



ISMAIL
INDUSTRIES
LIMITED

Focused on
Success

Quarterly Report
September 2016

Ismail Industries Limited

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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 Shakra-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
NIB Bank Limited
Pak Brunei Investment Co Ltd
Pak Oman Investment Co. Ltd
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
Soneri Bank Limited
The Bank of Punjab

Ismail Industries Limited

DIRECTORS REVIEW

The Board of Directors of the Company is pleased to present the stand alone and consolidated un-audited condensed financial statements of the Company for the quarter ended September 30, 2016.

Description	30-Sep-16	30-Sep-15	Change in
	PKR in Million		%
Gross Turnover	5,222	3,812	37%
Gross Profit	915	611	50%
Operating Profit	462	327	41%
Profit before tax	382	271	41%
Profit after tax	266	221	20%
Earnings per share – Rupees	4.17	4.38	-5%

An overview of Company's financial statement shows an impressive rise in turnover and operating profit as your Company continues to deliver sustainable progress along with focus on rolling out of synergy strategy planned at the time of merger of Astro Plastic (Pvt) Limited with and into Ismail Industries Limited. During the period, we have achieved numerous important milestones and demonstrated our commitment towards excellence. Our financial success depends on our ability to correctly predict, identify, and interpret changes in consumer preferences and demand to offer new products to meet those challenges.

The performance of food and plastic divisions were quite satisfactory. The food segment delivers growth of 21% in gross sale and 31% in operating profit. This segment comprises our three iconic brands Candyland, Biscooni & Snackcity. The plastic segment showed substantial growth in turnover on the basis of BOPET and another CPP division added through merger. The management has undertaken various initiatives like curtailment in input costs, increasing production at optimum level and getting better results from synergies in operation to overcome the impact of manufacturing cost and to deliver better results.

Beside these measures, your company has further invested to maintain and expand the brand image through marketing investment and focused on developing new market through advertisement, consumer promotions and product innovation activities during the period that would be beneficial to further expand our foot print in niche market areas in the remaining periods ahead of financial year.

Future Outlook

The economic environment of the country is likely to become encouraging, thus providing an atmosphere to further enhance business activities. There has been an improvement in law and order situation of the country which will attract more additional investments to the economy. Furthermore, the market has become more competitive with new supplementary products posing a threat, but your company is geared up to continue and further provide a vast variety of products for its customers to be on top of the curve. We are confident that your Company has the potential to sustain all challenges by maintaining its position in the market and keeping the current focus on efficiency and organic growth. The Board is also confident about the future growth of the company by entrusting its faith on the company capacity's to deliver quality product while keeping a strong focus on innovation and operational excellence.

Acknowledgement

The Directors are thankful to the valuable customers, shareholders and financial institutions for their trust and continued support to 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.

Karachi: November 23, 2016

On behalf of the Board of Directors

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE

Ismail Industries Limited

ڈائریکٹر کا جائزہ

کمپنی کے ڈائریکٹر مسرت کے ساتھ 30 ستمبر 2016 کی اختتام شدہ سہ ماہی کی انفرادی واجتماعی غیر آڈٹ شدہ مالیاتی جائزہ پیش کرتے ہیں۔

تفصیل	30 ستمبر 2016	30 ستمبر 2015	تبدیلی
	ملین پاکستانی روپے	ملین پاکستانی روپے	فیصد
مجموعی فروخت	5,222	3,812	37%
مجموعی منافع	915	611	50%
خام منافع	462	327	41%
فعلی انحصار منافع	382	271	41%
بعد انحصار منافع	266	221	20%
فی ص آءن روپے	4.17	4.38	-5%

کمپنی کے مالیاتی گوشواروں کا عمومی جائزہ صرف متاثر کن حجم اور مجموعی منافع کا عکاس ہے بلکہ ایسٹرو پلا سٹک (پرائیویٹ) لمیٹڈ کا اسٹریٹجی لمیٹڈ میں انضمامی منصوبہ مستقبل کے پائیدار ترقی کی روشن روش ہے۔ رواں سہ ماہی میں ہم نے بے شمار اہم سنگ میل عبور کرنے کے ساتھ ساتھ خوب سے خوب تر کے عزم کا اظہار کیا۔ ہماری مالیاتی کامیابیوں کا انحصار ہماری قابلیت برائے درست پیش بینی، پہچان، اور صارفین کے بدلنے رجحانات اور طلب کے اعتبار سے نئی مصنوعات کا تعارف ہے۔

غذائی پلاسٹک شعبہ جات کی کارکردگی اطمینان بخش رہی۔ مجموعی فروخت و مجموعی منافع میں غذائی شعبہ جات کا اضافی حصہ بالترتیب 21 فیصد اور 31 فیصد رہا۔ یہ شعبہ ہمارے تین مشہور برانڈز کینیڈی لینڈ، بسکو نی اور اسٹیکسٹی پر مشتمل ہے۔ BOPE اور اضافی CPP کا انضمام ہمارے پلاسٹک شعبہ جات میں غیر معمولی کاروباری اضافہ کا باعث رہا۔ مجموعی پیداوار میں بہتر نتائج کے حصول، پیداواری لاگت میں تخفیف اور پیداوار میں زیادہ سے زیادہ اضافہ کی خاطر انتظامیہ نے ابتدائی میں اہم فیصلے کئے ہیں۔

ان اقدامات کے علاوہ آپ کی کمپنی نے مزید سرمایہ کاری کی ہے تاکہ براڈ کی پہچان کو نہ صرف برقرار رکھے بلکہ وسعت دی جاسکے۔ اس سلسلہ میں نئی مارکیٹوں میں رسائی بذریعہ مصنوعات کی تشہیر، آگاہی صارفین اور مصنوعات میں جدت شامل ہیں تاکہ اہم مالیاتی سال میں ہمیں مارکیٹ میں استحکام حاصل ہو سکے۔

مستقبل کی پیش بینی

ملک کا معاشی ماحول انتہائی حوصلہ بخش ہے، جو کہ کاروباری سرگرمیوں کے لئے بھی کارگر ہیں۔ اسن واماں کی صورتحال میں بہتری نے مزید معاشی سرمایہ کاری کو فروغ دیا ہے۔ مزید برآں، مارکیٹ میں مسابقتی مصنوعات باعقدا بلند رہی، لیکن معیاری اور بہترین مصنوعات کی ترسیل کی صورت میں آپ کی کمپنی نے بہترین نتائج حاصل کیے۔ ہم پر اعتماد ہیں کہ آپ کی کمپنی اس مسابقتی فضا میں اپنی صلاحیتوں کو برقرار رکھنے ہوئے اپنی کارکردگی اور بنیادی ترقی کا سفر جاری رکھے گی۔ بورڈ مستقبل میں بھی ترقی کے حوالے سے معیاری مصنوعات کی ترسیل ممکن بنانے میں پراعتماد ہے۔

