

# ISMAIL INDUSTRIES LIMITED

Quarterly Report  
September 2015

Exceeding the  
Vision



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## COMPANY INFORMATION

### Board of Directors

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

### Audit Committee Members

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

### Human Resource Committee

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

### Registered Office

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

### Factory – 1

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

### Factory – 2

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

### Factory – 3

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

### Factory – 4

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

### Factory – 5

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

### Company Secretary

Mr. Ghulam Farooq

### Chief Financial Officer

Mr. Saad Younus

### Auditor

Grant Thornton Anjum Rahman  
Chartered Accountants

### Tax Advisor

Munaf Yusuf & Co.  
Chartered Accountants

### Legal Advisor

Farooq Rasheed & Co.

### Share Registrar

THK Associates (Pvt.) Limited

### Intellectual Property Advisor

Ali Associates

### Bankers / Institutions

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

## DIRECTORS REVIEW

The Directors are pleased to present the condensed financial statements of the Company for the first quarter ended of the financial year 2015-16.

The financial highlights of the Company are summarized below:

	<b>September 2015</b>	September 2014	<b>Change In %</b>
	<b>PKR Million</b>		
Gross sales	<b>3,812</b>	2,967	28%
Net sales	<b>3,237</b>	2,548	27%
Gross profit	<b>611</b>	528	16%
Operating profit	<b>327</b>	276	18%
Profit before tax	<b>271</b>	99	174%
% of net sales	<b>8%</b>	4%	100%
Profit after tax	<b>221</b>	73	203%
% of net sales	<b>7%</b>	3%	133%
Earnings per share - Rupees	<b>4.37</b>	1.44	203%

The Company has successfully ended the quarter results with excellent financial performance based on strong growth in sales and earnings. The company has posted a top line growth by 28% and 16% in gross margin as compared to the corresponding year quarter. The Company has achieved this growth through increased route to market efforts across all channels and segments and this has been reflected in gross profit and operating profit by increase of 16% and 18% respectively compared to corresponding period.

In a competitive environment, cautious sales mix improvements and relentless focus on cost savings has helped us to invest competitively and strategically behind our brands. We also recognize that operational excellence is critical to our success, therefore we continue to monitor our progress on process simplification and improve our ability and agility to respond to market changes.

### Future Outlook

Despite the challenging operational environment, our team is committed and motivated to deliver optimum value for all its stakeholders. In these inflationary times, we are making all possible efforts for cost effectiveness, both in terms of funds invested on sales and marketing effort, and on resources devoted to manufacturing expenses. The core task is to keep various processes geared up to meet future challenges. We continue to see good progress in the launching of new products, which will be able to create value for our shareholders in the future.

## Acknowledgement

We would like to thank our customers for their continued loyalty and trust in our brands. We would also like to thank our shareholders, bankers and suppliers for their support, and our employees for their commitment to the Company.

