



ISMAIL
INDUSTRIES
LIMITED

Focused on
Success

Half Yearly Report
(Unaudited)
December 2016

CONTENTS

COMPANY PROFILE	2
DIRECTORS REVIEW	3
AUDITOR REVIEW.....	6
CONDENSED INTERIM BALANCE SHEET.....	7
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	8
CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME	9
CONDENSED INTERIM STATEMENT OF CASH FLOW.....	10
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY.....	11
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS.....	12-25
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET	27
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT	28
CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME.....	29
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW	30
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES OF EQUITY	31
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS	32

Ismail Industries Limited

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

Ismail Industries Limited

DIRECTORS REVIEW

DIRECTORS REVIEW

The Board of Directors of the Company is pleased to present the stand alone and consolidated un-audited condensed interim financial statements of the Company for the quarter and half year ended December 31, 2016. The financial performance of the Company for the period under review is summarized below:

Description	31-Dec-16	31-Dec-15	Change in
	PKR in Million		%
Turnover	11,079	9,824	12.77%
Gross Profit	2,000	1,494	33.93%
Operating Profit	1,047	781	34.09%
Profit before tax	790	485	62.95%
Profit after tax	608	371	63.78%
Earnings per share – Rupees	9.53	5.82	63.70%

The Company has shown steady and sustained growth during six months' period as the gross turnover stood at Rs. 11 billion compared to Rs. 9.8 billion in the corresponding period while a significant growth in gross and operating profit is also witnessed as a result of combine effect of volumetric growth and synergy in operation due to merger of Astro Plastics (Private) Limited (an associated company) with and into Ismail Industries Limited. Our main focus on bottom line improvement is cogently delivering the desired results as our net profits saw an increase of staggering 64% by improving sales mix and continuing to apply rigorous control on supply chain cost and savings.

The overall performance of the food and plastic divisions has been substantially improved during the period under review based on continued focus behind demand generation and effective trade promotional activities and distribution improvements. The Company continued driving key operational efficiency programs that were set out at the beginning of the year which are now 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.

Our primary focus is still on aggressive sales growth through both new and existing products which will further allow us to take advantage of economies of scale. We are making all possible efforts for cost effectiveness both in terms of funds invested on sales and marketing efforts, and on resources devoted to manufacturing expenses. However, emphasis on sales and marketing expenses have helped to push availability of product range to further explore the smaller markets and towns.

Future Outlook

The business environment will continue to remain challenging, however we are confident that management priorities will not change in the period ahead and will continue to deliver exceptional value to customers and shareholders while maintaining the quality of its products. The management 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 Directors

Karachi: February 23, 2017

Munsarim Saifullah
Chief Executive

ڈائریکٹر کا جائزہ

کمپنی کے ڈائریکٹر 31 دسمبر، 2016 کو ختم ہونے والی سہ ماہی و ششماہی کے لیے کمپنی کے انفرادی اور اجتماعی (تعمیر آڈٹ) وسط مدتی مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کرتے ہیں۔ مذکورہ دورانیہ کے کمپنی کی مالیاتی کارکردگی مندرجہ ذیل ہے:

تفصیل	31 دسمبر 2016	31 دسمبر 2015	تبدیلی
	ملین پاکستانی روپے		فیصد
مجموعی فروخت	11,079	9,824	12.77%
مجموعی منافع	2,000	1,494	33.93%
خام منافع	1,047	781	34.09%
قبل از محصول منافع	790	485	62.95%
بعد از محصول منافع	608	371	63.78%
نیٹ صاف آمدن - روپے	9.53	5.82	63.70%

ایسٹروپلائٹکس (پرائیویٹ) لمیٹڈ (مملکت کمپنی) کے اسماعیل ایسٹروپلائٹکس میں انضمام کی صورت میں پچھلے سال کی پہلی ششماہی میں مجموعی فروخت 9.8 ملین کے مقابلہ میں رواں سال کی پہلی ششماہی میں مجموعی فروخت 11 ملین روپے رہی جبکہ خام و مجموعی منافع میں بھی نمایاں اضافہ دیکھا گیا۔ مخلوط شعبہ جاتی فروخت اور پیداواری لاگت پر مکمل کنٹرول و بچت کے ذریعہ مطلوبہ اہداف کا حصول 64% اضافی منافع کی صورت میں ممکن ہو پایا ہے۔

مذکورہ دورانیہ میں غذائی و پلاسٹک شعبہ جات کی استعداد میں اضافہ، طلب کی افزائش میں اضافہ، بڑھتی ہوئی اشتہاری مہم و اشیاء کی بہتر تقسیم کاری کے سبب ہو چکی ہے۔ کمپنی نے سال کی ابتدا میں ہی استعدادی صلاحیت پر وگرام کا نہ صرف قیام کیا بلکہ اس کو جاری بھی رکھا جس کے باعث مثبت پیداواری نتائج کا حصول ممکن ہوا۔ ہم نے بھرپور کوشش کی کہ فروخت اور تقسیمیری مہم میں کی گئی سرمایہ کاری کے ذریعہ پیداواری اضافہ کی بنیاد پر متعین اہداف کا حصول کیا جاسکے۔

ہماری بنیادی ترجیح اب بھی اپنی موجودہ اور نئی اشیاء کی سربل موفروخت ہے جو ہمیں معاشی اعشاریوں میں مزید بہتری کی اجازت دیتا ہے۔ ہم اپنی بھرپور کوشش کر رہے ہیں کہ فروخت، تیسیر اور پیداواری لاگت میں ہر ممکن کمی لائیں۔ بہر حال، چھوٹے بازاروں اور ناؤ ذریعہ ہمارے مصنوعات کی رسائی کے لئے فروخت و اشتہاری اخراجات کرنا ہمارے لئے معاون ہیں۔

مستقبل کی پیش بینی

کاروباری ماحول تقابلی رہے گا، بہر حال ہم پر امید ہیں کہ انتظامیہ اپنی ترجیحات کو آنے والے وقت میں تبدیل نہیں کرے گی اور اپنے صارفین اور حصص داران کو اپنی اشیاء کی خوبیوں کو برقرار رکھتے ہوئے بہتر نتائج کا تسلسل برقرار کرے گی۔ انتظامیہ کاروبار اور اس سے متعلقہ امور پر نہ صرف نظر رکھے ہوئے ہیں بلکہ اپنی مصنوعات کی وسعت سے متعلق امور کے لئے بھی کوشاں ہے۔

خراج تحسین

ڈائریکٹر کمپنی کے متعلقہ صارفین، مالیاتی اداروں اور حصص داران کے کمپنی پر بھرپور اعتماد اور تعاون پر خراج تحسین پیش کرتے ہیں۔ کمپنی کے تمام اہل کار میں بھی اپنی بے پناہ محنت، جانفشانی اور خلوص کی بنا پر خراج تحسین کے مستحق ہیں۔

منجانب، یو ڈی آف ڈائریکٹر

منصہ مسیف اللہ

چیف ایگزیکٹو

کراچی: 23 فروری، 2017

**STANDALONE HALF YEARLY INTERIM
FINANCIAL STATEMENT FOR THE
PERIOD ENDED DECEMBER 31, 2016**

AUDITORS' REVIEW REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Ismail Industries Limited** (the Company) as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and selected explanatory notes to the condensed interim financial information for the six-month period ended (herein after referred to as the “condensed interim financial information”). Management of the Company is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with the approved accounting standards applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the three months quarter ended December 31, 2016 and December 31, 2015 in the interim financial statements have not been reviewed and we do not express conclusion thereon as we are required to review only the cumulative figure for the six months’ period ended December 31, 2016.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six-month period ended December 31, 2016 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for the condensed interim financial information.

Other matter paragraph

The basis used in preparation of comparative condensed interim profit and loss account and condensed interim cash flow statement for the period ended December 31, 2015 has been stated in note 1.1 to the condensed interim financial information.