خراج تحسین

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

منجانب بورڈ آف ڈائریکٹر ز

کراچی: 23 نومبر 2016

منصرم سیف اللہ

چیف ایگزیکٹو

**STANDALONE FINANCIAL
STATEMENT
FOR THE QUARTER ENDED
SEPTEMBER 30, 2016**

Ismail Industries Limited

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2016

	Note	Un-audited September 30, 2016 Rupees	Audited June 30, 2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	8,714,347,888	7,978,134,510
Long-term investments	6	4,380,128,451	4,272,437,640
Long-term deposits		61,021,720	56,549,476
Total non-current assets		13,155,498,059	12,307,121,626
Current assets			
Stores and spares	7	165,645,572	152,434,952
Stock-in-trade	8	5,532,158,087	5,749,920,212
Trade debts	9	1,302,292,768	1,181,827,121
Advances - considered good		411,420,481	143,600,964
Short Term Investments		-	37,447,999
Trade deposits and short-term prepayments		43,416,443	32,346,886
Other receivables		457,529,048	439,041,263
Taxation - net		543,645,931	499,693,704
Cash and bank balances	10	58,469,139	60,140,043
Total current assets		8,514,577,469	8,296,453,144
Total assets		21,670,075,528	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			
50,520,750 (June 30, 2016: 50,520,750) ordinary shares of Rs.10 each full paid in cash		505,207,500	505,207,500
Capital to be issued pursuant to amalgamation		132,840,000	132,840,000
Reserves		5,204,612,436	5,360,837,355
Total shareholders' equity		5,842,659,936	5,998,884,855
Non-current liabilities			
Sponsors' loan - subordinated		902,151,770	902,151,770
Long-term finances - secured	12	5,485,566,072	4,346,412,901
Liabilities against assets subject to finance lease		124,841,045	148,441,628
Deferred liabilities		871,189,121	800,247,964
Total non-current liabilities		7,383,748,008	6,197,254,263
Current liabilities			
Trade and other payables	13	1,459,619,410	1,583,216,525
Accrued mark-up		130,282,548	80,996,630
Short-term finance - secured	14	4,738,323,401	4,447,779,750
Current portion of:			
- long-term finances - secured	12	1,946,800,483	2,073,367,018
- liabilities against assets subject to finance lease		91,976,387	112,247,286
Advance from customers		76,665,355	109,828,443
Total current liabilities		8,443,667,584	8,407,435,652
Total liabilities		15,827,415,592	14,604,689,915
Contingencies and commitments	15		
Total equity and liabilities		21,670,075,528	20,603,574,770

The annexed selected notes from 1 to 21 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 QUARTER ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	September 30, 2015 Rupees
Sales	19.2	5,221,856,088	3,811,814,394
Sales tax		(818,369,010)	(574,439,733)
Net sales		4,403,487,078	3,237,374,661
Cost of sales	19.2	(3,488,442,183)	(2,626,437,763)
Gross profit		915,044,895	610,936,898
Selling and distribution expenses		(408,626,202)	(247,531,745)
Administrative expenses		(44,340,149)	(36,070,547)
		(452,966,351)	(283,602,292)
Operating profit		462,078,544	327,334,606
Other operating expenses		(26,216,083)	(21,734,752)
		435,862,461	305,599,854
Other operating income		30,188,346	7,684,969
		466,050,807	313,284,823
Finance cost		(192,728,432)	(161,197,461)
		273,322,375	152,087,362
Share of profit from associate		108,467,823	118,966,080
Profit before income tax		381,790,198	271,053,442
Income tax expense		(115,822,230)	(49,851,996)
Profit for the period		265,967,968	221,201,446
Earnings per share - basic and diluted	16	4.17	4.38

The annexed selected notes from 1 to 21 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 QUARTER ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	September 30, 2015 Rupees
Profit for the period		265,967,968	221,201,446
<i>Item to be reclassified to profit and loss account in subsequent period</i>			
Unrealized appreciation/(diminution) available for sale investment - net of tax	6.5	46,795,000	(16,520,000)
Share of other comprehensive income from associated undertaking - net of tax	6.4	(54,257,012)	62,211,694
Other comprehensive income for the period - net of tax		(7,462,012)	45,691,694
Total comprehensive income for the period		258,505,956	266,893,140

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	September 30, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	17	(3,524,528)	294,168,104
Gratuity paid		(1,478,572)	(825,859)
Taxes paid		(96,136,898)	(56,931,249)
Payment of long-term deposits		(4,472,244)	(4,234,867)
Net cash (used in)/ generated from operating activities		(105,612,242)	232,176,129
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(913,008,556)	(125,573,293)
Proceeds from sale of investment		37,316,032	-
Proceeds from disposal of property, plant and equipment		152,300	-
Net cash used in investing activities		(875,540,224)	(125,573,293)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Rental paid)/ lease obtained		(43,871,482)	45,580,261
Long-term finance less repayments		1,012,586,636	(281,039,891)
Financial charges paid		(143,442,514)	(191,786,014)
Net cash used in financing activities		825,272,640	(427,245,644)
Net (decrease) / increase in cash and cash equivalents		(155,879,826)	(320,642,808)
Cash and cash equivalents at the beginning of the period		(1,646,925,147)	(630,342,533)
Cash and cash equivalents at the end of the period	18	(1,802,804,973)	(950,985,341)

The annexed selected notes from 1 to 21 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 QUARTER ENDED SEPTEMBER 30, 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		
Rupees							
505,207,500	-	579,265,000	108,298,558	-	2,782,391,410	3,469,954,968	3,975,162,468
-	-	-	-	-	221,201,446	221,201,446	221,201,446
-	-	-	45,691,694	-	45,691,694	45,691,694	45,691,694
-	-	-	-	-	(303,124,500)	(303,124,500)	(303,124,500)
-	-	-	45,691,694	-	(81,923,654)	(36,231,960)	(36,231,960)
505,207,500	-	579,265,000	153,990,252	-	2,701,468,556	3,433,723,608	3,938,931,108
505,207,500	132,840,000	579,265,000	382,805,697	916,862,067	3,481,904,291	5,340,837,355	5,998,884,855
-	-	-	-	-	265,967,968	265,967,968	265,967,968
-	-	-	(7,462,012)	-	-	(7,462,012)	(7,462,012)
-	-	-	-	-	-	-	-
-	-	-	(7,462,012)	-	-	-	-
505,207,500	132,840,000	579,265,000	375,343,685	916,862,067	3,333,141,684	5,204,612,436	5,842,659,936

Balance as at June 30, 2015

Profit for the quarter ended September 30, 2015

Other comprehensive income for the quarter ended September 30, 2015

Cash dividend paid for the year ended June 30, 2015 @ Rs. 6 per share

Balance as at September 30, 2015

Balance as at June 30, 2016

Profit for the quarter ended September 30, 2016

Total comprehensive loss for the quarter ended September 30, 2016

Cash dividend paid for the year ended June 30, 2016 @ Rs. 6.50 per share

Balance as at September 30, 2016

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 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.