On behalf of the Board of Directors

(Maqsood Ismail)  
Chief Executive

Karachi: October 30, 2015

**CONDENSED INTERIM  
FINANCIAL INFORMATION  
(UN-AUDITED)  
FOR THE QUARTER ENDED  
SEPTEMBER 30, 2015**

# Ismail Industries Limited

## CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

	Note	Un-audited September 30, 2015 Rupees	Audited June 30, 2015 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	4,391,504,288	4,372,072,916
Long-term investments	6	3,343,012,841	3,178,355,067
Long-term deposits		51,922,650	47,687,783
<b>Total non-current assets</b>		<b>7,786,439,779</b>	<b>7,598,115,766</b>
<b>Current assets</b>			
Stores and spares	7	97,361,706	84,765,314
Stock-in-trade	8	4,811,250,032	5,196,389,762
Trade debts	9	742,696,294	778,548,491
Advances - considered good		117,977,465	115,953,099
Trade deposits and short-term prepayments		46,375,371	30,276,202
Other receivables		33,832,916	34,482,045
Taxation - net		415,423,870	408,344,617
Cash and bank balances	10	36,365,564	29,092,389
<b>Total current assets</b>		<b>6,301,283,218</b>	<b>6,677,851,919</b>
<b>Total assets</b>		<b>14,087,722,997</b>	<b>14,275,967,685</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>			
Authorised share capital			
100,000,000 (June 30, 2015: 100,000,000) ordinary share of Rs. 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued, subscribed and paid-up capital</b>			
50,520,750 (June 30, 2015: 50,520,750) ordinary shares of Rs.10 each full paid in cash		505,207,500	505,207,500
Capital reserve		579,265,000	579,265,000
Unappropriated profit		2,854,458,608	2,890,689,968
<b>Total shareholders' equity</b>		<b>3,938,931,108</b>	<b>3,975,162,468</b>
<b>Non-current liabilities</b>			
Sponsors' loan - subordinated		602,151,770	602,151,770
Long-term finances - secured	11	2,461,247,788	2,736,454,358
Liabilities against assets subject to finance lease		119,962,668	84,436,492
Deferred liabilities		649,324,125	647,740,169
<b>Total non-current liabilities</b>		<b>3,832,686,351</b>	<b>4,070,782,789</b>
<b>Current liabilities</b>			
Trade and other payables	12	809,563,140	820,336,751
Accrued mark-up		62,318,841	92,907,394
Short-term finance - secured	13	4,211,310,459	4,039,905,924
Current portion of:			
- long-term finances - secured	11	1,092,493,849	1,098,327,169
- liabilities against assets subject to finance lease		51,651,421	41,597,336
Advance from customers		88,767,828	136,947,854
<b>Total current liabilities</b>		<b>6,316,105,538</b>	<b>6,230,022,428</b>
<b>Total liabilities</b>		<b>10,148,791,889</b>	<b>10,300,805,217</b>
Contingencies and commitments	14		
<b>Total equity and liabilities</b>		<b>14,087,722,997</b>	<b>14,275,967,685</b>

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director

# Ismail Industries Limited

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	Quarter ended	
		September 30, 2015	September 30, 2014
		Rupees	Rupees
Sales		3,811,814,394	2,966,832,672
Sales tax		(574,439,733)	(418,680,974)
Net sales		3,237,374,661	2,548,151,698
Cost of sales		(2,626,437,763)	(2,020,331,804)
<b>Gross profit</b>		<b>610,936,898</b>	<b>527,819,894</b>
Selling and distribution expenses		(247,531,745)	(222,308,914)
Administrative expenses		(36,070,547)	(29,904,963)
		(283,602,292)	(252,213,877)
<b>Operating profit</b>		<b>327,334,606</b>	<b>275,606,017</b>
Other operating expenses		(21,734,752)	(11,192,992)
		<b>305,599,854</b>	<b>264,413,025</b>
Other income		7,684,969	11,646,311
		<b>313,284,823</b>	<b>276,059,336</b>
Finance cost		(161,197,461)	(176,940,963)
		<b>152,087,362</b>	<b>99,118,373</b>
Share of profit from associate		<b>118,966,080</b>	-
<b>Profit before income tax</b>		<b>271,053,442</b>	<b>99,118,373</b>
Taxation		(49,851,996)	(26,408,758)
<b>Profit for the period</b>		<b>221,201,446</b>	<b>72,709,615</b>
<b>Earnings per share - basic and diluted</b>	15	<b>4.38</b>	<b>1.44</b>

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director



# Ismail Industries Limited

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	Quarter ended	
		September 30, 2015	September 30, 2014
		Rupees	Rupees
<b>Profit for the period</b>		<b>221,201,446</b>	72,709,615
<b>Other comprehensive income</b>			
Item that will not be reclassified to profit or loss in subsequent periods			
Unrealized (diminution) / appreciation on available for sale investment - net of tax	6.2.1	(16,520,000)	1,151,617
Share of other comprehensive income from associated undertaking - net of tax	6.1.3	62,211,694	-
<b>Total comprehensive income for the period</b>		<b>266,893,140</b>	73,861,232

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.

MAQSOOD ISMAIL  
Chief Executive Officer

MUNSARIM SAIFULLAH  
Director

# Ismail Industries Limited

## CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	Note	September 30, 2015 Rupees	September 30, 2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	16	597,292,604	(46,105,504)
Gratuity paid		(825,859)	(1,871,908)
Income tax paid		(56,931,249)	(34,708,962)
Long term deposits (paid)/received		(4,234,867)	3,725,187
<b>Net cash generated from/(used in) operating activities</b>		<b>535,300,629</b>	<b>(78,961,187)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(125,573,293)	(256,255,855)
Purchase of short term investment		-	(39,748,500)
<b>Net cash used in investing activities</b>		<b>(125,573,293)</b>	<b>(296,004,355)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease obtained / (rentals paid)		45,580,261	(8,680,462)
Long-term finance less repayments		(281,039,891)	(107,649,712)
Interest / mark-up paid		(191,786,014)	(186,825,029)
<b>Net cash used in financing activities</b>		<b>(427,245,644)</b>	<b>(303,155,203)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(17,518,308)</b>	<b>(678,120,745)</b>
Cash and cash equivalents at the beginning of the period		(630,342,533)	(487,994,721)
<b>Cash and cash equivalents at the end of the period</b>	17	<b>(647,860,841)</b>	<b>(1,166,115,466)</b>

