505,368
<b>15 SHORT TERM FINANCES - Secured</b>			
Term finances-conventional	15.1	249,999,976	1,096,074,976
Term finances-islamic	15.2	1,002,694,418	1,430,002,161
Export refinances	15.3	423,850,000	451,000,000
Running finance utilized under mark-up arrangement	15.4	1,695,898,281	806,216,390
		3,372,442,675	3,783,293,527

**15.1** These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,250 million (2017: Rs. 2,100 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Holding Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 5.98% to 6.26% per annum (2017: 5.98% to 7.05% per annum).

**15.2** These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,100 million (2017: Rs. 2,400 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Holding Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 6.26% to 6.30% per annum (2017: 6.22% to 6.31% per annum).

**15.3** These represented facilities for export refinance arranged from various banks aggregating to Rs. 604 million (2017: Rs. 631 million). These are secured against pari-passu hypothecation of stocks, book debts and lien on export letters of credits of the Holding Company along with the personal guarantees of the directors. These carried mark-up at the rate ranging from 0.25% to 0.50% above the State Bank of Pakistan (SBP) rate per annum (2017: 0.25% to 0.50% above SBP rate per annum).

**15.4** These facilities for running finances available from various banks aggregated to Rs. 3,686 million (2017: Rs. 3,509 million). These are secured against pari-passu / ranking hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 6.29% to 6.53% per annum (2017: 6.27% to 7.30% per annum).

## 16 CONTINGENCIES AND COMMITMENTS

### 16.1 Contingencies

- 16.1.1** The Holding Company has filed an appeal before the Commissioner (Appeals), LTU, Karachi against certain add-backs out of expenses claimed and short tax credit allowed during the proceeding u/s 122 5A of the Ordinance. As per the legal counsel of the Holding Company the order of the commissioner will not have any impact on the tax liability of the Holding Company as its falls under minimum tax.
- 16.1.2** As the Ministry of Industries has declared BOPET film manufacturing project of the Holding Company as Pioneer Industry, after which imports of capital goods shall be duty free. The Holding Company approached Board of Investment (BOI) for the permission of imports who entertained the request and is in the process of evaluating the permission of import vide SRO 41(I)/2009. In the meantime, the Holding Company imported some capital goods and as per section 81 of The Customs Act, 1969, issued post dated cheques amounting to Rs. 557.403 million (2017: Rs. 557.403 million) for provisional clearance in favor of Collector of Custom. However, due to delay on the part of Federal Board of Revenue, the formal SRO to endorse the decision of Ministry of Industries is still awaited. The Holding Company had filed the subject petition to refrain FBR and Pakistan Customs to encash the securities submitted against the provisional release of the plant and machineries, and also to issue formal notification to endorse the earlier decision of the Ministry of Industries dated August 15, 2012. The High Court vide order dated May 13, 2015, has passed interim orders in favor of the company which are still operative. The management of the Holding Company, based on legal counsel's opinion, is confident that exemption shall be granted on duties related to import of capital goods against BOPET project retrospective.
- 16.1.3** The Holding Company has filed suit against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in Sindh High Court against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% import duty on import of Poly Ethylene Terephthalate (PET). In this connection Sindh High Court vide order dated March 12, 2013 directed that custom duties at the rate of 3% to be paid by the Holding Company and insofar as differential amount is concerned 2.5% shall be deposited in cash and 2.5% shall be paid through post dated cheques to the Nazir of the High Court. In this connection the Holding Company has deposited pay orders amounting to Rs. 100.217 million (2017: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2017: Rs. 100.217 million) in favor of Nazir of High Court as directed. Further, the Holding Company has filed petition for rationalization of duty structure on PET Resin. Subsequent to the year end, the main grievance of the Holding Company for classifying the Pet Resin (Film Grade) and Pet Resin (Yarn Grade) under the same PCT Heading has already been redresses in Fiscal Budget (2015-16) and from 01st July, 2015, the major raw material for BOPET film manufacturing i.e. PET Resin – Film Grade is being imported on the same rate as applicable to PET Resin – Yarn Grade. However, the retrospective relief on the previous consignments has been regretted by the High Court which has been challenged in the Honorable Supreme Court of Pakistan. As per legal Counsel, there is no immediate financial liability against the Holding Company in the abovementioned matter and has a good prima facie case.
- 16.1.4** The Holding Company has filed the petition in the High Court of Sindh against the Federation of Pakistan and others in order to obtain the benefit of exemption of advance tax on import of plant and machinery on the basis of SRO 947 of 2008. The Commissioner (Inland Revenue) refused to issue exemption certificate in respect of withholding tax at import stage in respect of plant and machinery in terms of SRO 947 of 2008. The Holding Company has imported various plant and machinery against the irrevocable letter of credit which were not released by the custom authorities. The intention of the Holding Company to install this plant and machinery to extend and expand its existing business operations. Furthermore, the Holding Company is not going to pay any tax on income from business under the ordinance on account of brought forward assessed losses available to the Holding Company for the tax year 2017. However, the High Court ordered to release the goods after the company provides bank guarantee of Rs. 91.115 million with the Nazir of the High Court against all the consignments which are released under similar circumstances. The case is still pending in the High Court while the legal counsel is of the opinion that the Holding Company has a good prima facie case.