2 STATEMENT OF COMPLIANCE

The condensed interim financial information of the Company for the three month period ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

The 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, 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

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.

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

5 PROPERTY, PLANT AND EQUIPMENT

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
Operating fixed assets	5.1	7,137,338,169	7,277,200,910
Capital work in progress	5.2	1,577,009,719	700,933,600
		<u>8,714,347,888</u>	<u>7,978,134,510</u>

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

	Additions (at cost)		Deletions (at net book value)	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Rupees			
Owned assets				
Plant and machinery	927,289	58,750,214	-	-
Equipment	331,900	220,108	-	-
Computers	726,808	350,000	43,396	-
Vehicles	21,282,280	217,368	88,528	-
	<u>23,268,277</u>	<u>59,537,690</u>	<u>131,924</u>	<u>-</u>
Leased assets				
Vehicles	13,664,160	-	-	-
	<u>13,664,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>36,932,437</u>	<u>59,537,690</u>	<u>131,924</u>	<u>-</u>

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

	Additions (at cost)		Transfers (at cost)	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Rupees			
Civil works	63,364,826	7,384,293	-	-
Plant and machinery	795,470,883	116,784,683	927,289	58,440,214
Electric installation	14,076,934	310,000	-	310,000
Equipments and fixtures	4,422,665	526,950	331,900	220,108
	<u>877,335,308</u>	<u>125,005,926</u>	<u>1,259,189</u>	<u>58,970,322</u>

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	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
6 LONG-TERM INVESTMENTS			
Investment in subsidiary Company- unquoted shares			
Hudson Pharma (Private) Limited	6.1	605,984,000	605,984,000
Investment in associated undertakings			
Novelty Enterprises (Private) Limited	6.2	228,763,991	228,763,991
The Bank of Khyber	6.3	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	6.5	348,320,000	294,840,000
		<u>4,380,128,451</u>	<u>4,272,437,640</u>

6.1 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.

6.2 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 August 12, 2011 fair value of fixed assets of NEL 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.758.30 million (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.

6.3 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, 2015: 24.16%). In addition to this, the Company also has representation on the Board of Directors of the Bank. The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. Amounts in these financial statements have been taken from annual audited financial statements of the Bank for the year ended December 31, 2015 and 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 September 30, 2016 was Rs. 3,044.65 million (June 30, 2016: Rs. 3,032.57 million).

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- 6.4 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	
	September 30, 2016	June 30, 2016	September 30, 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 year		-		
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	(62,008,014)	313,722,444	-	-
Related deferred tax on OCI	7,751,002	(39,215,305)	-	-
	(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.

Note	September 30, 2016 Rupees	June 30, 2016 Rupees
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6.5 Bank Islami Pakistan Limited

Carrying Value	294,840,000	285,600,000
Unrealized appreciation in value of investment	53,480,000	9,240,000
Fair value of investment	348,320,000	294,840,000

7 STORES AND SPARES

Stores and spare parts - gross	165,304,779	149,193,880
Diesel and liquified petroleum gas	1,268,113	1,252,300
Others	6,719,100	9,500,192
Provision for slow moving spare parts	(7,646,420)	(7,511,420)
Store and spares - net	165,645,572	152,434,952

7.1 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)

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	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
8 STOCK-IN-TRADE			
Raw materials	8.1	4,050,303,754	3,951,251,890
Packing materials	8.1	371,342,999	354,703,036
Work-in-process		86,015,512	65,927,451
Finished goods		1,024,495,822	1,378,037,835
		<u>5,532,158,087</u>	<u>5,749,920,212</u>

- 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, 2016: Rs.13,404,278) and Rs.153,932,105 (June 30, 2016: Rs. 150,332,105) respectively.

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
9 TRADE DEBTS			
Considered good			
- secured (export debtors)		93,473,094	138,962,888
- unsecured		<u>1,208,819,674</u>	<u>1,042,864,233</u>
		1,302,292,768	1,181,827,121
Considered doubtful		<u>40,864,885</u>	<u>39,964,885</u>
Trade debts - gross		1,343,157,653	1,221,792,006
Provision for doubtful debts		<u>(40,864,885)</u>	<u>(39,964,885)</u>
Trade debts - net		<u>1,302,292,768</u>	<u>1,181,827,121</u>

10 CASH AND BANK BALANCES

Cash in hand	4,747,238	2,460,524
Cash with banks in:		
- current accounts- <i>conventional</i>	33,448,380	47,091,543
- current accounts- <i>islamic</i>	<u>20,273,521</u>	<u>10,587,976</u>
	<u>58,469,139</u>	<u>60,140,043</u>

11 SPONSORS' LOAN - SUBORDINATED

The Company has obtained interest free loan from its sponsors. The sponsors have entered into agreements with the Company and various banks in which they have undertaken to sub-ordinate their loans and their claims over 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.

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12 LONG TERM FINANCES - secured

	September 30, 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	1,634,781,914	-	1,634,781,914	4,452,854,371	350,000,000	4,802,854,371
Repaid during the period / year	(412,035,116)	(210,160,162)	(622,195,278)	(1,951,277,028)	(266,578,951)	(2,217,855,979)
	5,963,360,058	1,469,006,497	7,432,366,555	4,740,613,260	1,679,166,659	6,419,779,919
Less: Current maturity	(1,569,300,479)	(377,500,004)	(1,946,800,483)	(1,725,867,014)	(347,500,004)	(2,073,367,018)
	4,394,059,579	1,091,506,493	5,485,566,072	3,014,746,246	1,331,666,655	4,346,412,901

- 12.1 These represent term finance facilities obtained for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over property, plant and equipment of the Company and personal guarantees of the directors. These facilities carry mark-up at the rate ranging from 1 month KIBOR + 0.50% to 3 month KIBOR + 1.75% and from 0.75% to 1 % above the SBP rate for LTFF.

13 TRADE AND OTHER PAYABLES

	September 30, 2016 Rupees	June 30, 2016 Rupees
Trade creditors	721,542,718	1,345,421,041
Other liabilities	738,076,692	237,795,484
	1,459,619,410	1,583,216,525

14 SHORT TERM FINANCES - Secured

Term finances-conventional	14.1	1,147,392,190	1,573,404,789
Term finances-islamic	14.2	1,386,657,099	999,309,771
Export refinances	14.3	343,000,000	168,000,000
Running finance utilized under mark-up arrangement	14.4	1,861,274,112	1,707,065,190
		4,738,323,401	4,447,779,750

- 14.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 3,655 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 6.19% to 7.05% per annum (2016: 6.42% to 7.49% per annum).
- 14.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,700 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).
- 14.3 These represented facilities for export refinance arranged from various banks aggregating to Rs. 343 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).
- 14.4 The facilities for running finances available from various banks aggregated to Rs. 3,242 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 6.45% to 7.30% per annum (2016: 6.50% to 8.51% per annum).

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15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 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.

15.1.2 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.

15.1.3 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 will increase by Rs. 26.376 million.

15.1.4 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 (2015: 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.