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director

# Ismail Industries Limited

## CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR QUARTER ENDED SEPTEMBER 30, 2015

	Issued, subscribed and paid up capital	Capital Reserve Share premium	Unappropriated profit	Share holders' equity
----- Rupees -----				
<b>Balance as at June 30, 2014</b>	505,207,500	579,265,000	2,168,661,763	3,253,134,263
Total comprehensive income for the three-months period ended September 30, 2014	-	-	73,861,232	73,861,232
<b>Transactions with owners</b>				
Cash dividend paid for the year ended June 30, 2015 @ Rs. 2.25 per share	-	-	842,427	842,427
	-	-	74,703,659	74,703,659
<b>Balance as at September 30, 2014</b>	505,207,500	579,265,000	2,243,365,422	3,327,837,922
<b>Balance as at June 30, 2015</b>	505,207,500	579,265,000	2,890,689,968	3,975,162,468
Total comprehensive income for the three-months period ended September 30, 2015	-	-	266,893,140	266,893,140
<b>Transactions with owners</b>				
Cash dividend paid for the year ended June 30, 2015 @ Rs. 6 per share	-	-	(303,124,500)	(303,124,500)
	-	-	(36,231,360)	(36,231,360)
<b>Balance as at September 30, 2015</b>	505,207,500	579,265,000	2,854,458,608	3,938,931,108

The annexed selected notes from 1 to 20 form an integral part of this condensed interim financial information.

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director

## SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2015

### 1 LEGAL STATUS AND OPERATIONS

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

### 2 STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the three months period ended September 30, 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

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

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by Listing Regulations of Karachi and Lahore stock exchanges and under Section 245 of the Companies Ordinance, 1984.

#### 2.1 Basis of measurement

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

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

### 3 SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

- 3.1 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 annual financial statements of the Company for the year ended June 30, 2015.
- 3.2 Certain amendments and interpretation to approved accounting standards become effective during period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company.

### 4 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

# Ismail Industries Limited

## 5 PROPERTY, PLANT AND EQUIPMENT

	Note	September 30, 2015 Rupees	June 30, 2015 Rupees
Operating fixed assets	5.1	4,086,329,505	4,132,933,736
Capital work in progress	5.2	305,174,783	239,139,180
		<u>4,391,504,288</u>	<u>4,372,072,916</u>

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

	Additions (at cost)		Deletions (at net book value)	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	Rupees			
<b>Owned assets</b>				
Leasehold land	-	-	-	-
Building on leasehold land	-	2,976,991	-	-
Plant and machinery	58,750,214	104,382,183	-	-
Furniture and fittings	-	208,600	-	-
Equipment	220,108	1,584,060	-	-
Computers	350,000	645,079	-	-
Vehicles	217,368	6,781,675	-	-
	<u>59,537,690</u>	<u>116,578,588</u>	<u>-</u>	<u>-</u>

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

	Additions (at cost)		Transfers (at cost)	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	Rupees			
Civil works	7,384,293	78,339,440	-	2,976,991
Plant and machinery	116,784,683	165,015,176	58,440,214	104,382,183
Electric installation	310,000	3,401,096	310,000	-
Equipments and fixtures	526,950	2,073,389	220,108	1,792,660
	<u>125,005,926</u>	<u>248,829,101</u>	<u>58,970,322</u>	<u>109,151,834</u>
		Note	September 30, 2015 Rupees	June 30, 2015 Rupees

## 6 LONG-TERM INVESTMENTS

### 6.1 Investment in associated undertakings

The Bank of Khyber	6.1.1&6.1.3	2,844,208,772	2,663,030,998
Novelty Enterprises (Private) Limited	6.1.2&6.1.3	229,724,069	229,724,069
		<u>3,073,932,841</u>	<u>2,892,755,067</u>

### 6.2 Other investment - available for sale

Bank Islami Pakistan Limited	6.2.1	269,080,000	285,600,000
		<u>3,343,012,841</u>	<u>3,178,355,067</u>

# Ismail Industries Limited

## 6.1.1 The Bank of Khyber

The total shareholding of the Company in the Bank is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (June 30, 2015: 24.16%). In addition to this, the Company also has representation on the Board of Directors of the Bank. The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. Amounts in these financial statements have been taken from reviewed condensed interim financial information of the Bank for the nine-month periods ended September 30, 2015 and June 30, 2015. Adjustment to conform to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances.

