ISMAIL INDUSTRIES LIMITED

TOGETHER WE LEAD

ANNUAL REPORT 2017-18

COMPANY PROFILE

Board of Directors

Mr. Muhammad M. Ismail	Chairman
Mr. Munsarim Saifullah	Chief Executive Officer
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 Shahrah-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. M. Zubair Motiwala	Chairman
Mr. Maqsood Ismail	Member
Mr. Munsarim Saifullah	Member
Ms. Farzana Muhammad	Member

Company Secretary
Mr. Ghulam Farooq

Chief Financial Officer
Mr. Abdul Qadir

Auditor
Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor
Mohsin Tayebaly & Co.

Share Registrar
THK Associates (Pvt.) Limited

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

TABLE OF CONTENTS

OUR STORY

The sponsors of Ismail Industries Limited (IIL) has been associated with the biscuit industry since 1950s. In 1988, IIL emerged on the business landscape of Pakistan and has been expanding its horizons in multiple industries ever since. From delightful treats to industrial raw materials, IIL offers a broad spectrum of products to its consumers and corporate customers.

This journey started from CandyLand, the first division of IIL, which is not only a star performer of the group, but also a leader of the industry in confectionery products. The next major milestone was in 2002 when Bisconni came into existence. This project had the vision of providing the finest quality biscuits in Pakistan. Bisconni has grown to become the leader in the value-added cookies category in Pakistan.

Astro Films emerged in 2004 and is now a renowned manufacturer of CPP, BOPP and BOPET films. We are the pioneers in BOPET category and have imported a state-of-the-art plant from Italy that will strengthen our artillery. In 2006, SnackCity was established with the vision of becoming a leading player in the snacks industry of Pakistan.

At IIL, we keep our focus on our customers in everything we do and this attitude is reflected in our each and every offering. Quality is our prime concern - we endeavor to provide the best quality of products through one of the most modern production establishments around the world and we take absolute pride in it.

MISSION

We aim to offer high quality products to our consumers by remaining the most technologically advanced company in our field. We strive to be the brand leader in all categories that we compete in. We wish to have a substantial presence outside Pakistan, through export and local manufacturing.

VISION

We strive to deliver our consumers consistent quality products which maximize our values and customer satisfaction. We are catering to the domestic market on a large scale and are also gaining a strong foothold internationally.

We wish to consolidate and strengthen our position as the most technologically advanced company in our field. We recognize the importance of efficiency and creativity that helps achieve growth in a competitive environment. We believe in our people and optimally provide them with technology management systems as well as give them different opportunities to achieve profitability and growth, in order to provide fair returns to our shareholders.

We realize our responsibility towards society and contribute to our environment as good corporate citizens.

ISMAIL INDUSTRIES LIMITED

Annual Report 2018

CandyLand

INTRODUCTION

CandyLand, the confectionery division of Ismail Industries Limited (IIL) in Pakistan, started with humble beginnings on June 21, 1988. The foundations of the first production plant were laid down on one acre of land and the first brand was launched in 1990. From that point onwards, the company has constantly achieved one milestone after the other and as of today, has expanded its production facilities to 7.54 acres.

We are the pioneers in jellies and have launched our brands in technically challenging categories such as lollipops and marshmallows. We pride ourselves on delivering the best quality products and strive hard to delight our consumers. Ensuring that we deliver on these values has also helped us establish exports in more than 45 countries around the globe.

Keeping this philosophy in mind, we have constantly expanded into different product categories and set up state-of-the-art facilities that have enabled us to become one of the most technologically advanced companies within the industry. Our customers and consumers are at the core of everything we do. We strive to deliver the best customer value proposition and ensure that our consumers receive the utmost satisfaction in every bite that they take. To help us achieve this, we have a team of highly qualified professionals. Our sales force is one of the largest in the category which ensures that we reach out to our customers even in the most remote areas of the country.

At CandyLand, we strive to provide our customers with quality confectionery products which are in compliance with international standards of quality and food safety. All CandyLand products are ISO 22000 certified and have Halaal certification from SANHA.

We promise to uphold our values and grow the category. We aim to achieve this by nurturing our existing brands and innovate constantly to launch new brands that connect with our consumers, meet their needs and continue to delight them for years to come.