15.1.5 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. 100,217 million (2015: Rs. 100,217 million) and issued post dated cheques amounting to Rs. 100,217 million (2015: 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 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 Company in the abovementioned matter and has a good prima facie case.

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		September 30, 2016 Rupees	June 30, 2016 Rupees
15.2 Commitments			
Outstanding letter of guarantees		451,340,011	432,740,600
Outstanding letter of credit for:			
- capital expenditures		670,220,076	1,345,595,856
- others		823,861,173	1,819,393,537
Rentals under Ijarah contract			
Not later than one year		30,303,597	44,412,224
Over one year to five years		39,765,941	63,633,725
		70,069,537	108,045,949
	Note	September 30, 2016	September 30, 2015
16 EARNINGS PER SHARE-Basic and Diluted			
There is no dilutive effect on the basic earnings per share of the Company which is based on:			
Basic earnings per share			
Profit for the year		265,967,968	221,201,446
Weighted average number of ordinary shares during the year		50,520,750	50,520,750
Number of ordinary shares to be issued pursuant to amalgamation		13,284,000	-
Weighted average number of shares outstanding as at year end		63,804,750	50,520,750
Basic earnings per share		4.17	4.38
17 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
Profit before income tax		381,790,198	271,053,442
Adjustments for non-cash and other items:			
Depreciation		176,663,254	106,141,921
Gain on disposal of property, plant and equipment - net		(20,376)	-
loss on sale of investment		131,966	-
Provision for staff retirement gratuity		2,097,171	2,409,816
Share of profit from associated undertaking		(108,467,823)	(118,966,080)
Finance cost		192,728,432	161,197,461
Net (decrease) / increase in working capital	17.1	(648,447,350)	(127,668,456)
		(3,524,528)	294,168,104
17.1 Working capital changes			
Current assets			
(Increase) / Decrease in current assets			
Stores and spares		(13,210,620)	(12,596,392)
Stock-in-trade		217,762,125	385,139,730
Trade debts		(120,465,647)	35,852,197
Advances - considered good		(267,819,517)	(2,024,366)
Trade deposits and short-term prepayments		(11,069,557)	(16,099,169)
Other receivables		(18,487,785)	649,129
		(213,291,001)	390,921,129
Current liabilities			
(Decrease) / Increase in current liabilities			
Trade and other payables		(538,327,990)	(313,898,111)
Short-term finances		136,334,729	(156,511,448)
Advance from customers		(33,163,088)	(48,180,026)
		(435,156,349)	(518,589,585)
Net increase / (decrease) in working capital		(648,447,350)	(127,668,456)
18 CASH AND CASH EQUIVALENTS			
Cash and bank balances	10	58,469,139	36,365,564
Running finances under mark-up arrangement	14	(1,861,274,112)	(987,350,905)
		(1,802,804,973)	(950,985,341)

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19 SEGMENT INFORMATION

A segment is a distinguishable component of the Company that is engaged in business activities from which the Company earns revenues and incur expenses and its results are regularly reviewed by the Company's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its 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 Segment revenue, segment result, costs, assets and liabilities for the period are as follows:

19.1

	Three months period ended					
	Food Processing		Plastic Film		Total	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Rupees					
Sales						
Local	4,198,840,931	3,470,691,010	1,171,317,917	338,070,908	5,370,158,848	3,808,761,918
Export	135,699,065	120,308,377	27,162,546	27,190,253	162,861,611	147,498,630
Export rebates	2,961,414	2,197,306	-	-	2,961,414	2,197,306
Inter segment sales	-	-	-	18,450,000	-	18,450,000
	4,337,501,410	3,593,196,693	1,198,480,463	383,711,161	5,535,981,873	3,976,907,854
Less:						
Sales return and discounts	(310,271,643)	(143,067,977)	(3,854,142)	(3,575,483)	(314,125,785)	(146,643,460)
Sales tax	(628,666,457)	(525,837,615)	(189,702,553)	(48,602,118)	(818,369,010)	(574,439,733)
	(938,938,100)	(668,905,592)	(193,556,695)	(52,177,601)	(1,132,494,795)	(721,083,193)
Net sales	3,398,563,310	2,924,291,101	1,004,923,768	331,533,560	4,403,487,078	3,255,824,661
Cost of sales	(2,586,090,845)	(2,350,625,643)	(902,351,338)	(294,262,120)	(3,488,442,183)	(2,644,887,763)
Selling and distribution expenses	(380,903,509)	(238,877,179)	(27,722,693)	(8,654,566)	(408,626,202)	(247,531,745)
Administrative expenses	(40,829,975)	(35,780,788)	(3,510,174)	(289,759)	(44,340,149)	(36,070,547)
	(3,007,824,329)	(2,625,283,610)	(933,584,205)	(303,206,445)	(3,941,408,534)	(2,928,490,055)
Segment result	390,738,981	299,007,491	71,339,563	28,327,115	462,078,544	327,334,606
Unallocated income and expenses						
Other operating income					30,188,346	7,684,969
Finance cost					(192,728,432)	(161,197,461)
Other operating expenses					(26,216,083)	(21,734,752)
Share of profit/(loss) from associated undertakings					108,467,823	118,966,080
Profit before taxation					381,790,198	271,053,442
Income tax expense					(115,822,230)	(49,851,996)
Profit for the period					265,967,968	221,201,446

19.2 Reconciliation of reportable segment sales and cost of sales

	Quarter ended	
	September 2016	September 2015
Sales net of sales return and discount		
Total sales for reportable segments	4,403,487,078	3,255,824,661
Add: Sales Tax	818,369,010	574,439,733
Less: Elimination of inter-segments sales	-	(18,450,000)
Total sales	5,221,856,088	3,811,814,394
Cost of sales		
Total cost of sales for reportable segments	(3,488,442,183)	(2,644,887,763)
Elimination of inter-segments purchases	-	18,450,000
Total cost of sales	(3,488,442,183)	(2,626,437,763)

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	Food Segment		Plastic Segment		Total	
	September 30, 2016	June 30, 2016	September 30, 2016	June 30, 2016	September 30, 2016	June 30, 2016
	Rupees					
19.3 Segment assets	6,286,798,209	9,583,674,404	10,865,248,824	6,405,019,562	17,152,047,033	15,988,693,966
19.4 Unallocated assets	-	-	-	-	4,518,028,495	4,614,880,804
	6,286,798,209	9,583,674,404	10,865,248,824	6,405,019,562	21,670,075,528	20,603,574,770
19.5 Segment liabilities	1,431,367,013	1,775,537,286	4,973,523,701	4,572,015,250	6,404,890,714	6,347,552,536
19.6 Unallocated liabilities	-	-	-	-	9,422,524,878	8,257,137,379
	1,431,367,013	1,775,537,286	4,973,523,701	4,572,015,250	15,827,415,592	14,604,689,915
19.7 Inter-segment pricing						
19.8 Transactions among the business segments are recorded at estimated cost.						
19.8 The Company's export sales have been primarily made to countries in the Middle East, Africa and South Asia. However, no material amount of export sales have been made to any one or more particular countries.						
19.9 There were no major customers of the Company which formed 10 percent or more of the Company's revenue.						
19.10 RECONCILIATION OF REPORTABLE SEGMENT						
19.11 ASSETS AND LIABILITIES						
Assets						
Total assets for reportable segments		19.3			17,152,047,033	15,988,693,966
Administrative capital assets					137,900,044	342,443,164
Long term investment		6			4,380,128,451	4,272,437,640
Total assets					21,670,075,528	20,603,574,770
19.12 Liabilities						
Total liabilities for reportable segments		19.5			6,404,890,714	6,347,552,536
Sponsors' loan - subordinated					902,151,770	902,151,770
Deferred liabilities					871,189,121	674,316,776
Long term finance		12			7,432,366,555	6,419,779,919
Liabilities against assets subject to finance lease					216,817,432	260,688,914
Total liabilities					15,827,415,592	14,604,689,915