The market value of holding in the Bank as on September 30, 2015 was Rs. 2,539.626 million (June 30, 2015: Rs. 2,658.029 million).

## 6.1.2 Novelty Enterprises (Private) Limited

The Company holds 33% (June 30, 2015: 33%) voting and equity interest in Novelty Enterprises (Private) Limited. The shares of Novelty Enterprises (Private) Limited are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of Novelty Enterprises (Private) Limited is June 30.

Total equity / net assets of Novelty Enterprises (Private) Limited as at June 30, 2015 based on un-audited financial statements amounted to Rs. 561.56 million (2014: Rs. 561.63 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates report dated August 12, 2011 fair value of fixed assets of Novelty Enterprises (Private) Limited amounted to Rs. 730.48 million resulting in surplus on fixed assets of Rs. 196.767 million. Revised net assets after the revaluation surplus amounted to Rs. 758.33 million (2014: Rs. 758.40 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

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

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

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	September 30, 2015	June 30, 2015	September 30, 2015	June 30, 2015
Carrying value at beginning of the period	2,663,030,998	1,085,647,801	229,724,069	229,724,069
Purchase during the year	-	1,516,335,105		
Share of profit relating to profit and loss account	118,966,080	207,684,856	-	-
Share of (loss)/profit relating to Dividend received	-	(241,639,031)		
Share of other comprehensive Income / Loss	71,099,079	108,574,019	-	-
Related deferred tax on OCI	(8,887,385)	(13,571,752)	-	-
	62,211,694	95,002,267		
Carrying value at end of the period	<u>2,844,208,772</u>	<u>2,663,030,998</u>	<u>229,724,069</u>	<u>229,724,069</u>

All transfers of funds to the Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of the associates. The Company has not received any dividend during the period (June 30, 2015: Rs. 1 per shares).

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

## 6.2.1 Bank Islami Pakistan Limited

Carrying value	285,600,000	280,000,000
Unrealized (diminution)/appreciation in value of investment	(16,520,000)	5,600,000
Fair value of investment	<u>269,080,000</u>	<u>285,600,000</u>

# Ismail Industries Limited

	Note	September 30, 2015 Rupees	June 30, 2015 Rupees
<b>7 STORES AND SPARES</b>			
Stores and spare parts - gross		97,795,298	89,806,185
Diesel and liquified petroleum gas		4,570,428	1,928,149
Others		2,102,400	2,400
Provision for slow moving spare parts		(7,106,420)	(6,971,420)
Store and spares - net		97,361,706	84,765,314
<b>8 STOCK-IN-TRADE</b>			
Raw materials	8.1	2,868,057,776	3,100,457,782
Packing materials	8.1	414,620,864	437,320,823
Work-in-process		38,112,371	36,844,384
Finished goods	8.1	1,490,459,021	1,621,766,773
		4,811,250,032	5,196,389,762
8.1 Raw materials and packing materials are stated at net of provision for slow moving items amounting to Rs.13,404,278 (June 30, 2015: Rs.13,404,278) and Rs.160,376,255 (June 30, 2015: Rs. 149,276,255) respectively.			
<b>9 TRADE DEBTS</b>			
Considered good			
- secured (export debtors)		79,116,807	84,094,131
- unsecured		663,579,487	694,454,360
		742,696,294	778,548,491
Considered doubtful		37,264,885	36,364,885
<b>Trade debts - gross</b>		779,961,179	814,913,376
Provision for doubtful debts		(37,264,885)	(36,364,885)
<b>Trade debts - net</b>		742,696,294	778,548,491
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		7,741,205	2,095,344
Cash with banks in current accounts		28,624,359	26,997,045
		36,365,564	29,092,389
<b>11 LONG TERM FINANCES - secured</b>			
At beginning of the period / year		3,834,781,527	2,496,314,650
Obtained during the period / year		-	2,345,786,596
Repaid during the period / year		(281,039,890)	(1,007,319,719)
		3,553,741,637	3,834,781,527
Less: Current maturity		(1,092,493,849)	(1,098,327,169)
		2,461,247,788	2,736,454,358
11.1 These represent term finance facilities obtained for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over property, plant and equipment of the Company and personal guarantees of the directors. These facilities carry mark-up at the rate ranging from 1 month KIBOR + 1% to 3 month KIBOR + 1.75% except for the facility from Pak Oman Investment Company Limited which carry mark-up at the SBP LTFF rate + 2%.			
<b>12 TRADE AND OTHER PAYABLES</b>			
Trade creditors		361,647,510	612,057,321
Sales tax payable		2,597,039	48,741,297
Other liabilities		445,318,591	159,538,133
		809,563,140	820,336,751