CAMPAIGNS 2017-18

CandyLand Marshmallow was the first campaign of 2017-18. The campaign took kids into the vibrant, imaginary world of CandyLand Marshmallow and set a benchmark for 360-degree advertising at CandyLand. Featured heavily on TV and Radio, the Marshmallow campaign was also heavily advertised through a set of made-for-digital videos on Facebook and YouTube, print integrations with MasterChef magazine and a nationwide school sampling activity, making contact with 1 million kids across Pakistan.

CandyLand introduced 4 extraordinary flavors under the Novella chocolate brand in December, 2017. The launch of new center-filled variants was coupled with a functional TVC which communicated the exciting new flavors. The communication plan was also supported on Radio, Cinemas, Digital, Outdoor, Print, and nationwide brand activation initiatives to give the maximum possible impact at launch.

2017 also saw the launch of a brand new TVC for Chili Mili with the objective of driving recall and further extending the brand's market leadership status. The campaign was heavily launched on TV and Radio channels for maximum reach. The brand was also integrated with content produced by leading social media influencers which was an instant hit amongst viewers as well as snippets made specifically for YouTube.

CandyLand Eclairs was another brand which featured heavily on airwaves in the beginning of 2018. The campaign was aimed to establish CandyLand Eclairs as the most functionally superior brand in the market by capitalizing on its unique red color. The campaign was aired on TV, Radio, Cinemas and Digital platforms and also supported on Out-of-Home media.

ISMAIL INDUSTRIES LIMITED

Annual Report 2018

INTRODUCTION

We entered the biscuit industry with a center-filled chocolate cookie, Cocomo, which grew into an iconic brand and a flagship product of the company. Even today, Bisconni is one of the few companies in the world with technological capability of producing center-filled chocolate cookies.

In 2002, Bisconni began its journey with the acquisition of Meiji's plant and a vision to introduce biscuits of international quality and food safety in Pakistan.

Today, Bisconni has become a household name with a portfolio encompassing 9 brands, 45 SKUs in 5 categories and a distribution reaching 90,000 shops nationwide. We are the pioneers of black biscuits and the market leaders in the wafer and chocolate chip cookie category.

In 2018, Bisconni entered the growing branded cakes category with a differentiated chocolate coated bar cake, 'FLO', and managed to establish its position against industry giants.

Due to our customer-centric approach, innovation and quality being at the heart of our corporate identity, all our products are ISO 22000 and Halal Certified from SANHA. We are also a certified supplier of high energy biscuits for various programs for the World Food Program.

Our commitment to creating the ultimate brand experience at the forefront of our guiding philosophy has enabled us to deliver on our promises and earn our consumers' trust time and again.

CAMPAIGNS 2017-18

In August, 2017, Bisconni's legacy brand, Cocomo launched two new flavors, Milk & Orange, to appeal to wider taste preferences and a broader audience. A thematic TVC campaign revealed new flavors by taking the animated heroes, Coco & Mo, on a grand adventure against the villain. School sampling was also conducted to induce trial and familiarize kids with the new product. Earlier in 2018, a consumer promotion offered one free pack on purchase of a Cocomo box. The scheme was well-received and led to an increase in sales. The campaign was also supported through attractive point-of-sale visuals, gondolas and category dressings at trade.

Chocolate Chip Cookies is the largest competitor in the chocolate chip biscuit category. In the year 2017-2018, it was relaunched with an improved biscuit, modernized packaging and two new thematic campaigns, starring one of Pakistan's biggest celebrities, Fahad Mustafa. The ads were aired on all leading terrestrial and satellite channels which helped garner massive appeal for the brand. The campaign was also supported through visual aid at retail outlets as well as on social media.

Chocolatto launched a new thematic TVC, starring the celebrity of the year, Hania Amir. The campaign was successful in giving Chocolatto a unique positioning as a modern and premium biscuit. Chocolatto targeted young adults with its grand feel and celebrity talent, and led the brand experience a staggering growth from the previous year. Chocolatto also sponsored the largest Pakistani award show internationally, IPPA 2017, which presented it amongst the biggest and most talented faces of Pakistan. The campaign was supported with in-store trade and merchandising initiatives. A nationwide sampling drive was also conducted to generate brand trial.

Realizing the strong growth opportunities, Bisconni entered the branded cakes category with FLO, a differentiated chocolate coated bar cake in two flavors, chocolate and vanilla. A thematic TVC campaign, targeting kids and young adults, was launched to generate brand awareness and recall. The TV campaign was aired on all top-tier news, entertainment and kids' channels. To further increase its visibility, Bisconni FLO sponsored the Pakistan vs. West Indies T20 and ODI series. To reach the relevant target audience, FLO entered the digital arena with creative and un-skippable pre-roll ads on YouTube and Facebook and garnered millions of views.