Note

Rupees

Note

Rupees

Ismail Industries Limited

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

20 TRANSACTIONS WITH RELATED PARTIES

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

	September 30, 2016 Rupees	September 30, 2015 Rupees
Transactions		
Rent paid to Chief Executive Officer	-	1,058,750
Plasitflex Films (Private) Limited		
Close family relationship		
- Payment against purchases	11,152,606	6,142,349
- Payable against purchases	11,463,976	11,607,885
Others		
Remuneration to directors and other key management personnel:		
Chief Executive Officer	1,500,000	900,000
Directors	2,349,999	1,500,000
Executives	40,745,636	23,914,194
	60,577,040	26,314,194
	September 30, 2016 Rupees	June 30, 2016 Rupees
Creditors - associated company		
-Receivable against service (Transfer from APL)	-	(9,600,000)
-Purchase of Fixed Assets	-	378,812,072
-Purchase of Raw Materials	-	300,184,410
-Purchase of Packing Materials	5,083,710	45,594,055
-Purchase of Work in process	-	41,137,708
-Purchase of Stores & Spares	-	797,057
-Purchase of Finished goods	-	60,262,712
-Transfer of Staff loan from APL	-	60,000
-Payment against purchases	(11,152,606)	(806,216,941)
-Payable to associate	11,463,976	17,532,872
Sponsors' subordinated - loan		
At beginning of the period / year	902,151,770	602,151,770
Transfer from APL	-	300,000,000
Received during the period / year	-	-
Repaid during the period / year	-	-
At the end of the period / year	902,151,770	902,151,770

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 23rd November 2016 by the Board of the Company.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

**CONSOLIDATED FINANCIAL
STATEMENT
FOR THE QUARTER ENDED
SEPTEMBER 30, 2016**

Ismail Industries Limited

CONSOLIDATED CONDENSED INTERM BALANCE SHEET

AS AT SEPTEMBER 30, 2016

	Note	Un-audited September 30, 2016 Rupees	Audited June 30, 2016 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	5	9,573,412,933	8,803,735,131
Goodwill		11,959,187	11,959,187
Long-term investments	6	3,774,144,451	3,666,453,640
Long-term deposits		63,066,778	58,594,534
Total non-current assets		13,422,583,349	12,540,742,492
Current assets			
Stores and spares	7	165,645,572	152,434,952
Stock-in-trade	8	5,532,158,087	5,749,920,212
Trade debts	9	1,302,292,768	1,181,827,121
Advances - considered good		426,806,897	167,254,994
Short Term Investments		-	37,447,999
Trade deposits and short-term prepayments		43,416,443	32,346,886
Other receivables		465,897,876	444,713,057
Taxation - net		543,645,931	499,693,704
Cash and bank balances	10	63,360,963	61,458,777
Total current assets		8,543,224,537	8,327,097,702
Total assets		21,965,807,886	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			
50,520,750 (June 30, 2016: 50,520,750) ordinary shares of			
Rs.10 each full paid in cash		505,207,500	505,207,500
Capital to be issued pursuant to amalgamation		132,840,000	132,840,000
Reserves		5,198,511,313	5,360,837,355
Non-controlling interest		236,769,381	239,226,433
Total shareholders' equity		6,073,328,194	6,238,111,288
Non-current liabilities			
Sponsors' loan - subordinated	11	902,151,770	902,151,770
Long-term finances - secured	12	5,485,566,072	4,346,412,901
Liabilities against assets subject to finance lease		124,841,045	148,441,628
Deferred liabilities		872,377,151	801,197,655
Total non-current liabilities		7,384,936,038	6,198,203,954
Current liabilities			
Trade and other payables	13	1,523,495,479	1,607,305,825
Accrued mark-up		130,282,548	80,996,630
Short-term finance - secured	14	4,738,323,401	4,447,779,750
Current portion of:			
- long-term finances - secured	12	1,946,800,483	2,073,367,018
- liabilities against assets subject to finance lease		91,976,387	112,247,286
Advance from customers		76,665,356	109,828,443
Total current liabilities		8,507,543,654	8,431,524,952
Total liabilities		15,892,479,692	14,629,728,906
Contingencies and commitments	15		
Total equity and liabilities		21,965,807,886	20,867,840,194

The annexed selected notes from 1 to 21 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 QUARTER ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	September 30, 2015 Rupees
Sales	19.2	5,221,856,088	3,811,814,394
Sales tax		(818,369,010)	(574,439,733)
Net sales		4,403,487,078	3,237,374,661
Cost of sales	19.2	(3,488,442,183)	(2,626,437,763)
Gross profit		915,044,895	610,936,898
Selling and distribution expenses		(408,626,202)	(247,531,745)
Administrative expenses		(52,898,323)	(36,070,547)
		(461,524,525)	(283,602,292)
Operating profit		453,520,370	327,334,606
Other operating expenses		(26,216,083)	(21,734,752)
		427,304,287	305,599,854
Other operating income		30,188,346	7,684,969
		457,492,633	313,284,823
Finance cost		(192,728,432)	(161,197,461)
		264,764,201	152,087,362
Share of profit from associate		108,467,823	118,966,080
Profit before income tax		373,232,024	271,053,442
Income tax expense		(115,822,230)	(49,851,996)
Profit for the period		257,409,794	221,201,446
Profit for the year attributable to:			
Shareholders of the Holding Company		259,866,845	-
Non-controlling interest		(2,457,051)	-
		257,409,794	-
Earnings per share - basic and diluted	16	4.03	4.38

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

CONSOLIDATED CONDENSED INTERIM OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	September 30, 2015 Rupees
Profit for the period		257,409,794	221,201,446
<i>Item to be reclassified to profit and loss account in subsequent period</i>			
Unrealized appreciation/(diminution) available for sale investment - net of tax	6.4	46,795,000	(16,520,000)
Share of other comprehensive income from associated undertaking - net of tax	6.3	(54,257,012)	62,211,694
Other comprehensive income for the period - net of tax		(7,462,012)	45,691,694
Total comprehensive income for the period		249,947,782	266,893,140