Karachi

Date:

Grant Thornton Anjum Rahman

Chartered Accountants

Khaliq-ur-Rahman

Engagement Partner

Ismail Industries Limited

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipments	6	9,211,485,277	7,978,134,510
Long-term investments	7	4,405,888,451	4,272,437,640
Long-term deposits		41,000,663	56,549,476
Total non-current assets		13,658,374,391	12,307,121,626
Current assets			
Stores and spares	8	158,741,803	152,434,952
Stock-in-trade	9	5,942,046,327	5,749,920,212
Trade debts	10	976,592,152	1,181,827,121
Advances - considered good		396,295,940	143,600,964
Short term investments		-	37,447,999
Trade deposits and short-term prepayments		69,370,251	32,346,886
Other receivables		476,800,070	439,041,263
Taxation - net		657,983,988	499,693,704
Cash and bank balances	11	86,370,437	60,140,043
Total current assets		8,764,200,968	8,296,453,144
Total assets		22,422,575,359	20,603,574,770
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital			
250,000,000 (June 30, 2016: 250,000,000) ordinary share of Rs. 10 each		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital			
63,804,750 (June 30, 2016: 50,520,750) ordinary shares of Rs.10 each full paid in cash		638,047,500	505,207,500
Capital to be issued pursuant to amalgamation		-	132,840,000
Reserves		5,579,424,687	5,360,837,355
Total shareholders' equity		6,217,472,187	5,998,884,855
Non-current liabilities			
Sponsors' loan - subordinated		902,151,770	902,151,770
Long-term finances - secured	13	5,731,832,460	4,346,412,901
Liabilities against assets subject to finance lease		97,238,582	148,441,628
Deferred liabilities		938,934,996	800,247,964
Total non-current liabilities		7,670,157,808	6,197,254,263
Current liabilities			
Trade and other payables	14	1,525,838,251	1,583,216,525
Accrued mark-up		122,590,477	80,996,630
Short-term finance - secured	15	4,444,771,619	4,447,779,750
Current portion of:			
- long-term finances - secured	13	2,283,139,502	2,073,367,018
- liabilities against assets subject to finance lease		75,842,773	112,247,286
Advances from customers		82,762,742	109,828,443
Total current liabilities		8,534,945,364	8,407,435,652
Total liabilities		16,205,103,172	14,604,689,915
Contingencies and commitments	16		
Total equity and liabilities		22,422,575,359	20,603,574,770

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Note	Six-month Period ended		Quarter ended	
		December 31, 2016 Rupees	December 31, 2015 Rupees (Restated)	December 31, 2016 Rupees	December 31, 2015 Rupees (Restated)
Sales	20.2	11,078,621,119	9,824,098,641	5,856,765,031	5,151,410,716
Sales tax		(1,669,468,201)	(1,477,905,657)	(851,099,191)	(784,325,751)
Net sales		9,409,152,918	8,346,192,984	5,005,665,840	4,367,084,965
Cost of sales	20.2	(7,408,867,740)	(6,852,669,567)	(3,920,425,557)	(3,577,075,036)
Gross profit		2,000,285,178	1,493,523,417	1,085,240,283	790,009,929
Selling and distribution expenses		(810,039,785)	(616,216,680)	(401,413,583)	(349,663,653)
Administrative expenses		(143,443,701)	(96,639,343)	(99,103,552)	(56,183,694)
		(953,483,486)	(712,856,023)	(500,517,135)	(405,847,347)
Operating profit		1,046,801,692	780,667,394	584,723,148	384,162,582
Other expenses		(73,650,976)	(45,206,914)	(47,434,893)	(23,472,162)
		973,150,716	735,460,480	537,288,255	360,690,420
Other income		77,221,268	58,437,033	47,032,922	47,251,527
		1,050,371,984	793,897,513	584,321,177	407,941,947
Finance cost		(368,865,772)	(428,060,095)	(176,137,340)	(204,393,717)
		681,506,212	365,837,418	408,183,837	203,548,230
Share of profit from associate		108,467,823	118,966,080	-	-
Profit before income tax		789,974,035	484,803,498	408,183,837	203,548,230
Income tax expense		(181,638,816)	(113,358,832)	(65,816,586)	(64,308,125)
Profit for the period		608,335,219	371,444,666	342,367,251	139,240,105
Earnings per share - basic and diluted	17	9.53	5.82	5.37	2.18

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Note	Six-month period ended		Quarter ended	
		December 31,	December 31,	December 31,	December 31,
		2016 Rupees	2015 Rupees (Restated)	2016 Rupees	2015 Rupees (Restated)
Profit for the period		608,335,219	371,444,666	342,367,251	139,240,105
<i>Item to be reclassified to profit and loss account in subsequent period</i>					
Unrealized appreciation / (diminution) on available for sale investment	7.5	79,240,000	36,400,000	(32,445,000)	52,920,000
Share of other comprehensive income from associated undertaking - net of tax	7.4	(54,257,012)	62,211,694	-	62,211,694
Other comprehensive income for the period - net of tax		24,982,988	98,611,694	(32,445,000)	115,131,694
Total comprehensive income for the period		633,318,207	470,056,360	309,922,251	254,371,799

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Note	December 31, 2016 Rupees	December 31, 2015 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	18	1,765,247,379	2,281,588,891
Gratuity paid		(19,589,605)	(7,754,853)
Taxes paid		(243,666,513)	(117,598,511)
Long-term deposits received /(paid)		15,548,813	(676,766)
Net cash generated from operating activities		1,517,540,074	2,155,558,761
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		(1,594,765,900)	(711,059,138)
Proceeds from sale of investment		37,316,032	-
Proceeds from disposal of property, plant and equipments		6,494,672	2,809,995
Net cash used in investing activities		(1,550,955,196)	(708,249,143)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Rental paid)/ lease obtained		(87,607,559)	35,117,568
Dividends paid		(413,974,303)	(302,322,948)
Long-term finance less repayments		1,595,192,043	(318,565,822)
Financial charges paid		(327,271,925)	(226,109,068)
Net cash from/(used in) financing activities		766,338,256	(811,880,270)
Net increase in cash and cash equivalents		732,923,134	635,429,348
Cash and cash equivalents at the beginning of the period		(1,646,925,147)	(2,055,771,075)
Cash and cash equivalents at the end of the period	19	(914,002,013)	(1,420,341,727)

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Issued, subscribed and paid up capital	Capital to be issued pursuant to amalgamation	Reserves				Total reserves	Share holders' equity
			Share premium	Other comprehensive income	Amalgamation reserves	Unappropriated profit		
Balance as at June 30, 2015	505,207,500	-	579,265,000	108,298,588	-	2,782,391,410	3,460,954,968	3,975,162,468
Total comprehensive income for the period								
Profit for the six month period ended December 31, 2015	-	-	-	-	-	-	-	-
Total other comprehensive income for the six month period ended December 31, 2015	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	98,611,694	-	371,444,666	371,444,666	371,444,666
Balance as at December 31, 2015	505,207,500	-	579,265,000	98,611,694	-	371,444,666	98,611,694	98,611,694
Transaction with owners								
Cash dividend paid for the year ended June 30, 2015 @ Rs. 6 per share	-	-	-	-	-	-	-	-
Balance as at December 31, 2015	505,207,500	-	579,265,000	206,910,252	-	2,830,711,576	3,536,886,828	4,142,094,328
Balance as at June 30, 2016	505,207,500	132,840,000	579,265,000	382,805,697	916,862,067	3,481,904,591	5,560,837,355	5,998,884,855
Capital issued pursuant to amalgamation	132,840,000	(132,840,000)						
Total comprehensive income for the period								
Profit for the six month period ended December 31, 2016	-	-	-	-	-	-	-	-
Total other comprehensive income for the six month period ended December 31, 2016	-	-	-	24,982,988	-	-	-	-
Total comprehensive income	-	-	-	24,982,988	-	608,335,219	608,335,219	608,335,219
Transaction with owners								
Cash dividend paid for the year ended June 30, 2016 @ Rs. 6.50 per share	-	-	-	-	-	-	-	-
Balance as at December 31, 2016	638,047,500	-	579,265,000	407,788,685	916,862,067	3,675,505,935	5,579,424,687	6,217,472,187

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 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 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.

- 1.1 The High Court of Sindh through its order dated September 22, 2016 has sanctioned the scheme of merger of Astro Plastics (Private) Limited (APL) with and into Ismail Industries Limited (IIL). Pursuant to this sanction, the entire business of APL including Properties, Assets, Liabilities, and the Rights and Obligations have been amalgamated with and into and vest in the IIL with effect from the effective date as mentioned in the scheme i.e., on July 1, 2015. The relevant details of the transactions are more clearly explained in note 1.2 to the financial statements for the year ended June 30 2016. Consequently, the comparative results in these financial information have been restated to reflect the financial results and cash flows of APL from October 01, 2015 to December 31, 2015 and from July 01, 2015 to December 31, 2015 respectively (as referred in note 21).

2 STATEMENT OF COMPLIANCE

The condensed interim financial information of the Company for the six month period ended December 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 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, 2016.

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

2.1 Basis of measurement

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 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2016.

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 USE OF JUDGEMENTS AND ESTIMATES

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, 2016.