ISMAIL INDUSTRIES LIMITED

Annual Report 2018

INTRODUCTION

The SnackCity division of Ismail Industries Limited (IIL) was established in June, 2006, when the company set up its purpose-built manufacturing facility at Hub and began the production of its potato chips, Kurleez. Having achieved great success in a short span of time, the foundation of a second production facility was laid down in Lahore in March, 2010, which today is operational and caters to the demand of our potato chips in North and Central regions of Pakistan.

Customer satisfaction has always been at the heart of the company's values, which is why the company has invested in the world's best machinery, employed the best food technicians and experts, and adopted the best practices to ensure that the consumers taste the goodness of SnackCity products in every bite. Our ISO 22000 Certification and Halal Certification from SANHA is a testament to the kind of commitment we have towards quality.

SnackCity's Kurleez has grown to become the market leader in the crinkle chips category. The company has also successfully ventured into other segments. Chillz, our brand of potato sticks has also grown to become the market leader in its category, while SnackCity Peanutz is also successfully establishing itself as a prominent player in the market with increasing sales every year.

The future seems bright for SnackCity as we plan to grow through continuous development and consumer involvement to enter newer avenues within the packaged snacks industry and become the leading snacks producing company in Pakistan.

CAMPAIGNS 2017-18

Kurleez launched a new flavor "French Cheese" this year to expand its product range and provide more variety to its consumers. The launch was supported by a TV campaign, which was aired at all leading channels nationwide. Alongside, an in-school activity was carried out to create massive awareness and engagement for the campaign. An aggressive trade plan was also implemented to support the brand at the retail level. The campaign generated great buzz and helped achieve remarkable growth in sales.

This year, Kurleez also revamped its packaging to make it more attractive for the young consumer audience. Supported by merchandising and in-store marketing, the improved design stood out in the retail space, establishing the brand's presence significantly against competition.

The clutter breaking campaign "Kurleez Chalega" was also re-run this year to maintain top of mind recall of the brand. The campaign encompassed multiple media including TV and digital. Trade level initiatives were also carried out to ensure availability and visibility. The campaign gave Kurleez a boost in sales volume and helped maintain consumer loyalty.

INTRODUCTION

Astro Films is a renowned name of CPP, BOPP, and BoPET film manufacturer, owned and operated by Ismail Industries Limited. We are not only recognized regionally, but globally as well. Located in the southern region of Pakistan, we are the leading packaging films maker in Pakistan, providing our customers a complete solution in flexible packaging.

Astro Films has its operations in two different regions of the country. At Hub, Astro Films owns a CPP Plant of a renowned Italian company "Gruppo Colines" with an annual production capacity of 6,000 tons. Advancing towards acquiring distinction, Astro Films has set up a new CPP Plant at Port Qasim of the same group "Gruppo Colines" having capacity of 10,000 tons per annum. The total production capacity of CPP has now reached to 16,000 tons annually.

In addition, we have three metallizers of "General Vacuum" metallizer. Two metallizers are installed at the Plant in Hub and one at Port Qasim Plant, having a yearly capacity of 12,000 and 7,000 tons respectively.

In 2011, the company embarked on further expansion of its packaging film production size by ordering the First Ever BoPET film line to Bruckner in Pakistan. With an annual capacity of 18,000 tons per annum, this film line ensures a highly efficient production of flexible packaging film ranging from 12 μ to 120 μ. While selecting plant and equipment, due consideration is taken to ensure that the new production line is aligned with the latest technology available. The enhanced features in the BoPET line has further improved the operational efficiency and provided the technical capabilities to meet the customers' expectations.

Astro Films is one of those few privileged manufacturers of CPP, BOPP & BoPET films, that have supplied products to six different regions across the world, fulfilling a portion of the flexible packaging needs in the international market. One of our unmatchable strengths, which makes Astro Films so much reliable, is its ability to deliver nothing but the best quality to its customers. This practice has earned us recognition as an international market player, committed to not only meet but exceed the expectations of our esteemed customers.