- 16.1.5** During the current year, Federal Board of Revenue has issued a show cause notice (SCN) on the basis of scrutiny of sales tax returns for the various tax periods which revealed that the Holding Company has claimed input tax of Astro Plastics (Private) Limited (APL) amounting to Rs. 477,804,698 in the sales tax return of the Ismail Industries Limited (IIL). In response of the SCN, the Holding Company has given the reference of the letter (Dated: October 2016) sent to Federal Board of Revenue in which it was mentioned that High Court of Sindh, at Karachi, has sanctioned the petition no. J.Misc. 13/ 2016 for amalgamation by way of merger of APL and its members with and into IIL and its members. However, the Holding Company has obtained the stay order from the Court and the case is still pending in the High Court.
- 16.1.6** The Company has filed sale tax reference with the High Court of Sindh upon the dismissal of appeal filed by the Company before the Appellate Tribunal for tax year 2013. The High Court of Sindh has restrained the Commissioner Inland Revenue from initiating the proceeding on the basis of the order passed by the Appellate Tribunal as well as operation of the Order / Judgement passed by the Tribunal has also been suspended. As per the opinion of legal counsel, there is no immediate financial liability against the Holding Company and has good arguable case on merits.
- 16.1.7** The Holding Company has filed the suit in High Court against the Excise and Taxation Department in respect of infrastructure cess / fee being charged by the Government of Sindh on Imports and prayed to declare that Sindh Finance (Amendment) Act, 2009 and / or rules made thereunder to be unconstitutional, illegal, void ab initio, and of no legal effect. In all the five versions of the law i.e Sindh Finance Act / Ordinance, the incidence of tax arise upon ensuring of goods entering or leaving the province and such goods enter or leave the country through air or sea. Furthermore, import and export are within the exclusive domain of the federal legislature i.e. the Sindh legislature throughout lacked the jurisdiction to impose the levy. The imported goods were not released by the custom authorities without paying the infrastructure cess / fee charged by the Government of Sindh. In order to release the goods from the custom authority. Subsequently, the High Court ordered to release the goods upon furnishing Bank Guarantee amounting to Rs. 90,469,505 which is equivalent to 50 % of amount of cess. The case is still pending in High Court.
- 16.1.8** In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the subject, where it had up held that the earlier introduction of GIDC Act 2011 was unconstitutional and ultra vires on the ground, amongst others, that GIDC was a 'Fee' and not a 'Tax' and the same suit was also filed against Federation of Pakistan, OGRA, SSGC and SNGPL in different Honorable High Courts of Pakistan by Industry at Large. In May 2015, the Government passed the GIDC Act, 2015 and the Company has challenged the GIDC Act 2015 and filed writ petition in the Sindh High Court (SHC) including retrospective treatment of the provisions of the GIDC Act, 2015. On October 2015, SHC decided this suit in favor of Company with the instructions to refund the GIDC collected so far by the Federation. However, the Government filed an appeal in SHC, where the Holding Company was not party to such litigation. Since this issue is being faced by industry at large, management is of the view that there is no need to maintain any provision against this liability. The legal counsel of the Holding Company is confident that decision of the case will be in favor of the Holding Company.
- 16.1.9** The Holding Company has filed sale tax reference with the High Court of Sindh upon the dismissal of appeal filed by the Holding Company before the Appellate Tribunal for tax year 2013. The High Court of Sindh has restrained the Commissioner Inland Revenue from initiating the proceeding on the basis of the order passed by the Appellate Tribunal as well as operation of the Order / Judgement passed by the Tribunal has also been suspended. As per the opinion of legal counsel, there is no immediate financial liability against the Holding Company and has good arguable case on merits.
- 16.1.10** The Holding Company filed a Constitutional Petition before the Sindh High Court challenging the vires of Section 5A of the Income Tax Ordinance, 2001 which was amended through Finance Act 2017 that every public company shall pay tax @ 7.5% of its accounting profit before tax for the year in which such company does not distribute at least 40% of its after tax profits within six (6) months of the end of the tax year through cash or bonus shares. The Sindh High Court has accepted the Constitutional Petition and granted stay against the newly amended section 5A. Further, the Board of Directors of the Holding Company in their meeting dated September 22, 2017 has proposed cash dividend in respect of the year ended June 30, 2017 of Rs. 2.75/- per share which amounts to Rs. 175.463 million (i.e. 15.05% of after tax profits) for the financial and tax year 2017, which is lower than the minimum prescribed distribution rate. In case the Sindh High Court's decision is not in favor of the Holding Company; the Holding Company will either be required to declare dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.5% of the accounting profit before tax of the Holding Company for the financial year ended June 30, 2017.