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 PROPERTY, PLANT AND EQUIPMENTS

		(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
Operating fixed assets	6.1	7,353,411,090	7,277,200,910
Capital work in progress	6.2	1,858,074,187	700,933,600
		<u>9,211,485,277</u>	<u>7,978,134,510</u>

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

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

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----		-----At net book value-----	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
	(Restated)		(Restated)	
Owned assets				
Bulidig on leasehold land	65,877,358	1,122,667	-	-
Plant and machinery	302,327,530	480,163,331	-	-
Furniture and fittings	-	-	-	-
Equipment	3,010,257	9,729,845	-	-
Computers	1,491,038	1,331,049	43,396	34,297
Vehicles	29,282,280	836,849	2,667,468	1,056,220
	<u>401,988,463</u>	<u>493,183,741</u>	<u>2,710,864</u>	<u>1,090,517</u>
Leased assets				
Plant and machinery	-	64,098,224	-	-
Vehicles	35,636,850	5,446,757	-	-
	<u>35,636,850</u>	<u>69,544,981</u>	<u>-</u>	<u>-</u>
	<u>437,625,313</u>	<u>562,728,722</u>	<u>2,710,864</u>	<u>1,090,517</u>

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

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----			
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
	(Restated)		(Restated)	
Civil works	68,145,471	105,980,968	65,877,358	1,122,667
Plant and machinery	1,390,130,057	523,703,198	299,651,481	480,163,331
Electric insallation	41,691,471	-	2,676,049	-
Equipments and fixtures	22,726,293	9,662,093	3,010,257	9,729,845
Software development	5,662,440	-	-	-
	1,528,355,732	639,346,259	371,215,145	491,015,843

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
7 LONG-TERM INVESTMENTS			
Investment in subsidiary Company- unquoted shares			
Hudson Pharma (Private) Limited	7.1	605,984,000	605,984,000
Investment in associated undertakings			
Novelty Enterprises (Private) Limited	7.2	228,763,991	228,763,991
The Bank of Khyber	7.3	3,197,060,460	3,142,849,649
		3,425,824,451	3,371,613,640
Other investment-Available for sale			
Bank Islami Pakistan Limited	7.5	374,080,000	294,840,000
		4,405,888,451	4,272,437,640

7.1 Hudson Pharma (Private) Limited

The Company holds 71.29% (June 30, 2016: 71.29%) voting and equity interest in Hudson Pharma (Private) Limited (HPL). HPL was incorporated under Company Ordinance 1984 as private company Limited by shares and the 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 and investment is stated at cost. 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% (June 30, 2016: 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, 2016 based on un-audited financial statements amounted to Rs. 561.53 million (2016: Rs. 561.53 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.1,241.907 million (June 2016: Rs. 758.34 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.

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

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 (June 30, 2016: 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 September 30, 2016. Adjustment to confirm to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances.

The market value of holding in the Bank as on December 31, 2016 was Rs. 3,999.13 million (June 30, 2016: Rs. 3,032.57 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)
	December 31, 2016	June 30, 2016	December 31, 2016	June 30, 2016
Carrying value at beginning of the period	3,142,849,649	2,663,030,998	228,763,991	229,724,069
Purchase during the period		-		
Share of profit relating to profit and loss account	108,467,823	507,360,301	-	(960,078)
Dividend received	-	(302,048,789)	-	-
Share of (loss)/profit relating to other comprehensive income - net of tax	(54,257,012)	274,507,139	-	-
Carrying value at end of the period	3,197,060,460	3,142,849,649	228,763,991	228,763,991

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 from The Bank of Khyber during the period (June 30, 2016: Rs. 1.25 per share).

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) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
Carrying Value	294,840,000	285,600,000
Unrealized appreciation in value of investment	79,240,000	9,240,000
Fair value of investment	374,080,000	294,840,000

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

		(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
8	STORES AND SPARES		
	Stores and spare parts - gross	162,276,490	149,193,880
	Diesel and liquified petroleum gas	1,307,633	1,252,300
	Others	2,804,100	9,500,192
	Provision for slow moving spare parts	(7,646,420)	(7,511,420)
	Store and spares - net	158,741,803	152,434,952
8.1	Reconciliation of provision for slow moving spare parts		
	Opening provision	(7,511,420)	(6,971,420)
	Charge for the period / year	(135,000)	(540,000)
	Closing provision	(7,646,420)	(7,511,420)
9	STOCK-IN-TRADE		
	Raw materials	3,995,943,155	3,951,251,890
	Packing materials	429,016,842	354,703,036
	Work-in-process	104,785,539	65,927,451
	Finished goods	1,412,300,791	1,378,037,835
		5,942,046,327	5,749,920,212
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, 2016: Rs.13,404,278) and Rs.157,532,105 (June 30, 2016: Rs. 150,332,105) respectively.		
		(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
10	TRADE DEBTS		
	Considered good		
	- secured (export debtors)	141,809,897	138,962,888
	- unsecured	834,782,255	1,042,864,233
		976,592,152	1,181,827,121
	Considered doubtful	41,764,885	39,964,885
	Trade debts - gross	1,018,357,037	1,221,792,006
	Provision for doubtful debts	(41,764,885)	(39,964,885)
	Trade debts - net	976,592,152	1,181,827,121
11	CASH AND BANK BALANCES		
	Cash in hand	7,451,326	2,460,524
	Cash with banks in:		
	- current accounts- <i>conventional</i>	60,054,735	47,091,543
	- current accounts- <i>islamic</i>	18,864,376	10,587,976
		86,370,437	60,140,043

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

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 convert within one year to ordinary shares after the merger of Astro Plastics (Private) Limited with the company and 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

LONG TERM FINANCES						
	(Un-audited)			(Audited)		
	December 31, 2016			June 30, 2016		
	Rupees					
	Conventional	Islamic	Total	Conventional	Islamic	Total
At beginning of the period / year	4,740,613,260	1,679,166,659	6,419,779,919	2,239,035,917	1,595,745,610	3,834,781,527
Obtained during the period / year	3,059,485,850	-	3,059,485,850	4,452,854,371	350,000,000	4,802,854,371
Repaid during the period / year	(1,296,793,807)	(167,500,000)	(1,464,293,807)	(1,951,277,028)	(266,578,951)	(2,217,855,979)
	6,503,305,304	1,511,666,659	8,014,971,962	4,740,613,260	1,679,166,659	6,419,779,919
Less: Current maturity	(1,875,639,498)	(407,500,004)	(2,283,139,502)	(1,725,867,014)	(347,500,004)	(2,073,367,018)
	4,627,665,806	1,104,166,655	5,731,832,460	3,014,746,246	1,331,666,655	4,346,412,901

- 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 + 1.25% and from 0.75% to 1 % above the State Bank of Pakistan rate for LTFE.

	(Un-audited)	(Audited)
	December 31, 2016	June 30, 2016
Note	Rupees	Rupees
14 TRADE AND OTHER PAYABLES		
Trade creditors	1,143,585,166	1,345,421,041
Other liabilities	382,253,085	237,795,484
	<u>1,525,838,251</u>	<u>1,583,216,525</u>

15 SHORT TERM FINANCES - Secured

Term finances-conventional	15.1	1,349,999,976	1,573,404,789
Term finances-islamic	15.2	1,711,399,193	999,309,771
Export refinances	15.3	383,000,000	168,000,000
Running finance utilized under mark-up arrangement	15.4	1,000,372,450	1,707,065,190
		<u>4,444,771,619</u>	<u>4,447,779,750</u>

- 15.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 3,175 million (2016: Rs. 3,825 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 6.17% to 7.05% per annum (2016: 6.42% to 7.49% per annum).

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

- 15.2** These represent facilities for term finances arranged from various banks/financial institutions, aggregating to Rs. 3,250 million (2016: Rs. 2,700 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 6.24% to 6.31% per annum (2016: 6.39% to 7.86% per annum).
- 15.3** These represented facilities for export refinance arranged from various banks aggregating to Rs. 383 million (2016: Rs. 490 million). These were 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 0.75% to 1% above the State Bank of Pakistan (SBP) rate per annum (2016: 0.75% to 1% above SBP rate per annum).
- 15.4** The facilities for running finances available from various banks aggregated to Rs. 2,927 million (2016: Rs. 3,325 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 7.30% per annum (2016: 6.50% to 8.51% per annum).

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- 16.1.1** The Company has filed a suit against a debtor for recovery of Rs. 960,450. The suit was decreed in favour of the Company but as the debtor did not have any tangible property within the territorial jurisdiction of Court at Hub, the case has been transferred to the District Judge, Lahore for execution. As the case has been decided in favour of the Company and the debtor is being pursued to pay the decretal amount, the amount due has not been written off.
- 16.1.2** Suit no. 17 of 2009 was filed against the Company and Lasbella Industrial Estates Development Authority (LIEDA) for illegal allotment of Plot No. C-386 Hub Industrial Trading Estate (HITE) which was set aside by the High Court of Balochistan, Quetta and the Court of Senior Civil Judge decreed in favor of plaintiff.