We are ISO and PAS certified company (ISO 9001:2015, ISO 22000:2005, and PAS 223). We are proud of our accomplishments and recognition of manufacturing capabilities. More importantly, we are one of the most competitive suppliers of CPP and BoPET films in the world. Being the Leading Asian Flexible Packaging Manufacturer, 15 to 20% of our packaging films are exported to Korean, European and US markets with one of the fastest lead times in the packaging industry.

INTRODUCTION

BUSINESS OUTLINE & UNIQUE STRENGTHS

Hudson Pharma's vision is to identify molecules that address local patients' unmet needs across the globe. In developing markets in particular, we look at efficacious molecules that are underpenetrated or simply unavailable. We look to innovate using new delivery methods or novel manufacturing processes that vastly improve both the safety and attainability of those previously hard-to-access drugs.

We actively market drugs globally in the following therapeutic areas; pulmonology, ophthalmology, dermatology, and injectables.

We have following manufacturing lines installed at our Karachi plant which are aimed to develop innovative drugs with unique and distinctive technologies:

Blow-Fill-Seal Division

The BFS process is our key distinctive line in the pharmaceutical industry which is for injectables, oral liquids, and respules in polyethylene containers using the innovative blow-fill-seal (BFS) process. It is the sterile and pyrogen-free moulding of ampoules from extruded polyethylene with an immediate sterile filling of the product.

The BFS process is considered by the US FDA as a superior aseptic filling process. An additional benefit of the BFS process is the decreased risk of contamination by glass particles which results in a safer end product. Because of the enhanced safety profile versus products filled in glass, BFS products have been rapidly accepted by patients and doctors across the world.

Ophthalmic Division

During the year, we got approval for our ophthalmic division and we are about to launch products in anti-glaucoma, artificial tears, anti-infectives, and NSAIDs segments.

Dermatological Division

Dermatology division is a tube filling line for ointments, creams, lotions, and gels. As our line received formal approval during the period, we intend to launch innovative molecules which will be the first in Pakistan and are in advance stages of their approval.

Dry Powder Inhalation (DPI) Capsules Division

We have also received license to manufacture Dry Powder Inhalation (DPI) capsules from the concerned authorities. This will help boost our respiratory product portfolio in the year ahead.

International Operations

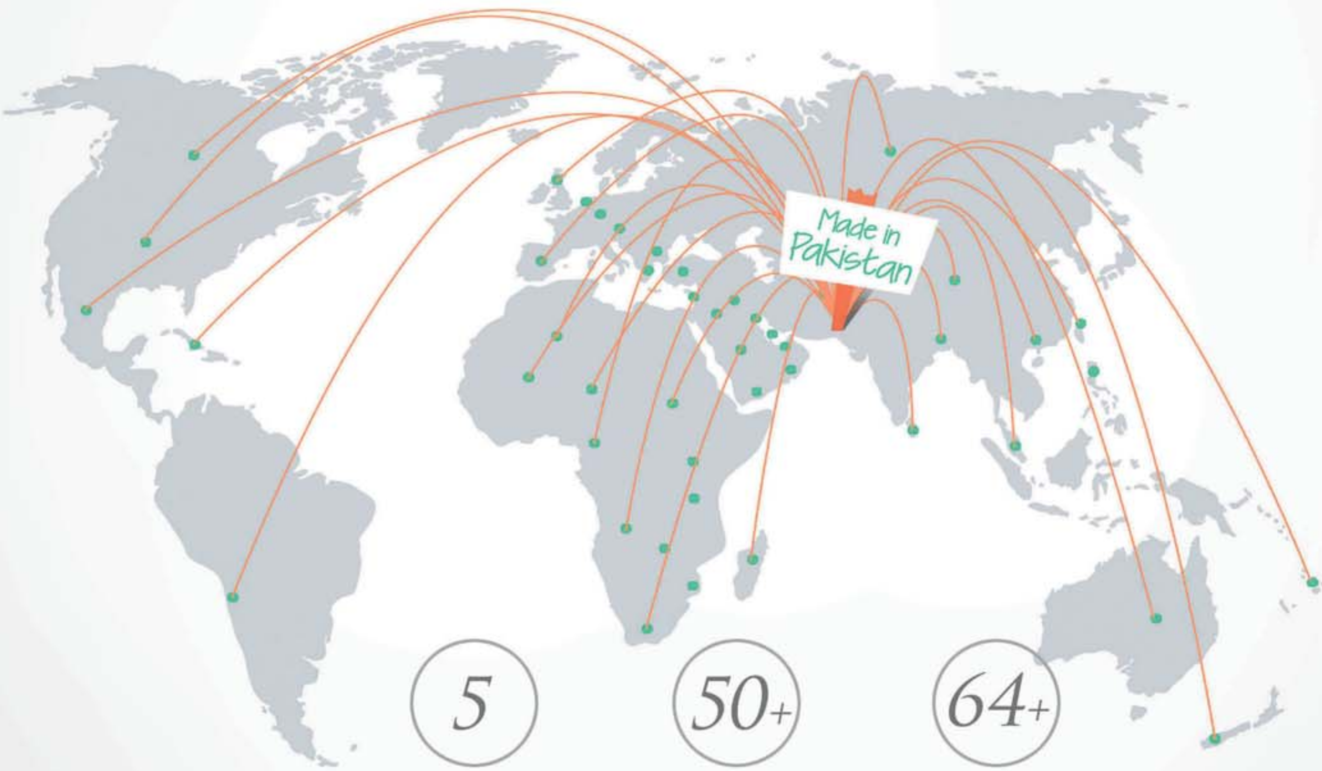
We are actively pursuing to market our drugs in Sri Lanka, Vietnam, and Myanmar. We are in advance stages of our company registration in Sri Lanka, while we have set up our representative office in Vietnam and filed our product dossiers with their drug regulatory authority. We have also submitted dossiers with the drug regulatory authority of Myanmar.