# Ismail Industries Limited

	Note	September 30, 2015 Rupees	June 30, 2015 Rupees
<b>13</b>	<b>SHORT TERM FINANCES - Secured</b>		
	<b>From banking companies</b>		
	Term finances	13.1      3,023,959,554	3,380,471,002
	Export refinances	13.2      200,000,000	-
	Running finance utilized under mark-up arrangement	13.3      987,350,905	659,434,922
		<u>4,211,310,459</u>	<u>4,039,905,924</u>

- 13.1** The facilities for term finances from various banks aggregated to Rs. 4,694 million (June 30, 2015: Rs. 4,394 million). These facilities are secured against pari-passu/ranking hypothecation of stocks, book debts and personal guarantees of the directors. These facilities carry mark-up at the rates ranging from 6.73% to 7.93% per annum (June 30, 2015: 7.24% to 11.21% per annum).
- 13.2** The facilities for export refinance from various banks aggregated to Rs. 400 million (June 30, 2015: Rs. 380 million). These facilities are secured against pari-passu/ranking hypothecation of stocks, book debts lien on export letters of credit and personal guarantees of the directors. These facilities carry mark-up at the rate ranging from 0.75% to 1% (June 30, 2015: 1%) above the State Bank of Pakistan rate per annum.
- 13.3** The facilities for running finances available from various banks aggregated to Rs. 2,275 million (June 30, 2015: Rs. 2,675 million). These facilities are secured against pari-passu/ranking hypothecation of stocks and book debts and personal guarantees of the directors. These facilities carry mark-up at the rates ranging from 7.38% to 8.51% per annum (June 30, 2015: 7.30% to 11.21% per annum).

## 14 CONTINGENCIES AND COMMITMENTS

### 14.1 Contingencies

- 14.1.1** The Company has two labour matters pending in different courts of Balochistan for reinstatement. No liability has been booked against these claims as the management of the Company, based on the advice of its legal advisor, is of the opinion that matters will be decided in the Company's favour.
- 14.1.2** The Company has filed a suit against a debtor for recovery of Rs. 960,450. The suit was decreed in favour of the Company but as the debtor did not have any tangible property within the territorial jurisdiction of 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.
- 14.1.3** 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.



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14.1.4 The Company has filed appeal before the Commissioner (Appeals), ITU, 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 will increase by Rs. 26.376 million.

	<b>September 30, 2015</b>	June 30, 2015
	<b>Rupees</b>	Rupees
<b>14.2 Commitments</b>		
Outstanding letter of guarantees	<u>161,002,587</u>	<u>246,253,376</u>
Outstanding letter of credit for:		
- capital expenditures	<u>555,496,100</u>	<u>508,489,475</u>
- others	<u>399,309,212</u>	<u>378,383,637</u>
Rentals under Ijarah contract		
Not later than one year	44,412,224	44,412,224
Over one year to five years	<u>96,942,892</u>	<u>108,045,948</u>
	<u>141,355,116</u>	<u>152,458,172</u>
	<b>September 30, 2015</b>	September 30, 2014

## 15 EARNINGS PER SHARE-Basic and Diluted

### Basic earnings per share

Profit for the period - Rupees	<u>221,201,446</u>	<u>72,709,615</u>
Weighted average number of shares - Numbers	<u>50,520,750</u>	<u>50,520,750</u>
Earnings per share - Rupees	<u>4.38</u>	<u>1.44</u>

### Diluted earning per share

There is no dilution effect on the basic earning per share of the Company as the Company has no such commitments.