## 17 EARNINGS PER SHARE-Basic and Diluted

18 CASH GENERATED FROM OPERATIONS AFTER  
WORKING CAPITAL CHANGES

		Profit before income tax	401,183,744	373,232,024
		<b>Adjustments for non-cash and other items:</b>		
		Depreciation	218,315,511	177,246,385
		Gain on disposal of property, plant and equipments - net	(38,171)	(20,376)
		Loss on sale of investment	-	131,966
		Provision for staff retirement gratuity	15,867,340	2,335,510
		Share of profit from associated undertaking	(105,386,049)	(108,467,823)
		Finance cost	177,978,047	192,728,432
	18.1	Net decrease in working capital	(790,343,219)	(603,089,999)
			(82,422,797)	34,096,119
18.1		<b>Working capital changes</b>		
		<b>Current assets</b>		
		<b>Decrease / (Increase) in current assets</b>		
		Stores and spares	(16,222,779)	(13,210,620)
		Stock-in-trade	246,507,873	217,762,125
		Trade debts	(1,120,951)	(120,465,647)
		Advances - considered good	27,496,731	(259,551,903)
		Trade deposits and short-term prepayments	(26,918,720)	(11,069,557)
		Other receivables	(17,560,980)	(21,184,818)
			212,181,174	(207,720,420)
		<b>Current liabilities</b>		
		<b>(Decrease) / Increase in current liabilities</b>		
		Trade and other payables	308,286,682	(498,541,221)
		Short-term finances	(1,300,532,743)	136,334,729
		Advance from customers	(10,278,332)	(33,163,088)
			(1,002,524,393)	(395,369,579)
		<b>Net decrease in working capital</b>	(790,343,219)	(603,089,999)
19		<b>CASH AND CASH EQUIVALENTS</b>		
	11	Cash and bank balances	38,537,517	63,360,963
	15	Running finances under mark-up arrangement	(1,695,898,281)	(1,861,274,112)
			(1,657,360,764)	(1,797,913,149)