With the help of our unique strengths that include four manufacturing divisions, innovative product portfolio, and a carefully built human capital, we are confident that we will break new grounds in the coming fiscal year, and at all times, will be keeping our vision and mission at the core of all our initiatives.

At Hudson Pharma, safety is our first priority. At every step, we make decisions and design processes with patients' safety at the forefront to ensure that the end product we market is safe, efficacious, and effectively addresses patients' and care providers' needs.

GLOBAL PRESENCE

The International Division of Ismail Industries Limited (IIL) is one of the leading exporters of confectioneries in Pakistan, with exports to over 50+ destinations. With a commitment to deliver excellence, it has come far and continues to spread smiles and win the hearts of millions of consumers across the globe.



5 Continents

50+ Countries

64+ Customers

HIGHLIGHTS 2017-18

By the grace of Almighty, this has been a transformational year for the IIL's International Division, wherein we recorded an ever highest Export sales, with an outstanding growth of 35% over the last fiscal year. Establishing 11 new markets (namely: Bahrain, Qatar, Trinidad, Spain, New Zealand, Hong Kong, Tanzania, Mauritius, Kenya, Zambia and Ghana), and adding 20+ New Customers to IIL Export portfolio, the International Division is all geared up to take the challenge of becoming the #1 Exporter of confectionery products in Pakistan.

New Product Developments and launches: Mini Chocolate Chip, Snack packs, Chili Beans, Jelly Beans, Rite Gold, Cocomo (Strawberry), Milk Eclairs, among others.

Successful participation in International Trade fairs: Gulfoods, Yummex (Sweets & Snacks) in Dubai, and Food East-Africa (in Kenya).

Modern trade listings: Mars, Union Corp, Al-Karama, Nesto, Al-Manama in GCC, ASDA (UK) and Sobeys, Safeway, Global Foods, Food Basics, and Thrifty Foods in North America.

Marketing initiatives: Store brandings (Afghanistan), van branding, ATL campaign in Afghanistan for Chocolate Chip Cookies, Rite, Cocomo and Kurleez (in Dari language), In-store display drives, POSM, among others.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 30th Annual General Meeting of **Ismail Industries Limited** will be held at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi on Friday, October 26, 2018 at 12:15 p.m. to transact the following businesses.

Ordinary Businesses:

1. To confirm the minutes of the Annual General Meeting of the Company held on October 26, 2017.

2. To receive, consider, approve and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2018 together with the Directors' Report in English and Urdu Version and Auditors' Reports thereon.

3. To approve and declare the cash dividend @ 45% (Rs. 4.50 per share) on the ordinary shares of the Company as recommended by the Directors for the year ended June 30, 2018.

4. To appoint Auditors for the year ending June 30, 2019 and fix their remuneration. The Audit Committee of the Board has recommended the retiring auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants being eligible have offered themselves for re-appointment.