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	Note	September 30, 2015 Rupees	September 30, 2014 Rupees
<b>16 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>			
Profit before income tax		271,053,442	99,118,373
<b>Adjustments for non-cash and other items:</b>			
Depreciation		106,141,921	103,058,183
Gain on disposal of property, plant and equipment - net		-	-
Provision for staff retirement gratuity		2,409,816	2,645,241
Share of profit from associated undertaking		(118,966,080)	-
Finance cost		161,197,461	176,940,963
Net increase / (decrease) in working capital	16.1	175,456,044	(427,868,264)
		597,292,604	(46,105,504)
<b>16.1 Working capital changes</b>			
<b>Current assets</b>			
Increase in stores and spares		(12,596,392)	(7,691,833)
Decrease in stock-in-trade		385,139,730	38,499,997
Decrease in trade debts		35,852,197	36,704,560
(Increase) / decrease in advances		(2,024,366)	26,105,840
Increase in trade deposits and short-term prepayments		(16,099,169)	(30,247,887)
Decrease / (increase) in other receivables		649,129	(29,917,056)
		390,921,129	33,453,621
<b>Current liabilities</b>			
(Decrease) / increase in trade and other payables		(10,773,611)	100,799,795
Decrease in short-term finances		(156,511,448)	(584,849,649)
(Decrease) / increase in advance from customers		(48,180,026)	22,727,969
		(215,465,085)	(461,321,885)
<b>Net increase / (decrease) in working capital</b>		175,456,044	(427,868,264)
<b>17 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	10	36,365,564	25,532,023
Running finances under mark-up arrangement	13	(987,350,905)	(1,191,647,489)
		(950,985,341)	(1,166,115,466)

## 18 SEGMENT INFORMATION

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incur expenses and its results are regularly reviewed by the Company's Chief Operating Decision Maker to make decision about resource 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:

18.1

	Three months period ended					
	Food Processing		Plastic Film		Total	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Rupees						
Sales						
Local	3,470,691,010	2,589,371,084	338,070,908	322,204,755	3,808,761,918	2,911,575,839
Export	120,308,377	151,151,297	27,190,253	-	147,498,630	151,151,297
Export rebates	2,197,306	3,088,924	-	-	2,197,306	3,088,924
Inter segment sales	-	-	18,450,000	112,827,736	18,450,000	112,827,736
	3,593,196,693	2,743,611,305	383,711,161	435,032,491	3,976,907,854	3,178,643,796
Less:						
Sales return and discounts	(143,067,977)	(98,205,421)	(3,575,483)	(711,967)	(146,643,460)	(98,983,388)
Sales tax	(525,837,615)	(371,206,490)	(48,602,118)	(47,474,484)	(574,439,733)	(418,680,974)
	(668,905,592)	(469,471,911)	(52,177,601)	(48,192,451)	(721,083,193)	(517,664,362)
Net sales	2,924,291,101	2,274,139,394	331,533,560	386,840,040	3,255,824,661	2,660,979,434
Cost of sales	(2,350,625,643)	(1,796,099,074)	(294,262,120)	(337,000,466)	(2,644,887,763)	(2,133,159,540)
Selling and distribution expenses	(238,877,179)	(213,797,177)	(8,514,566)	(8,511,737)	(247,531,745)	(222,308,914)
Administrative expenses	(35,780,788)	(29,764,778)	(289,759)	(140,185)	(36,070,547)	(29,904,963)
	(2,625,283,610)	(2,039,661,029)	(303,206,445)	(345,712,388)	(2,928,490,052)	(2,385,373,417)
<b>Segment result</b>	<b>299,007,491</b>	<b>234,478,365</b>	<b>28,327,115</b>	<b>411,271,652</b>	<b>327,334,606</b>	<b>275,606,017</b>
<b>Unallocated income and expenses</b>						
Other operating income					7,684,969	11,646,311
Finance cost					(161,197,461)	(176,940,963)
Other operating expenses					(21,734,752)	(11,192,992)
Share of profit/(loss) from associated undertakings					118,966,089	-
<b>Profit before taxation</b>					271,053,442	99,118,373
Income tax expense					(49,851,996)	(26,408,758)
<b>Profit for the period</b>					<b>221,201,446</b>	<b>72,709,615</b>