The Company has preferred appeal to High Court of Balochistan, Quetta. No provision has been made in these financial statements against this aforementioned suit as the management of the Company, based on the advice of its legal counsel, is of the opinion that the abovementioned judgment is contrary to the facts and law and not based on proper appraisal of evidence and correct appreciation of law. Further, the Company has completed construction and is running factory on the land in dispute, therefore, it is not viable to restore possession of the suit property to the plaintiff and the Company shall contest the case in the higher Courts if warranted. The High Court of Balochistan, Quetta has set aside the case on February 24, 2014 and the case shall start afresh in the next hearing.

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

- 16.1.3** The Company has filed 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 tax advisor of the Company the order by the commissioner will not have any impact on the tax liability of the Company as its falls under minimum tax. However, if tax credit is allowed by the commissioner Appeal the Company's tax refund of tax year 2014 will increase by Rs. 26.376 million.

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

16.1.4 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 (June 2016: Rs. 557.403 million) for provisional clearance in favour of Collector of Custom. However, due to delay on 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 Ministry of Industries dated August 15, 2012. The Hon'ble 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 retrospectively.

16.1.5 The Company has filed suit against Federation of Pakistan, Federal Board of Revenue, Collectors of Custom 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 with the Nazir of the Honorable High Court and 2.5% shall be paid through post dated cheques to the Nazir. In this connection the Company has deposited pay orders amounting to Rs. 109.383 million (June 2016: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 109.383 million (June 2016: Rs. 100.217 million) in favour 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 redressed 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 Honorable High Court which has been challenged in Honorable Supreme Court of Pakistan. As per legal Counsel, there is no immediate financial liability against the Company in the abovementioned matter and has a good prima facie case.

	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
16.2 Commitments		
Outstanding letter of guarantees	474,241,206	432,740,600
Outstanding letter of credit for:		
- capital expenditures	496,666,479	1,345,595,856
- others	1,023,436,201	1,819,393,537
Rentals under Ijarah contract		
Not later than one year	-	44,412,224
Over one year to five years	-	63,633,725
	-	108,045,949

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

17 EARNINGS PER SHARE-Basic and Diluted

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

	Note	(Un-audited) December 31, 2016 Rupees	(Un-audited) December 31, 2015 Rupees (Restated)
Basic earnings per share			
Profit for the period		608,335,219	371,444,666
Weighted average number of ordinary shares during the period		----- (Number) ----- 63,804,750	63,804,750
Basic earnings per share		----- (Rupees) ----- 9.53	5.82

18 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Profit before income tax		789,974,035	484,803,498
Adjustments for non-cash and other items:			
Depreciation		358,704,269	355,350,857
Gain on disposal of property, plant and equipments - net		(3,783,808)	(1,719,478)
loss on sale of investment		131,967	-
Provision for staff retirement gratuity		62,014,050	25,727,648
Share of profit from associated undertaking		(108,467,823)	(118,966,080)
Foreign exchange loss - net		-	-
Finance cost		368,865,772	428,060,096
Net increase in working capital	18.1	297,808,917	1,108,332,350
		1,765,247,379	2,281,588,891

18.1 Working capital changes

Current assets

(Increase) / Decrease in current assets

Stores and spares	(6,306,851)	(18,939,460)
Stock-in-trade	(192,126,115)	599,330,079
Trade debts	205,234,969	(247,147,840)
Advances - considered good	(252,694,976)	(56,638,775)
Trade deposits and short-term prepayments	(37,023,365)	(4,883,317)
Other receivables	(37,758,807)	(8,274,227)
	(320,675,145)	263,446,460

Current liabilities

Increase / (Decrease) in current liabilities

Trade and other payables	(58,134,846)	(86,975,657)
Short-term finances	703,684,609	972,246,694
Advance from customers	(27,065,701)	(40,385,147)
	618,484,062	844,885,890

Net increase in working capital

	297,808,917	1,108,332,350
--	-------------	---------------

19 CASH AND CASH EQUIVALENTS

Cash and bank balances	11	86,370,437	65,805,376
Running finances under mark-up arrangement	15	(1,000,372,450)	(1,486,147,103)
		(914,002,013)	(1,420,341,727)

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

20 SEGMENT INFORMATION

A segment is a distinguishable component of the corporate that is engaged in business activities from which the company earns revenues and incurs 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:

- 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:

	Quarter ended				Half year ended			
	Food Processing		Plastic Film		Food Processing		Plastic Film	
	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016
	(Un-audited)				(Un-audited)			
	(Rupees)				(Rupees)			
Sales								
Local	4,542,291,579	1,406,902,696	1,114,398,560	5,969,194,275	8,701,132,530	2,578,220,613	2,240,045,348	1,339,433,123
Export	160,920,764	75,869,594	79,326,814	236,790,358	290,972,992	103,032,440	17,501,245	399,651,869
Export rebates	2,522,293	-	2,635,955	2,522,293	5,483,707	-	2,635,955	5,483,707
Inter-segment sales	4,725,731,636	1,482,772,290	1,201,571,338	6,205,506,926	9,063,236,946	2,681,252,753	2,244,215,308	1,774,448,599
	(330,412,146)	(12,237,499)	(5,810,635)	(331,741,895)	(649,637,399)	(84,163,991)	(10,584,184)	(605,867,680)
Sales return and discounts	(19,905,529)	(1,065,329)	(1,065,329)	(1,065,329)	(1,065,329)	(1,065,329)	(1,065,329)	(1,065,329)
Sales tax	(99,487,610)	(210,968,062)	(125,741,529)	(1,202,841,060)	(1,308,111,129)	(444,524,726)	(348,256,773)	(2,335,335,681)
	3,733,861,619	1,271,804,223	1,025,530,079	5,005,665,840	7,132,424,927	2,776,277,991	2,199,898,997	9,409,152,018
Net sales	(281,430,716)	(1,406,124,841)	(907,258,636)	(3,920,425,552)	(5,400,391,461)	(2,008,476,179)	(1,850,955,724)	(7,408,867,740)
Cost of sales	(36,417,971)	(38,234,212)	(32,771,772)	(401,411,583)	(555,763,660)	(60,453,620)	(60,453,620)	(810,039,785)
Selling and distribution expenses	(901,134,842)	(8,965,710)	(9,869,108)	(99,103,552)	(130,964,837)	(12,478,844)	(14,543,369)	(143,443,701)
Administrative expenses	(3,267,614,929)	(1,153,327,763)	(959,183,316)	(4,420,942,692)	(6,275,439,258)	(2,086,919,668)	(1,225,953,313)	(8,362,331,226)
	466,236,688	118,476,469	754,646,363	584,723,148	856,985,669	189,816,023	172,943,664	1,016,801,692
Segment result	308,716,219	118,476,469	754,646,363	584,723,148	607,723,570	189,816,023	172,943,664	1,016,801,692
Unallocated income and expenses								
Other operating income								
Finance cost								
Other operating expenses								
Selling and distribution expenses								
Administrative expenses								
Income tax expense								
Profit before taxation								
Income tax expense								
Profit for the period								
	608,335,219	118,476,469	754,646,363	584,723,148	607,723,570	189,816,023	172,943,664	1,016,801,692
20.2 Reconciliation of reportable segment sales and cost of sales								
	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended	Quarter ended
	December 2016	December 2016	December 2015	December 2015	December 2016	December 2016	December 2015	December 2015
	(Un-audited)				(Un-audited)			
	(Rupees)				(Rupees)			
Sales net of sales return and discount								
Total sales for reportable segments	5,005,665,840	4,379,049,645	3,733,861,619	3,733,861,619	9,409,152,018	8,362,331,226	8,362,331,226	8,362,331,226
Sales tax	851,094,191	784,323,753	784,323,753	784,323,753	1,669,446,201	1,669,446,201	1,669,446,201	1,669,446,201
Inter-segment sales	5,886,265,438	5,138,402,716	5,138,402,716	5,138,402,716	11,274,624,110	9,524,096,641	9,524,096,641	9,524,096,641
Cost of sales								
Total cost of sales for reportable segments	(3,920,425,552)	(3,920,425,552)	(3,920,425,552)	(3,920,425,552)	(7,408,867,740)	(7,408,867,740)	(7,408,867,740)	(7,408,867,740)
Elimination of inter-segment purchases	(3,920,425,552)	(3,920,425,552)	(3,920,425,552)	(3,920,425,552)	(7,408,867,740)	(7,408,867,740)	(7,408,867,740)	(7,408,867,740)
Total cost of sales	(3,920,425,552)	(3,920,425,552)	(3,920,425,552)	(3,920,425,552)	(7,408,867,740)	(7,408,867,740)	(7,408,867,740)	(7,408,867,740)

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	Food Segment		Plastic Segment		Total	
	December 31, 2016	June 30, 2016	December 31, 2016	June 30, 2016	December 31, 2016	June 30, 2016
	Rupees					
20.3 Segment assets	9,327,598,384	9,583,674,404	8,321,575,532	6,405,019,562	17,649,173,916	15,988,693,966
20.4 Unallocated assets	-	-	-	-	4,773,401,443	4,614,880,804
	9,327,598,384	9,583,674,404	8,321,575,532	6,405,019,562	22,422,575,359	20,603,574,770
20.5 Segment liabilities	1,641,316,171	1,775,537,286	4,534,646,918	4,572,015,250	6,175,963,089	6,347,552,536
20.6 Unallocated liabilities	-	-	-	-	10,029,140,083	8,257,137,379
	1,641,316,171	1,775,537,286	4,534,646,918	4,572,015,250	16,205,103,172	14,604,689,915

20.7 Inter-segment pricing

Transactions among the business segments are recorded at estimated cost.