Special Businesses:

5. To consider and approve the transmission of annual audited financial statements, auditor's report and directors' report etc. ("Annual Audited Accounts") to members through electronic & digital means CD/DVD/USB or other permissible compatible medium at their registered or notified address as allowed by the Securities and Exchange Commission of Pakistan under SRO 470(I) 2016 dated May 31, 2016 and, if thought fit, to pass the following resolution:

RESOLVED THAT the transmission of annual audited financial statements along with the Auditor's and Directors' Reports thereon ("Annual Audited Accounts") to the members at their registered address in soft form by way of email/electronic/digital means or by way of CD/DVD/USB or other permissible compatible medium instead of transmitting the Annual Audited Accounts in hard copies be and is hereby approved.

FURTHER RESOLVED THAT a hard copy of the annual audited financial statements, auditor's report and directors' report etc. ("Annual Audited Accounts") be supplied to the members on their specific demand at the registered address, within seven days of such demand.

6. To increase the remuneration of the Chief Executive Officer and Two Executive Directors of the Company.

In view of rising cost of living, the Board has decided to increase the remuneration of the Chief Executive Officer and Two Executive Directors by Rs.300,000/- per month. Accordingly, the remuneration of the Chief Executive Officer would be increased from Rs.500,000/- to Rs.800,000/- and from Rs.400,000/- to Rs.700,000/- each of the two Executive Directors with effect from October 2018. However, utilities and other terms and conditions would remained unchanged.

7. To consider and, if thought fit, pass the following Special Resolution, with or without modifications, alter the Articles of Association of the Company by inserting new Articles No. 60-A and 60-B to enable the members for e-voting, as required under the Companies (E-Voting) Regulations, 2016 issued by the Securities and Exchange Commission of Pakistan vide SRO 43(1)/2016 dated January 22, 2016.

RESOLVED THAT the Articles of Association of the Company be and is hereby amended by adding the following new Articles 60-A and 60-B, after the existing Article 60.

60-A A Member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016 (including any statutory modification thereof), as amended from time to time. In case of e-voting, both Members and Non-members can be appointed as proxy. The instructions to appoint Execution Officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through email. The Company will arrange for e-voting if the Company receives demand for poll from at least five (5) members or by any member having not less than one tenth of the voting power."

60-B. An instrument appointing a proxy relating to E-voting shall be in the following form:

I/ We ____________ of __________ being a member of Ismail Industries Limited holding _________ Ordinary Share(s) as per Registered Folio No.__________ hereby opt for e-voting through intermediary and hereby consent the appointment of Execution Officer __________________ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolutions. My secured e-mail address is _________________ please send login details, password and electronic signature through e-mail.

Signature of Member(s)

CNIC No.________________

(Signature should agree with the specimen signature registered with the Company.)

Signed in the presence of:

Signature of Witness
CNIC No.____________

Signature of Witness
CNIC No.____________

8. To consider and, if thought fit, to pass the following resolution, with or without modification(s), as Special Resolution to alter the Articles of Association of the Company by inserting new Articles No. 60-C after the existing Article 60, to enable the members facility of video conferencing as allowed by the Securities and Exchange Commission of Pakistan vide Circular No. 10 of 2014 dated May 21, 2014.

   RESOLVED THAT the Articles of Association of the Company be and is hereby amended by adding the following new Article 60-C after the existing Article 60:

   60-C The company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least ten (10) days prior to the date of the general meeting. The company shall arrange video conference facility subject to availability of such facility in that city and an intimation to the Members shall be given by the Company at least five (5) days before the date of general meeting regarding venue of video conference facility along with complete information. However, the quorum, as required under the Act , as well as the Chairman of the general meeting, shall be present at the place of the general meeting.

   FURTHER RESOLVED THAT the Chief Executive Officer and/or Company Secretary be and is hereby authorized to do all acts, deed and things, take all steps and actions necessary, ancillary and incidental for altering the Articles of Association of the Company including filing of all requisite documents/statutory forms as may be required to be filed with the Registrar of Companies and complying with all other regulatory requirements so as to effectuate the alterations made in the Articles of Association and implementing all the aforesaid Special Resolutions.

9. To consider and if thought fit, to convert Sponsors' outstanding loan into equity of the Company by way of further issue of shares, without offering shares to the existing shareholders under the first proviso to section 83(1) of the Companies Act, 2017.