## 19 CASH AND CASH EQUIVALENTS

Cash and bank balances	11	38,537,517	63,360,963
Running finances under mark-up arrangement	15	(1,695,898,281)	(1,861,274,112)
		(1,657,360,764)	(1,797,913,149)

## 20 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.

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:

[illegible]

Sales

Less:

Segment result

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**

	(Un-audited) Food Segment September 30, 2017	(Audited) Food Segment June 30, 2017	(Un-audited) Plastic Segment September 30, 2017	(Audited) Plastic Segment June 30, 2017	(Un-audited) Pharmaceutical September 30, 2017	(Audited) Pharmaceutical June 30, 2017	(Un-audited) Total September 30, 2017	(Audited) Total June 30, 2017
20.2 Segment assets	7,659,276,188	11,985,334,104	10,394,438,211	6,166,762,839	1,062,148,447	984,990,257	19,115,862,846	19,137,087,200
20.3 Unallocated assets	-	-	-	-	-	-	3,508,138,140	3,492,606,368
20.4 Segment liabilities	506,932,432	1,391,716,778	4,303,626,458	3,784,282,086	266,350,403	179,834,940	5,076,909,293	5,355,833,804
20.5 Unallocated liabilities	-	-	-	-	-	-	11,058,013,314	10,791,080,347
20.6 Inter-segment pricing	506,932,432	1,391,716,778	4,303,626,458	3,784,282,086	266,350,403	179,834,940	16,134,922,607	16,146,914,151

#### 20.6 Inter-segment pricing

Transactions among the business segments are recorded at estimated cost.

20.7 The Company's export sales have been primarily made to countries in the Middle East, Africa and South Asia. However, no material amount of export sales have been made to any one or more particular countries.

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

#### 20.9 RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES

	September 30, 2017 Rupees	June 30, 2017 Rupees
<b>Assets</b>		
Total assets for reportable segments	19,115,862,846	19,137,087,200
Goodwill	11,959,187	11,959,187
Administrative capital assets	156,635,713	160,953,862
Long term investment	3,339,543,240	3,319,693,319
Total assets	22,624,000,986	22,629,693,568
<b>Liabilities</b>		
Total liabilities for reportable segments	5,076,909,293	5,355,833,804
Sponsors' loan - subordinated	902,151,770	902,151,770
Deferred liabilities	1,292,210,708	1,037,472,576
Long term finance	8,579,851,274	8,602,902,294
Liabilities against assets subject to finance lease	283,799,562	248,553,707
Total liabilities	16,134,922,607	16,146,914,151

## 21 TRANSACTIONS WITH RELATED PARTIES

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

Transactions	(Un-audited) September 30, 2017 Rupees	September 30, 2016 Rupees
<b>Plasitflex Films (Private) Limited</b> <i>(formerly Flexipack Films (Private) Limited)</i> Close family relationship		
- Payment against purchases	7,910,009	11,152,606
- Purchases	8,394,028	11,463,976
<b>Advance from directors</b>		
- Advance received during the year	82,278,000	13,205,967
<b>Others</b>		
<b>Remuneration to directors and other key management personnel:</b>		
Chief Executive Officer	3,250,000	1,500,000
Directors	2,775,000	2,349,999
Executives	61,151,185	40,745,636
	67,176,185	44,595,635
<b>Balances</b>		
<b>Creditors - associated company</b>		
- Payable to associate	15,576,674	15,092,655
<b>Sponsors' subordinated - loan</b>		
Payable to director's	902,151,770	902,151,770
<b>Advance from director's</b>		
Payable to director's	95,483,967	13,205,967

## 22 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 27th October, 2017 by the Board of the Group.

MUNSARIM SAIFULLAH  
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL  
DIRECTOR