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

CONSOLIDATED CONDENSED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	September 30, 2015 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations after working capital changes	17	34,096,118	294,168,104
Gratuity paid		(1,478,572)	(825,859)
Taxes paid		(96,136,899)	(56,931,249)
Payment of long-term deposits		(4,472,244)	(4,234,867)
Net cash (used in)/ generated from operating activities		(67,991,597)	232,176,129
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(947,056,112)	(125,573,293)
Net cash paid on acquisition		(3,573,089)	-
Proceeds from sale of investment		37,316,032	-
Proceeds from disposal of property, plant and equipment		152,300	-
Net cash used in investing activities		(913,160,869)	(125,573,293)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Rental paid)/ lease obtained		(43,871,482)	45,580,261
Long-term finance less repayments		1,012,586,636	(281,039,891)
Financial charges paid		(143,442,514)	(191,786,014)
Net cash used in financing activities		825,272,640	(427,245,644)
Net (decrease) / increase in cash and cash equivalents		(155,879,826)	(320,642,808)
Cash and cash equivalents at the beginning of the period		(1,646,925,147)	(630,342,533)
Cash and cash equivalents at the end of the period	18	(1,802,804,973)	(950,985,341)

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Issued, subscribed and paid up capital	Capital to be Issued pursuant to amalgamation	Reserves				Unappropriated profit	Total reserves	Non-controlling interest	Share holders' equity
			Share premium	Other comprehensive income	Amalgamation reserves					

Balance as at June 30, 2015	505,207,500	-	579,265,000	108,298,558	-	2,782,391,410	3,469,954,968	-	-	3,975,162,468
Profit for the quarter ended September 30, 2015	-	-	-	-	-	221,201,446	221,201,446	-	-	221,201,446
Other comprehensive income for the quarter ended September 30, 2015	-	-	-	45,691,694	-	-	45,691,694	-	-	45,691,694
Cash dividend paid for the year ended June 30, 2015 @ Rs. 6 per share	-	-	-	-	-	(303,124,500)	(303,124,500)	-	-	(303,124,500)
Balance as at September 30, 2015	505,207,500	-	579,265,000	153,990,252	-	(81,923,054)	(36,231,360)	-	-	(36,231,360)
Balance as at September 30, 2015	505,207,500	-	579,265,000	153,990,252	-	2,700,468,356	3,433,723,688	-	-	3,938,931,108

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	5,360,837,355	239,226,433	6,238,111,288	
Profit for the quarter ended September 30, 2016	-	-	-	-	-	259,866,845	259,866,845	(2,457,052)	257,409,793	
Total comprehensive loss for the quarter ended September 30, 2016	-	-	-	(7,462,012)	-	-	(7,462,012)	-	(7,462,012)	
Cash dividend paid for the year ended June 30, 2016 @ Rs. 6.50 per share	-	-	-	-	-	(414,730,875)	(414,730,875)	-	-	
Balance as at September 30, 2016	505,207,500	132,840,000	579,265,000	375,343,685	916,862,067	(154,864,030)	(162,326,042)	(2,457,052)	(414,730,875)	
						3,327,040,561	5,198,511,313	236,769,381	(164,783,094)	
									6,073,328,194	

The annexed selected notes from 1 to 21 form an integral part of this condensed interim financial information.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 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, Shahrah-e-Faisal, Karachi, Pakistan. Previously the shares of the Company were listed on the Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange effective January 11, 2016 the shares of the company are now quoted on Pakistan Stock Exchange. Principal activities of the Company are manufacturing and trading of sugar confectionery items, biscuits, potato chips, cast polypropylene (CPP) and Biaxially-oriented polyethylene terephthalate (BOPET) film under the brands of 'CandyLand', 'Bisconni', 'Snackcity' and 'Astro films' respectively.

b) Hudson Pharma (Private) Limited

The company is incorporated in 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 Shakra-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 Basis of consolidation

The consolidated financial statements include the consolidated financial statements of Ismail Industries Limited and Hudson Pharma (Private) Limited. The financial statements of the subsidiary company have been consolidated on a line by line basis.

All inter-Group balances and transactions have been eliminated.

2 STATEMENT OF COMPLIANCE

The condensed interim financial information of the Group for the three month period ended September 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 – "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

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

The 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, 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.

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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 Group for the year ended June 30, 2016.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
Operating fixed assets	5.1	7,162,921,726	7,301,104,101
Capital work in progress	5.2	2,410,491,207	1,502,631,030
		<u>9,573,412,933</u>	<u>8,803,735,131</u>

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

	Additions (at cost)		Deletions (at net book value)	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Rupees			
Owned assets				
Plant and machinery	927,289	58,750,214	-	-
Equipment	723,182	220,108	-	-
Computers	842,808	350,000	43,396	-
Vehicles	23,038,495	217,368	88,528	-
	<u>25,531,774</u>	<u>59,537,690</u>	<u>131,924</u>	<u>-</u>
Leased assets				
Vehicles	13,664,160	-	-	-
	<u>13,664,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>39,195,934</u>	<u>59,537,690</u>	<u>131,924</u>	<u>-</u>

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

	Additions (at cost)		Transfers (at cost)	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Rupees			
Civil works	79,111,087	7,384,293	-	-
Plant and machinery	809,198,076	116,784,683	927,289	58,440,214
Electric installation	14,076,934	310,000	-	310,000
Equipments and fixtures	7,124,553	526,950	723,182	220,108
	<u>909,510,650</u>	<u>125,005,926</u>	<u>1,650,471</u>	<u>58,970,322</u>

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
6 LONG-TERM INVESTMENTS			
Investment in associated undertakings			
Novelty Enterprises (Private) Limited	6.1	228,763,991	228,763,991
The Bank of Khyber	6.2	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	6.4	348,320,000	294,840,000
		<u>3,774,144,451</u>	<u>3,666,453,640</u>

6.1 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. 561.57 million (2016: Rs. 561.57 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated August 12, 2011 fair value of fixed assets of NEL 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.758.30 million (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.

6.2 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, 2015: 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 September 30, 2016 was Rs. 3,044.65 million (June 30, 2016: Rs. 3,032.57 million).

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

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	September 30, 2016	June 30, 2016	September 30, 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 year		-		
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	(62,008,014)	313,722,444	-	-
Related deferred tax on OCI	7,751,002	(39,215,305)	-	-
	<u>(54,257,012)</u>	<u>274,507,139</u>	<u>-</u>	<u>-</u>
Carrying value at end of the period	<u>3,197,060,460</u>	<u>3,142,849,649</u>	<u>228,763,991</u>	<u>228,763,991</u>

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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.