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

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

		(Un-audited) December 31, 2016	(Audited) June 30, 2016
		Rupees	Rupees
20.10 RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES			
20.11 Assets			
Total assets for reportable segments	20.3	17,649,173,916	15,988,693,966
Administrative capital assets		367,512,992	342,443,164
Long term investment	7	4,405,888,451	4,272,437,640
Total assets		22,422,575,359	20,603,574,770
20.12 Liabilities			
Total liabilities for reportable segments	20.5	6,175,963,089	6,347,552,536
Sponsors' loan - subordinated		902,151,770	902,151,770
Deferred liabilities		938,934,996	674,516,776
Long term finance	13	8,014,971,962	6,419,779,919
Liabilities against assets subject to finance lease		173,081,355	260,688,914
Total liabilities		16,205,103,172	14,604,689,915

21 STATEMENT OF COMPARATIVE FIGURE

Following figures of Astro Plastic (Private) Limited for the quarter and half year ended of the corresponding period has been added to plastic segment by virtue of amalgamation of it with and into Ismail Industries Limited (as referred in note 1.1 and 20.1.)

	Six-month Period ended	Quarter ended
	December 31, 2015	December 31, 2015
	Rupees	Rupees
Sales		
Local	1,529,328,078	735,752,187
Export	142,522,271	74,026,893
	1,671,850,349	809,779,080
Less:		
Sales return and discounts	(4,837,281)	(3,639,543)
Sales tax	(229,797,446)	(110,657,273)
	(234,634,727)	(114,296,816)
Net sales	1,437,215,622	695,482,264
Cost of sales	(1,250,035,095)	(600,878,327)
Selling and distribution	(36,360,259)	(17,338,977)
Administrative	(13,655,730)	(9,270,628)
	(1,300,051,084)	(627,487,932)
Operating profit	137,164,538	67,994,332

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Six-month Period ended	Quarter ended
	December 31, 2015	December 31, 2015
	Rupees	Rupees
Other operating income	22,225,033	18,724,496
Finance cost	(128,394,601)	(65,925,684)
Profit before taxation	30,994,970	20,793,144
Income tax expense	1,602,575	801,288
Profit for the period	32,597,545	21,594,432

22 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) December 31, 2016 Rupees	(Un-audited) December 31, 2015 Rupees
Transactions		
Rent paid to Chief Executive Officer	-	1,058,750
Plasitflex Films (Private) Limited <i>(formerly Flexipack Films (Private) Limited)</i>		
Close family relationship		
- Payment against purchases	15,983,536	23,788,828
- Purchases	18,130,489	-
Others		
Remuneration to directors and other key management personnel:		
Chief Executive Officer	2,124,998	1,800,000
Directors	3,175,000	3,000,000
Executives	57,754,435	47,828,389
	63,054,433	52,628,389
	December 31, 2016 Rupees	June 30, 2016 Rupees
Creditors - associated company		
- Payable to associate	19,679,825	17,532,872
Sponsors' subordinated - loan		
At beginning of the period / year	902,151,770	602,151,770
Transfer from API	-	300,000,000
At the end of the period / year	902,151,770	902,151,770

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 23rd February 2017 by the Board of the Company.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENT FOR THE
PERIOD ENDED DECEMBER 31, 2016**

Ismail Industries Limited

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipments	6	10,086,194,167	8,803,735,131
Goodwill		11,959,187	11,959,187
Long-term investments	7	3,799,904,451	3,666,453,640
Long-term deposits		43,075,721	58,594,534
Total non-current assets		13,941,133,526	12,540,742,492
Current assets			
Stores and spares	8	158,741,803	152,434,952
Stock-in-trade	9	5,942,046,327	5,749,920,212
Trade debts	10	976,592,152	1,181,827,121
Advances - considered good		412,189,914	167,254,994
Short term investments		-	37,447,999
Trade deposits and short-term prepayments		69,370,251	32,346,886
Other receivables		476,800,070	439,047,661
Taxation - net		668,158,358	505,359,100
Cash and bank balances	11	94,250,954	61,458,777
Total current assets		8,798,149,829	8,327,097,702
Total assets		22,739,283,355	20,867,840,194
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorised share capital			
250,000,000 (June 30, 2016: 250,000,000) ordinary share of Rs. 10 each		2,500,000,000	2,500,000,000
Issued, subscribed and paid-up capital			
63,804,750 (June 30, 2016: 50,520,750) ordinary shares of Rs.10 each full paid in cash		638,047,500	505,207,500
Capital to be issued pursuant to amalgamation		-	132,840,000
Reserves		5,568,930,010	5,360,837,355
Non-controlling interest		235,000,003	239,226,433
Total shareholders' equity		6,441,977,513	6,238,111,288
Non-current liabilities			
Sponsors' loan - subordinated		902,151,770	902,151,770
Long-term finances - secured	13	5,731,832,460	4,346,412,901
Liabilities against assets subject to finance lease		97,238,582	148,441,628
Deferred liabilities		940,670,025	801,197,655
Total non-current liabilities		7,671,892,837	6,198,203,954
Current liabilities			
Trade and other payables	14	1,616,305,892	1,607,305,825
Accrued mark-up		122,590,477	80,996,630
Short-term finance - secured	15	4,444,771,619	4,447,779,750
Current portion of:			
- long-term finances - secured	13	2,283,139,502	2,073,367,018
- liabilities against assets subject to finance lease		75,842,773	112,247,286
Advances from customers		82,762,742	109,828,443
Total current liabilities		8,625,413,005	8,431,524,952
Total liabilities		16,297,305,842	14,629,728,906
Contingencies and commitments	16		
Total equity and liabilities		22,739,283,355	20,867,840,194

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

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

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Note	Six-month Period ended		Quarter ended	
		December 31, 2016 Rupees	December 31, 2015 Rupees (Restated)	December 31, 2016 Rupees	December 31, 2015 Rupees (Restated)
Sales	20.2	11,078,621,119	9,824,098,641	5,856,765,031	5,151,410,716
Sales tax		(1,669,468,201)	(1,477,905,657)	(851,099,191)	(784,325,751)
Net sales		9,409,152,918	8,346,192,984	5,005,665,840	4,367,084,965
Cost of sales	20.2	(7,408,867,740)	(6,852,669,567)	(3,920,425,557)	(3,577,075,036)
Gross profit		2,000,285,178	1,493,523,417	1,085,240,283	790,009,929
Selling and distribution expenses		(810,039,785)	(616,216,680)	(401,413,583)	(349,663,653)
Administrative expenses		(158,209,866)	(96,639,343)	(105,311,543)	(56,183,694)
		(968,249,651)	(712,856,023)	(506,725,126)	(405,847,347)
Operating profit		1,032,035,527	780,667,394	578,515,157	384,162,582
Other expenses		(73,650,976)	(45,206,914)	(47,434,893)	(23,472,162)
		958,384,551	735,460,480	531,080,264	360,690,420
Other income		77,266,326	58,437,033	47,077,980	47,251,527
		1,035,650,877	793,897,513	578,158,244	407,941,947
Finance cost		(368,865,772)	(428,060,095)	(176,137,340)	(204,393,717)
		666,785,105	365,837,418	402,020,904	203,548,230
Share of profit from associate		108,467,823	118,966,080	-	-
Profit before income tax		775,252,928	484,803,498	402,020,904	203,548,230
Income tax expense		(181,638,816)	(113,358,832)	(65,816,586)	(64,308,125)
Profit for the period		593,614,112	371,444,666	336,204,318	139,240,105
Profit for the period attributable to:					
Shareholders of the Holding Company		597,840,542	-	337,973,697	-
Non-controlling interest		(4,226,430)	-	(1,769,379)	-
		593,614,112	-	336,204,318	-
Earnings per share - basic and diluted	17	9.30	5.82	5.27	2.18