## 18.2. Reconciliation of reportable segment sales and cost of sales

	Quarter ended			
	September 2015		September 2014	
<b>Sales net of sales return and discount</b>				
Total sales for reportable segments	3,255,824,661	2,660,979,434		
Add: Sales Tax	574,439,733	418,680,974		
Less: Elimination of inter-segments sales	(18,450,000)	(112,827,736)		
Total sales	<u>3,811,814,394</u>	<u>2,966,832,672</u>		
<b>Cost of sales</b>				
Total cost of sales for reportable segments	(2,644,887,763)	(2,133,159,540)		
Elimination of inter-segments purchases	18,450,000	112,827,736		
Total cost of sales	<u>(2,626,437,763)</u>	<u>(2,020,331,804)</u>		
		<b>Total</b>		
	September 30, 2015	September 30, 2015	June 30, 2015	June 30, 2015
	<b>Rupees</b>			
<b>18.3</b> Segment assets	9,137,522,479	9,513,714,555	1,516,025,732	10,680,769,512
<b>18.4</b> Unallocated assets	-	-	1,543,247,033	11,030,340,287
	<u>9,137,522,479</u>	<u>9,513,714,555</u>	<u>1,516,025,732</u>	<u>3,245,627,398</u>
<b>18.5</b> Segment liabilities	4,289,739,871	4,323,388,715	882,220,397	5,171,960,268
<b>18.6</b> Unallocated liabilities	-	-	882,220,397	4,976,831,621
	<u>4,289,739,871</u>	<u>4,323,388,715</u>	<u>882,220,397</u>	<u>5,117,372,734</u>
				<u>10,300,805,217</u>

## 18.7 Inter-segment pricing

Transactions among the business segments are recorded at estimated cost.

**18.8** 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.

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

## 18.10 RECONCILIATION OF REPORTABLE SEGMENT

	Note	
	September 30, 2015	June 30, 2015
<b>ASSETS AND LIABILITIES</b>		
<b>18.11 Assets</b>		
Total assets for reportable segments	18.3	11,030,340,287
Administrative capital assets		67,272,331
Long term investment	6	3,178,355,067
Total assets		<u>14,275,967,685</u>
<b>18.12 Liabilities</b>		
Total liabilities for reportable segments	18.5	5,183,432,483
Sponsors' loan - subordinated		602,151,770
Deferred liabilities		649,324,125
Long term finance	11	3,553,741,637
Liabilities against assets subject to finance lease		171,614,089
Total liabilities		<u>10,148,791,889</u>

# Ismail Industries Limited

## 19 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:

	<b>September 30, 2015 Rupees</b>	September 30, 2014 Rupees
<b>Transactions</b>		
Rent paid to Chief Executive Officer <b>Plasitflex Films (Private) Limited</b> Close family relationship	<u>1,058,750</u>	<u>825,000</u>
- Payment against purchases	<u>6,142,349</u>	<u>5,314,309</u>
- Payable against purchases	<u>11,607,885</u>	<u>6,221,221</u>
<b>Astro Plastic (Private) Limited</b>		
Common directorship		
- Payment metalization of raw material	<u>81,029</u>	<u>-</u>
- Metalization of raw material	<u>-</u>	<u>25,583,091</u>
- Payable against purchases	<u>13,264,585</u>	<u>39,466,969</u>
<b>Others</b>		
<b>Remuneration to directors and other key management personnel:</b>		
Chief Executive Officer	900,000	1,150,000
Directors	1,500,000	1,850,000
Executives	<u>23,914,194</u>	<u>13,178,269</u>
	<u>60,577,040</u>	<u>16,178,269</u>
<b>Balances</b>		
<b>Creditors - associated company</b>		
At beginning of the period / year	<u>17,059,072</u>	<u>15,603,254</u>
Purchases during the period / year	<u>14,036,776</u>	<u>93,069,121</u>
Paid during the period / year	<u>6,223,378</u>	<u>91,613,303</u>
At the end of the period / year	<u>24,872,470</u>	<u>17,059,072</u>
<b>Sponsors' subordinated - loan</b>		
At beginning of the period / year	602,151,770	352,151,770
Received during the period / year	-	250,000,000
Repaid during the period / year	-	-
At the end of the period / year	<u>602,151,770</u>	<u>602,151,770</u>

## 20 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on October 30, 2015 by the Board of the Company.

**MAQSOOD ISMAIL**  
Chief Executive Officer

**MUNSARIM SAIFULLAH**  
Director

## ISMAIL INDUSTRIES LIMITED

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### Factories

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Unit 2: B-140, H.I.T.E., Hub, Balochistan, Pakistan.  
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Unit 4: G-22, 23, H.I.T.E., Hub, Balochistan, Pakistan.  
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