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
6.4 Bank Islami Pakistan Limited			
Carrying Value		294,840,000	285,600,000
Unrealized appreciation in value of investment		53,480,000	9,240,000
Fair value of investment		348,320,000	294,840,000
7 STORES AND SPARES			
Stores and spare parts - gross		165,304,779	149,193,880
Diesel and liquified petroleum gas		1,268,113	1,252,300
Others		6,719,100	9,500,192
Provision for slow moving spare parts	7.1	(7,646,420)	(7,511,420)
Store and spares - net		165,645,572	152,434,952
7.1 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)
8 STOCK-IN-TRADE			
Raw materials	8.1	4,050,303,754	3,951,251,890
Packing materials	8.1	371,342,999	354,703,036
Work-in-process		86,015,512	65,927,451
Finished goods		1,024,495,822	1,378,037,835
		5,532,158,087	5,749,920,212
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, 2016: Rs.13,404,278) and Rs.153,932,105 (June 30, 2016: Rs. 150,332,105) respectively.			
9 TRADE DEBTS			
Considered good			
- secured (export debtors)		93,473,094	138,962,888
- unsecured		1,208,819,674	1,042,864,233
		1,302,292,768	1,181,827,121
Considered doubtful		40,864,885	39,964,885
Trade debts - gross		1,343,157,653	1,221,792,006
Provision for doubtful debts		(40,864,885)	(39,964,885)
Trade debts - net		1,302,292,768	1,181,827,121
10 CASH AND BANK BALANCES			
Cash in hand		4,818,524	2,547,471
Cash with banks in:			
- current accounts- conventional		38,268,918	48,323,330
- current accounts- islamic		20,273,521	10,587,976
		63,360,963	61,458,777

Ismail Industries Limited

SELECTED NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2016

11 SPONSORS' LOAN - SUBORDINATED

The Company has obtained interest free loan from its sponsors. The sponsors have entered into agreements with the Company and various banks in which they have undertaken to sub-ordinate their loans and their claims over 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.

12 LONG TERM FINANCES - secured

	September 30, 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	1,634,781,914	-	1,634,781,914	4,452,854,371	350,000,000	4,802,854,371
Repaid during the period / year	(412,035,116)	(210,160,162)	(622,195,278)	(1,951,277,028)	(266,578,951)	(2,217,855,979)
	5,963,360,058	1,469,006,497	7,432,366,555	4,740,613,260	1,679,166,659	6,419,779,919
	(1,569,300,479)	(377,500,004)	(1,946,800,483)	(1,725,867,014)	(347,500,004)	(2,073,367,018)
Less: Current maturity	4,394,059,579	1,091,506,493	5,485,566,072	3,014,746,246	1,331,666,655	4,346,412,901

- 12.1 These represent term finance facilities obtained for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu / ranking charge over property, plant and equipment of the Holding Company and personal guarantees of the directors. These facilities carry mark-up at the rate ranging from 1 month KIBOR + 0.50% to 3 month KIBOR + 1.75% and from 0.75% to 1 % above the SBP rate for LTFF.

13 TRADE AND OTHER PAYABLES

	September 30, 2016 Rupees	June 30, 2016 Rupees
Trade creditors	733,644,917	1,352,606,045
Other liabilities	789,850,562	254,699,780
	<u>1,523,495,479</u>	<u>1,607,305,825</u>

14 SHORT TERM FINANCES - Secured

Term finances-conventional	14.1	1,147,392,190	1,573,404,789
Term finances-islamic	14.2	1,386,657,099	999,309,771
Export refinances	14.3	343,000,000	168,000,000
Running finance utilized under mark-up arrangement	14.4	1,861,274,112	1,707,065,190
		<u>4,738,323,401</u>	<u>4,447,779,750</u>

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FOR THE QUARTER ENDED SEPTEMBER 30, 2016

- 14.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 3,655 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 6.19% to 7.05% per annum (2016: 6.42% to 7.49% per annum).
- 14.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,700 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).
- 14.3 These represented facilities for export refinance arranged from various banks aggregating to Rs. 343 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).
- 14.4 The facilities for running finances available from various banks aggregated to Rs. 3,242 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 6.45% to 7.30% per annum (2016: 6.50% to 8.51% per annum).

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1 The Holding Company has filed a suit against a debtor for recovery of Rs. 960,450. The suit was decreed in favour of the Holding 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.
- 15.1.2 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.
- 15.1.3 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 will increase by Rs. 26.376 million.

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- 15.1.4** 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 (2015: 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.
- 15.1.5** 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. 100.217 million (2015: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2015: 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.

	September 30, 2016 Rupees	June 30, 2016 Rupees
15.2 Commitments		
Outstanding letter of guarantees	451,340,011	432,740,600
Outstanding letter of credit for:		
- capital expenditures	670,220,076	1,345,595,856
- others	823,861,173	1,819,393,537
Rentals under Ijarah contract		
Not later than one year	30,303,597	44,412,224
Over one year to five years	39,765,941	63,633,725
	70,069,537	108,045,949

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	Note	September 30, 2016	September 30, 2015
16 EARNINGS PER SHARE-Basic and Diluted			
There is no dilutive effect on the basic earnings per share of the Group which is based on:			
Basic earnings per share			
Profit for the year		257,409,794	221,201,446
Weighted average number of ordinary shares during the year		50,520,750	50,520,750
Number of ordinary shares to be issued pursuant to amalgamation		13,284,000	-
Weighted average number of shares outstanding as at year end		63,804,750	50,520,750
Basic earnings per share		4.03	4.38
17 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES			
Profit before income tax		373,232,024	271,053,442
Adjustments for non-cash and other items:			
Depreciation		177,246,385	106,141,921
Gain on disposal of property, plant and equipment - net		(20,376)	-
loss on sale of investment		131,966	-
Provision for staff retirement gratuity		2,335,510	2,409,816
Share of profit from associated undertaking		(108,467,823)	(118,966,080)
Finance cost		192,728,432	161,197,461
Net (decrease) / increase in working capital	17.1	(603,089,999)	(127,668,456)
		34,096,118	294,168,104
17.1 Working capital changes			
Current assets			
(Increase) / Decrease in current assets			
Stores and spares		(13,210,620)	(12,596,392)
Stock-in-trade		217,762,125	385,139,730
Trade debts		(120,465,647)	35,852,197
Advances - considered good		(259,551,903)	(2,024,366)
Trade deposits and short-term prepayments		(11,069,557)	(16,099,169)
Other receivables		(21,184,818)	649,129
		(207,720,420)	390,921,129
Current liabilities			
(Decrease) / Increase in current liabilities			
Trade and other payables		(498,541,221)	(313,898,111)
Short-term finances		136,334,729	(156,511,448)
Advance from customers		(33,163,088)	(48,180,026)
		(395,369,579)	(518,589,585)
Net increase / (decrease) in working capital		(603,089,999)	(127,668,456)
18 CASH AND CASH EQUIVALENTS			
Cash and bank balances	10	58,469,139	36,365,564
Running finances under mark-up arrangement	14	(1,861,274,112)	(987,350,905)
		(1,802,804,973)	(950,985,341)

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19 SEGMENT INFORMATION

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

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

- Food processing
- Plastic film

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:

	Three months period ended					
	Food Processing		Plastic Film		Pharmaceutical segment	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Rupees					
Sales						
Local	4,198,840,931	3,470,691,010	1,171,317,917	338,070,908	5,770,158,848	3,808,761,918
Export	135,699,065	120,308,377	27,162,546	27,190,253	162,861,611	147,498,630
Export rebates	2,961,444	2,197,306	-	-	2,961,444	2,197,306
Inter segment sales	-	-	-	18,450,000	-	18,450,000
	4,337,501,440	3,593,196,693	1,198,480,463	383,711,161	5,535,981,873	3,976,907,854
Less:						
Sales return and discounts	(310,271,643)	(143,067,977)	(3,854,142)	(3,375,483)	(314,125,785)	(146,643,460)
Sales tax	(628,666,457)	(525,857,615)	(189,702,553)	(48,602,118)	(818,369,000)	(574,439,733)
	(938,938,100)	(668,925,592)	(193,556,695)	(52,177,601)	(1,132,494,795)	(721,083,193)
Net sales	3,398,563,310	2,924,269,101	1,004,923,768	331,533,560	4,403,487,078	3,255,824,661
Cost of sales	(2,586,090,845)	(2,350,625,643)	(902,351,338)	(294,262,120)	(3,488,442,183)	(2,644,887,763)
Selling and distribution expenses	(380,903,509)	(238,877,179)	(27,722,693)	(8,654,566)	(408,626,202)	(247,531,745)
Administrative expenses	(40,829,975)	(35,780,788)	(3,510,174)	(289,759)	(52,898,323)	(36,070,547)
	(3,007,824,329)	(2,625,283,610)	(933,584,205)	(303,206,445)	(3,549,966,708)	(2,928,490,055)
Segment result	390,738,981	299,007,491	71,339,563	28,327,115	453,520,370	327,334,606
Unallocated income and expenses						
Other operating income					30,188,346	7,684,969
Finance cost					(192,728,432)	(161,197,461)
Other operating expenses					(26,216,083)	(21,734,752)
Share of profit/(loss) from associated undertakings					108,467,823	118,966,080
Profit before taxation					373,232,024	271,053,442
Income tax expense					(115,822,230)	(49,851,996)
Profit for the period					257,409,794	221,201,446

19.2 Reconciliation of reportable segment sales and cost of sales

	Quarter ended	
	September 2016	September 2015
Sales net of sales return and discount		
Total sales for reportable segments	4,403,487,078	3,255,824,661
Add: Sales Tax	818,369,010	574,439,733
Less: Elimination of inter-segments sales	-	(18,450,000)
Total sales	5,221,856,088	3,811,814,394
Cost of sales		
Total cost of sales for reportable segments	(3,488,442,183)	(2,644,887,763)
Elimination of inter-segments purchases	-	(18,450,000)
Total cost of sales	(3,488,442,183)	(2,626,437,763)

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	Food Segment		Plastic Segment		Pharmaceutical segment		Total	
	September 30, 2016	June 30, 2016	September 30, 2016	June 30, 2016	September 30, 2016	June 30, 2016	September 30, 2016	June 30, 2016
	Rupees							
19.3 Segment assets	6,286,798,209	9,883,674,404	10,865,248,824	6,405,019,562	889,757,171	858,290,237	18,041,804,204	16,846,984,203
19.4 Unallocated assets		-	-	-	-	-	3,924,003,683	4,020,855,091
	6,286,798,209	9,883,674,404	10,865,248,824	6,405,019,562	889,757,171	858,290,237	21,965,807,887	20,867,840,194
19.5 Segment liabilities	1,495,243,083	1,775,537,286	4,973,523,701	4,572,015,250	65,064,099	25,038,991	6,468,766,784	6,372,591,527
19.6 Unallocated liabilities		-	-	-	-	-	9,423,712,908	8,257,137,379
	1,495,243,083	1,775,537,286	4,973,523,701	4,572,015,250	65,064,099	25,038,991	15,892,479,692	14,629,728,906
19.7 Inter-segment pricing								
	Transactions among the business segments are recorded at estimated cost.							
19.8 The Group's export sales have been primarily made to countries in the Middle East, Africa and South Asia. However, no material amount of export sales have been made to any one or more particular countries.								
19.9 There were no major customers of the Group which formed 10 percent or more of the Group's revenue.								
			Note		September 30, 2016		Rupees	
19.10 RECONCILIATION OF REPORTABLE SEGMENT								
19.11 ASSETS AND LIABILITIES								
Assets								
Total assets for reportable segments				19.3			18,041,804,204	16,846,984,203
Administrative capital assets							137,900,045	342,443,164
Good will							11,959,187	11,959,187
Long term investment				6			3,774,144,451	3,666,453,640
Total assets							21,965,807,887	20,867,840,194
19.12 Liabilities								
Total liabilities for reportable segments				19.5			6,468,766,784	6,372,591,527
Sponsors' loan - subordinated							902,151,770	902,151,770
Deferred liabilities							872,377,151	674,516,776
Long term finance				12			7,432,366,555	6,419,779,919
Liabilities against assets subject to finance lease							216,817,432	260,688,914
Total liabilities							15,892,479,692	14,629,728,906

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FOR THE QUARTER ENDED SEPTEMBER 30, 2016

20 TRANSACTIONS WITH RELATED PARTIES

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

	September 30, 2016 Rupees	September 30, 2015 Rupees
Transactions		
Rent paid to Chief Executive Officer	-	1,058,750
Plasitflex Films (Private) Limited		
Close family relationship		
- Payment against purchases	11,152,606	6,142,349
- Payable against purchases	11,463,976	11,607,885
Others		
Remuneration to directors and other key management personnel:		
Chief Executive Officer	1,500,000	900,000
Directors	2,349,999	1,500,000
Executives	40,745,636	23,914,194
	60,577,040	26,314,194
	September 30, 2016 Rupees	June 30, 2016 Rupees
Creditors - associated company		
-Receivable against service (Transfer from APL)	-	(9,600,000)
-Purchase of Fixed Assets	-	378,812,072
-Purchase of Raw Materials	-	300,184,410
-Purchase of Packing Materials	5,083,710	45,594,055
-Purchase of Work in process	-	41,137,708
-Purchase of Stores & Spares	-	797,057
-Purchase of Finished goods	-	60,262,712
-Transfer of Staff loan from APL	-	60,000
-Payment against purchases	(11,152,606)	(806,216,941)
-Payable to associate	11,463,976	17,532,872
Sponsors' subordinated - loan		
At beginning of the period / year	902,151,770	602,151,770
Transfer from APL	-	300,000,000
Received during the period / year	-	-
Repaid during the period / year	-	-
At the end of the period / year	902,151,770	902,151,770

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FOR THE QUARTER ENDED SEPTEMBER 30, 2016

21 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on 23rd November 2016 by the Board of the Group.

MUNSARIM SAIFULLAH
CHIEF EXECUTIVE OFFICER

MAQSOOD ISMAIL
DIRECTOR

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