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Note	Six-month period ended		Quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		Rupees	Rupees (Restated)	Rupees	Rupees (Restated)
Profit for the period		593,614,112	371,444,666	336,204,318	139,240,105
<i>Item to be reclassified to profit and loss account in subsequent period</i>					
Unrealized appreciation / (diminution) on available for sale investment	7.4	79,240,000	36,400,000	(32,445,000)	52,920,000
Share of other comprehensive income from associated undertaking - net of tax	7.3	(54,257,012)	62,211,694	-	62,211,694
Other comprehensive income for the period - net of tax		24,982,988	98,611,694	(32,445,000)	115,131,694
Total comprehensive income for the period		618,597,100	470,056,360	303,759,318	254,371,799

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

CONSOLIDATED CONDENSED INTERIM CASH FLOWS STATEMENT (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Note	December 31, 2016 Rupees	December 31, 2015 Rupees (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	18	1,827,309,324	2,281,588,891
Gratuity paid		(19,589,605)	(7,754,853)
Taxes paid		(248,175,487)	(117,598,511)
Long-term deposits received /(paid)		15,518,813	(676,766)
Net cash generated from operating activities		1,575,063,045	2,155,558,761
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		(1,645,727,089)	(711,059,138)
Net cash paid on acquisition		-	-
Proceeds from sale of investment		37,316,032	-
Proceeds from disposal of property, plant and equipments		6,494,672	2,809,995
Net cash used in investing activities		(1,601,916,385)	(708,249,143)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Rental paid)/ lease obtained		(87,607,559)	35,117,568
Dividends paid		(413,974,303)	(302,322,948)
Long-term finance less repayments		1,595,192,043	(318,565,822)
Financial charges paid		(327,271,925)	(226,109,068)
Net cash from/(used in) financing activities		766,338,256	(811,880,270)
Net increase in cash and cash equivalents		739,484,916	635,429,348
Cash and cash equivalents at the beginning of the period		(1,646,925,147)	(2,055,771,074)
Cash and cash equivalents at the end of the period	19	(907,440,231)	(1,420,341,726)

The annexed selected notes from 1 to 23 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

Issued, subscribed and paid up capital	Capital to be issued pursuant to amalgamation	Reserves				Total reserves	Non-controlling interest	Share holders' equity
		Share premium	Other comprehensive income	Amalgamation reserves	Unappropriated profit			
505,207,500	-	579,265,000	108,298,558	-	2,782,391,410	3,469,954,968	-	3,975,162,468
Rupees								
-	-	-	-	-	371,444,666	371,444,666	-	371,444,666
-	-	-	98,611,694	-	371,444,666	98,611,694	-	98,611,694
-	-	-	98,611,694	-	-	470,056,360	-	470,056,360
Transaction with owners								
Cash dividend paid for the year ended June 30, 2015 @ Rs. 6 per share								
505,207,500	-	579,265,000	206,910,252	-	(303,124,500)	(303,124,500)	-	(303,124,500)
-	-	-	-	-	2,850,711,576	3,636,886,828	-	4,142,694,328
505,207,500	132,840,000	579,265,000	382,805,697	916,862,067	3,481,004,591	5,360,837,555	239,226,433	5,998,884,855
132,840,000	(132,840,000)	-	-	-	-	-	-	-
Capital issued pursuant to amalgamation								
Total comprehensive income for the period								
Profit for the six month period ended December 31, 2016								
-	-	-	-	-	597,840,542	597,840,542	(4,226,430)	597,840,542
Total other comprehensive income for the six month period ended December 31, 2016								
-	-	-	24,982,988	-	-	24,982,988	-	24,982,988
-	-	-	24,982,988	-	597,840,542	622,823,530	(4,226,430)	622,823,530
Transaction with owners								
Cash dividend paid for the year ended June 30, 2016 @ Rs. 6.50 per share								
-	-	-	-	-	(414,730,875)	(414,730,875)	-	(414,730,875)
638,047,500	-	579,265,000	407,788,685	916,862,067	3,665,014,258	5,568,930,010	235,000,003	6,206,977,510
638,047,500	-	579,265,000	407,788,685	916,862,067	3,665,014,258	5,568,930,010	235,000,003	6,206,977,510

The annexed selected notes from 1 to 23 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 SIX MONTH PERIOD ENDED DECEMBER 31, 2016

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, Shahrach-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 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 Shahrach-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.

1.2 The High Court of Sindh through its order dated September 22, 2016 has sanctioned the scheme of merger of Astro Plastics (Private) Limited (APL) with and into Ismail Industries Limited (IIL). Pursuant to this sanction, the entire business of APL including Properties, Assets, Liabilities, and the Rights and Obligations have been amalgamated with and into and vest in the IIL with effect from the effective date as mentioned in the scheme i.e., on July 1, 2015. The relevant details of the transactions are more clearly explained in note 1.2 to the financial statements for the year ended June 30, 2016. Consequently, the comparative results in these financial information have been restated to reflect the financial results and cash flows of APL from October 01, 2015 to December 31, 2015 and from July 01, 2015 to December 31, 2015 respectively (as referred in note 21).

2 STATEMENT OF COMPLIANCE

The condensed interim financial information of the Group for the six month period ended December 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 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, 2016.

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

2.1 Basis of measurement

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 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

- 3.1 The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Group for the year ended June 30, 2016.
- 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 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, 2016.

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 PROPERTY, PLANT AND EQUIPMENTS

	Note	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
Operating fixed assets	6.1	7,381,299,808	7,301,104,101
Capital work in progress	6.2	2,704,894,359	1,502,631,030
		<u>10,086,194,167</u>	<u>8,803,735,131</u>

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

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

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----		-----At net book value-----	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
	(Restated)		(Restated)	
Owned assets				
Bulidig on leasehold land	65,877,358	1,122,667	-	-
Plant and machinery	302,327,530	480,163,331	-	-
Furniture and fittings	-	-	-	-
Equipment	3,425,539	9,729,845	-	-
Computers	1,655,238	1,331,049	43,396	34,297
Vehicles	34,541,245	836,849	2,667,468	1,056,220
	407,826,910	493,183,741	2,710,864	1,090,517
Leased assets				
Plant and machinery	-	64,098,224	-	-
Vehicles	35,636,850	5,446,757	-	-
	35,636,850	69,544,981	-	-
	443,463,760	562,728,722	2,710,864	1,090,517

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

	(Un-audited)			
	Additions		Transfers	
	-----At cost-----			
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
	(Restated)		(Restated)	
Civil works	102,477,222	105,980,968	65,877,358	1,122,667
Plant and machinery	1,397,525,652	523,703,198	299,651,481	480,163,331
Electric insallation	41,691,471	-	2,676,049	-
Equipments and fixtures	26,536,971	9,662,093	3,425,539	9,729,845
Software development	5,662,440	-	-	-
	1,573,893,756	639,346,259	371,630,427	491,015,843

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	Note	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
7 LONG-TERM INVESTMENTS			
Investment in associated undertakings			
Novelty Enterprises (Private) Limited	7.1	228,763,991	228,763,991
The Bank of Khyber	7.2	3,197,060,460	3,142,849,649
		<u>3,425,824,451</u>	<u>3,371,613,640</u>
Other investment-Available for sale			
Bank Islami Pakistan Limited	7.4	374,080,000	294,840,000
		<u>3,799,904,451</u>	<u>3,666,453,640</u>

7.1 Novelty Enterprises (Private) Limited

The Holding Company holds 33% (June 30, 2016: 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, 2016 based on un-audited financial statements amounted to Rs. 561.53 million (2016: Rs. 561.53 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.1,241.907 million (June 2016: Rs. 758.34 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 (June 30, 2016: 24.16%). In addition to this, the Holding Company also has representation on the Board of Directors of the Bank. The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. Amounts in these financial statements have been taken from annual audited financial statements of the Bank for the year ended December 31, 2015 and September 30, 2016. Adjustment to confirm to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances.

The market value of holding in the Bank as on December 31, 2016 was Rs. 3,999.13 million (June 30, 2016: Rs. 3,032.57 million).

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

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	(Un-audited)	(Audited)	(Un-audited)	(Audited)
	December 31, 2016	June 30, 2016	December 31, 2016	June 30, 2016
Carrying value at beginning of the period	3,142,849,649	2,663,030,998	228,763,991	229,724,069
Purchase during the period		-		
Share of profit relating to profit and loss account	108,467,823	507,360,301	-	(960,078)
Dividend received	-	(302,048,789)	-	-
Share of (loss)/profit relating to other comprehensive income - net of tax	(54,257,012)	274,507,139	-	-
Carrying value at end of the period	3,197,060,460	3,142,849,649	228,763,991	228,763,991

All transfers of funds to the Holding Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of the associates. The Holding Company has not received any dividend from The Bank of Khyber during the period (June 30, 2016: Rs. 1.25 per share).

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

		(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
7.4 Bank Islami Pakistan Limited			
Carrying Value		294,840,000	285,600,000
Unrealized appreciation in value of investment		79,240,000	9,240,000
Fair value of investment		374,080,000	294,840,000
8 STORES AND SPARES			
Stores and spare parts - gross		162,276,490	149,193,880
Diesel and liquified petroleum gas		1,307,633	1,252,300
Others		2,804,100	9,500,192
Provision for slow moving spare parts	8.1	(7,646,420)	(7,511,420)
Store and spares - net		158,741,803	152,434,952
8.1 Reconciliation of provision for slow moving spare parts			
Opening provision		(7,511,420)	(6,971,420)
Charge for the period / year		(135,000)	(540,000)
Closing provision		(7,646,420)	(7,511,420)
9 STOCK-IN-TRADE			
Raw materials	9.1	3,995,943,155	3,951,251,890
Packing materials	9.1	429,016,842	354,703,036
Work-in-process		104,785,539	65,927,451
Finished goods		1,412,300,791	1,378,037,835
		5,942,046,327	5,749,920,212
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, 2016: Rs.13,404,278) and Rs.157,532,105 (June 30, 2016: Rs. 150,332,105) respectively.			

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
10 TRADE DEBTS		
Considered good		
- secured (export debtors)	141,809,897	138,962,888
- unsecured	834,782,255	1,042,864,233
	976,592,152	1,181,827,121
Considered doubtful	41,764,885	39,964,885
Trade debts - gross	1,018,357,037	1,221,792,006
Provision for doubtful debts	(41,764,885)	(39,964,885)
Trade debts - net	976,592,152	1,181,827,121

11 CASH AND BANK BALANCES

Cash in hand	7,690,772	2,547,471
Cash with banks in:		
- current accounts- <i>conventional</i>	67,695,806	48,323,330
- current accounts- <i>islamic</i>	18,864,376	10,587,976
	94,250,954	61,458,777

12 SPONSORS' LOAN - SUBORDINATED

The Holding 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 convert within one year to ordinary shares after the merger of Astro Plastics (Private) Limited with the Holding Company and 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) December 31, 2016			(Audited) June 30, 2016		
	Rupees			Rupees		
	Conventional	Islamic	Total	Conventional	Islamic	Total
At beginning of the period / year	4,740,613,260	1,679,166,659	6,419,779,919	2,239,035,917	1,595,745,610	3,834,781,527
Obtained during the period / year	3,059,485,850	-	3,059,485,850	4,452,854,371	350,000,000	4,802,854,371
Repaid during the period / year	(1,296,793,807)	(167,500,000)	(1,464,293,807)	(1,951,277,028)	(266,578,951)	(2,217,855,979)
	6,503,305,303	1,511,666,659	8,014,971,962	4,740,613,260	1,679,166,659	6,419,779,919
	(1,875,639,498)	(407,500,004)	(2,283,139,502)	(1,725,867,014)	(347,500,004)	(2,073,367,018)
Less: Current maturity	4,627,665,805	1,104,166,655	5,731,832,460	3,014,746,246	1,331,666,655	4,346,412,901

- 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 The Holding 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 + 1.25% and from 0.75% to 1 % above the State Bank of Pakistan rate for LTFF.

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

		(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
	Note		
14 TRADE AND OTHER PAYABLES			
Trade creditors		1,234,052,807	1,352,606,045
Other liabilities		382,253,085	254,699,780
		<u>1,616,305,892</u>	<u>1,607,305,825</u>
15 SHORT TERM FINANCES - Secured			
Term finances-conventional	15.1	1,349,999,976	1,573,404,789
Term finances-islamic	15.2	1,711,399,193	999,309,771
Export refinances	15.3	383,000,000	168,000,000
Running finance utilized under mark-up arrangement	15.4	1,000,372,450	1,707,065,190
		<u>4,444,771,619</u>	<u>4,447,779,750</u>
15.1	These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 3,175 million (2016: Rs. 3,825 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 6.17% to 7.05% per annum (2016: 6.42% to 7.49% per annum).		
15.2	These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 3,250 million (2016: Rs. 2,700 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 6.24% to 6.31% per annum (2016: 6.39% to 7.86% per annum).		
15.3	These represented facilities for export refinance arranged from various banks aggregating to Rs. 383 million (2016: Rs. 490 million). These were 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 0.75% to 1% above the State Bank of Pakistan (SBP) rate per annum (2016: 0.75% to 1% above SBP rate per annum).		
15.4	The facilities for running finances available from various banks aggregated to Rs. 2,927 million (2016: Rs. 3,325 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 7.30% per annum (2016: 6.50% to 8.51% per annum).		
16 CONTINGENCIES AND COMMITMENTS			
16.1 Contingencies			
16.1.1	The Holding Company has filed a suit against a debtor for recovery of Rs. 960,450. The suit was decreed in favour of the Company but as the debtor did not have any tangible property within the territorial jurisdiction of 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 Holding Company and the debtor is being pursued to pay the decretal amount, the amount due has not been written off.		

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

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

The Holding Company has preferred appeal to High Court of Balochistan, Quetta. No provision has been made in these financial statements against this aforementioned suit as the management of the Holding Company, based on the advice of its legal counsel, is of the opinion that the abovementioned judgment is contrary to the facts and law and not based on proper appraisal of evidence and correct appreciation of law. Further, the Holding Company has completed construction and is running factory on the land in dispute, therefore, it is not viable to restore possession of the suit property to the plaintiff and the Holding Company shall contest the case in the higher Courts if warranted. The High Court of Balochistan, Quetta has set aside the case on February 24, 2014 and the case shall start afresh in the next hearing.

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

- 16.1.3** The Holding Company has filed 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 tax advisor of the Holding Company the order by the commissioner will not have any impact on the tax liability of the Holding Company as its falls under minimum tax. However, if tax credit is allowed by the commissioner Appeal the Holding Company's tax refund of tax year 2014 will increase by Rs. 26.376 million.

- 16.1.4** 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 (June 2016: Rs. 557.403 million) for provisional clearance in favour of Collector of Custom. However, due to delay on 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 Ministry of Industries dated August 15, 2012. The Hon'ble High Court vide order dated May 13, 2015, has passed interim orders in favor of the Holding 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 retrospectively.

- 16.1.5** The Holding Company has filed suit against Federation of Pakistan, Federal Board of Revenue, Collectors of Custom 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 with the Nazir of the Honorable High Court and 2.5% shall be paid through post dated cheques to the Nazir. In this connection the Holding Company has deposited pay orders amounting to Rs. 109.383 million (June 2016: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 109.383 million (June 2016: Rs. 100.217 million) in favour 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 Honorable High Court which has been challenged in 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.

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
16.2 Commitments		
Outstanding letter of guarantees	474,241,206	432,740,600
Outstanding letter of credit for:		
- capital expenditures	496,666,479	1,345,595,856
- others	1,023,436,201	1,819,393,537
Rentals under Ijarah contract		
Not later than one year	-	44,412,224
Over one year to five years	-	63,633,725
	-	108,045,949

17 EARNINGS PER SHARE-Basic and Diluted

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

	Note	(Un-audited) December 31, 2016 Rupees	(Un-audited) December 31, 2015 Rupees (Restated)
Basic earnings per share			
Profit for the period		593,614,112	371,444,666
		------(Number)-----	
Weighted average number of ordinary shares during the period		63,804,750	63,804,750
		------(Rupees)-----	
Basic earnings per share		9.30	5.82

18 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Profit before income tax		775,252,928	484,803,498
Adjustments for non-cash and other items:			
Depreciation		360,557,189	355,350,857
Gain on disposal of property, plant and equipments - net		(3,783,808)	(1,719,478)
loss on sale of investment		131,967	-
Provision for staff retirement gratuity		62,799,388	25,727,648
Share of profit from associated undertaking		(108,467,823)	(118,966,080)
Foreign exchange loss - net		-	-
Finance cost		368,865,772	428,060,096
Net increase in working capital	18.1	371,953,712	1,108,332,350
		1,827,309,325	2,281,588,891

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

		(Un-audited) December 31, 2016 Rupees	(Un-audited) December 31, 2015 Rupees (Restated)
18.1 Working capital changes			
Current assets	Note		
(Increase) / Decrease in current assets			
Stores and spares		(6,306,851)	(18,939,460)
Stock-in-trade		(192,126,115)	599,330,079
Trade debts		205,234,969	(247,147,840)
Advances - considered good		(244,934,920)	(56,638,775)
Trade deposits and short-term prepayments		(37,023,365)	(4,883,317)
Other receivables		(37,752,409)	(8,274,227)
		<u>(312,908,691)</u>	<u>263,446,460</u>
Current liabilities			
Increase / (Decrease) in current liabilities			
Trade and other payables		8,243,495	(86,975,657)
Short-term finances		703,684,609	972,246,694
Advance from customers		(27,065,701)	(40,385,147)
		<u>684,862,403</u>	<u>844,885,890</u>
Net increase in working capital		<u>371,953,712</u>	<u>1,108,332,350</u>
19 CASH AND CASH EQUIVALENTS			
Cash and bank balances	11	92,932,220	65,805,376
Running finances under mark-up arrangement	15	(1,000,372,450)	(1,486,147,103)
		<u>(907,440,230)</u>	<u>(1,420,341,727)</u>

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

20 SEGMENT INFORMATION

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

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

- Food Processing
- Plastic Film

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 revenues, segment costs, assets and liabilities for the period are as follows:

	(Unaudited)					
	Quarter ended			Half Year ended		
	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016
	Food Processing			Plastic Film		
	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016
Sales	4,46,29,15,79	4,09,76,03,31	1,46,90,92,69	1,14,38,56,60	2,26,01,45,58	79,35,05,04
Export	86,03,28,74	110,60,01,15	79,32,08,14	79,32,08,14	17,50,12,45	40,59,04,37
Export rebates	-	-	-	-	2,20,55,55	5,01,02,56
Inter-segment sales	2,32,93,20	3,32,67,95	2,32,93,20	2,32,93,20	5,48,37,97	5,48,37,97
	4,72,15,14,56	4,39,76,03,31	1,46,90,92,69	1,14,38,56,60	2,26,01,45,58	79,35,05,04
Less:						
Inter-segment and discounts	(19,41,42,47)	(18,09,09,38)	(15,39,79,69)	(15,39,79,69)	(15,39,79,69)	(15,39,79,69)
Sales tax	(65,24,66,87)	(64,14,20,45)	(19,86,38,31)	(19,86,38,31)	(19,86,38,31)	(19,86,38,31)
Net sales	4,91,97,07,91	4,91,97,07,91	4,91,97,07,91	4,91,97,07,91	4,91,97,07,91	4,91,97,07,91
Cost of sales	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)
Gross profit	2,47,66,87,20	2,47,66,87,20	2,47,66,87,20	2,47,66,87,20	2,47,66,87,20	2,47,66,87,20
Administrative expenses	(8,03,45,45)	(8,03,45,45)	(8,03,45,45)	(8,03,45,45)	(8,03,45,45)	(8,03,45,45)
Operating profit	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75
Segment result	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75
Unaudited income and expenses						
Other operating income	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-
Share of profit from associated undertakings	-	-	-	-	-	-
Share of loss from associated undertakings	-	-	-	-	-	-
Income tax expense	-	-	-	-	-	-
Profit for the period	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75	1,69,21,41,75

20.2 Reconciliation of segment sales and cost of sales

	(Unaudited)					
	Quarter ended			Half Year ended		
	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015	December 31, 2016
Sales net of sales returns and discounts	4,72,15,14,56	4,39,76,03,31	1,46,90,92,69	1,14,38,56,60	2,26,01,45,58	79,35,05,04
Less: Sales Tax	(19,86,38,31)	(19,86,38,31)	(19,86,38,31)	(19,86,38,31)	(19,86,38,31)	(19,86,38,31)
Less: Eliminations of inter-segment sales	-	-	-	-	-	-
Total sales	4,52,28,76,25	4,19,89,65,00	1,27,04,59,38	92,52,18,29	2,06,15,07,27	59,48,66,73
Cost of sales	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)
Cost of sales net of inter-segment purchases	2,07,98,55,54	1,75,59,44,29	1,02,64,38,67	68,18,07,58	1,81,75,06,56	57,04,66,02
Eliminations of inter-segment purchases	-	-	-	-	-	-
Total cost of sales	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)	(2,44,30,20,71)

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

	(Un-audited) Food Segment	(Audited) June 30, 2016	(Un-audited) December 31, 2016	(Un-audited) Pharmaceutical Segment June 30, 2016	(Un-audited) December 31, 2016	(Un-audited) Pharmaceutical Segment June 30, 2016	(Un-audited) December 31, 2016	Total
20.3	Segment assets	9,583,674,404	8,321,575,532	6,405,019,562	910,732,809	858,290,237	18,559,906,725	16,846,984,203
20.4	Unallocated assets	-	-	-	-	-	4,179,376,630	4,020,855,991
		9,583,674,404	8,321,575,532	6,405,019,562	910,732,809	858,290,237	22,739,283,355	20,867,840,194
20.5	Segment liabilities	1,775,537,286	4,534,646,918	4,572,015,250	92,202,670	25,038,991	6,268,165,769	6,372,591,527
20.6	Unallocated liabilities	-	-	-	-	-	10,029,140,073	8,257,137,379
		1,641,316,181	4,534,646,918	4,572,015,250	92,202,670	25,038,991	16,297,305,842	14,629,728,906
20.7	Inter-segment pricing							
	Transactions among the business segments are recorded at estimated cost.							
20.8	The Holding company's export sales have been primarily made to countries in the Middle East, Africa and South Asia. However, no material amount of export sales have been made to any one or more particular countries.							
20.9	There were no major customers of the Holding company which formed 10 percent or more of the company's revenue.							
20.10	RECONCILIATION OF REPORTABLE SEGMENT ASSETS AND LIABILITIES							
20.11	Assets							
	Total assets for reportable segments			20.3			18,559,906,725	16,846,984,203
	Administrative capital assets						367,512,992	342,443,164
	Goodwill						11,959,187	11,959,187
	Long term investment			7			3,799,904,451	3,666,453,640
	Total assets						22,739,283,355	20,867,840,194
20.12	Liabilities							
	Total liabilities for reportable segments			20.5			6,268,165,769	6,372,591,527
	Sponsors' loan - subordinated						902,151,770	902,151,770
	Deferred liabilities						938,934,986	674,516,776
	Long term finance			13			8,014,971,962	6,419,779,919
	Liabilities against assets subject to finance lease						173,081,355	260,688,914
	Total liabilities						16,297,305,842	14,629,728,906

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

21 STATEMENT OF COMPARATIVE FIGURE

Following figures of Astro Plastic (Private) Limited for the quarter and half year ended of the corresponding period has been added to plastic segment by virtue of amalgamation of it with and into Ismail Industries Limited (as referred in note 1.1 and 20.1.)

	(Un-audited)	
	Six-month Period ended	Quarter ended
	December 31, 2015 Rupees	December 31, 2015 Rupees
Sales		
Local	1,529,328,078	735,752,187
Export	142,522,271	74,026,893
	1,671,850,349	809,779,080
Less:		
Sales return and discounts	(4,837,281)	(3,639,543)
Sales tax	(229,797,446)	(110,657,273)
	(234,634,727)	(114,296,816)
Net sales	1,437,215,622	695,482,264
Cost of sales	(1,250,035,095)	(600,878,327)
Selling and distribution expenses	(36,360,259)	(17,338,977)
Administrative expenses	(13,655,730)	(9,270,628)
	(1,300,051,084)	(627,487,932)
Operating profit	137,164,538	67,994,332
Other operating income	22,225,033	18,724,496
Finance cost	(128,394,601)	(65,925,684)
Profit before taxation	30,994,970	20,793,144
Income tax expense	1,602,575	801,288
Profit for the period	32,597,545	21,594,432

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

22 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)	
	December 31, 2016 Rupees	December 31, 2015 Rupees
Transactions		
Rent paid to Chief Executive Officer	-	1,058,750
Plasitflex Films (Private) Limited		
<i>(formerly Flexipack Films (Private) Limited)</i>		
Close family relationship		
- Payment against purchases	15,983,536	23,788,828
- Purchases	18,130,489	-
Others		
Remuneration to directors and other key management personnel:		
Chief Executive Officer	2,124,998	1,800,000
Directors	3,175,000	3,000,000
Executives	57,754,435	47,828,389
	<u>63,054,433</u>	<u>52,628,389</u>
	December 31, 2016 Rupees	June 30, 2016 Rupees
Creditors - associated company		
-Payable to associate	<u>19,679,825</u>	<u>17,532,872</u>
Sponsors' subordinated - loan		
At beginning of the period / year	902,151,770	602,151,770
Transfer from APL	-	300,000,000
At the end of the period / year	<u>902,151,770</u>	<u>902,151,770</u>

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2016

23 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 23rd February 2017 by the Board of the Group.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

ISMAIL INDUSTRIES LIMITED

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