10. To consider and if thought fit, to make further long-term equity investment upto Rs.1,000,000,000/- (Rupees One billion only) by way of an additional acquisition of shares of The Bank of Khyber, an associated company, under Section 199 of the Companies Act, 2017.

    RESOLVED THAT pursuant to the requirements of Section 199 of the Companies Act, 2017, further long-term equity investment upto Rs.1,000,000,000/- (Rupees One billion only) by way of an additional acquisition of shares of The Bank of Khyber, an associated company, be and is hereby made by Ismail Industries Limited, subject to approval of shareholders and the Regulatory Authorities.

FURTHER RESOLVED THAT the above said resolution shall be valid for three years and the Chief Executive Officer and / or the Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of the said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to take all steps and actions necessary incidental and ancillary to the further acquisition of The Bank of Khyber shares including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purposes of giving effect to the spirit and intent of the special resolution for making investment from time to time.

FURTHER RESOLVED THAT subsequent to the above said further equity investment, the Chief Executive Officer and/or the Company Secretary of the Company be and are hereby authorized singly to dispose off, through any mode, a part or all of equity investment made by the Company in The Bank of Khyber from time to time, as and when deemed appropriate and necessary, in the best interest of the Company.

11. To consider and, if thought fit, pass, with or without modification, the following special resolution, under Section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 for the purpose of approving the investment to be made by the Company in Hudson Pharma (Private) Limited (HPL), an associated/a subsidiary company, by inducting of Rs.500,000,000/- (Rupees: Five hundred million only) to meet its operational expenses/working capital requirements:

RESOLVED THAT pursuant to the requirements of section 199 of the Companies Act, 2017, an investment of Rs.500,000,000/- (Rupees: Five hundred million only) be and is hereby made in Hudson Pharma (Private) Limited, an associated/a subsidiary company to meet its operational expenses/working capital requirements.

FURTHER RESOLVED THAT the Chief Executive Officer / Company Secretary be and is hereby authorized to do all acts to affect the Special Resolution for completion of all legal and necessary formalities with respect to the investment made under section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

12. To transact any other business with permission of the Chair.

"Statement under Section 134(3) of the Companies Act, 2017, concerning the Special Resolutions, is attached along with the Notice circulated to the members of the Company, and is deemed an integral part hereof."

By order of the Board

Karachi: September 24, 2018

Ghulam Farooq
Company Secretary

Notes

1. Closure of Shares Transfer Book

The shares transfer book of the Company shall remain closed with effect from October 25, 2018 to October 31, 2018 (both days inclusive). Transfers received in order at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, Phone # 021-111-000-322 (the Share Registrar) at the close of business on Wednesday, October 24, 2018 will be considered in time to attend and vote at the meeting and payment of cash dividend, if approved by the Shareholders.

2. Change of Address

The shareholders are requested to notify change in their address, if any, to our Share Registrar.

3. Participation in Annual General Meeting

A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxy, in order to be effective must reach the Company Share Registrar Office not less than 48 hours before the time of the meeting during working hours.

An individual beneficial owner of shares must bring his/her original CNIC or Passport, Account and Participant I.D. numbers to prove his/her identity. A representative of Corporate members, must bring the Board of Directors' Resolution and/or Power of Attorney and the specimen signature of nominee. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 on dated: January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. Submission of the CNIC/NTN Details (Mandatory)

As has already been notified from time to time, the Members who have not yet submitted photocopy of their valid CNIC to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar. Corporate entities are requested to provide their National Tax Number (NTN). Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. In case of non-receipt of the copy of a valid CNIC, the Company will withhold dividend warrants of such Shareholders to comply with the said SROs of SECP.

5. Withholding Tax on Dividend

Pursuant to the provisions of Finance Act, 2018 the deduction of income tax from dividend payment shall be made on the basis of following criteria:

(i) Rate of tax deduction for filer of income tax return 15%
(ii) Rate of tax deduction for non-filer of income tax return 20%

All the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure date otherwise tax on their cash dividend will be deducted @ 20% instead of 15%. Furthermore, in order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal Shareholder(s) for the deduction of withholding tax on dividends of the Company, shareholders are requested to please furnish the shareholding ratio details of themselves as Principal Shareholder and their Joint Holders, to the Company's Share Registrar, in writing as per format given below enabling the Company to compute withholding tax of each Shareholder accordingly.

Company Name	Folio/ CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

A valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide a valid Tax Exemption Certificate to our Shares Registrar; else tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Ordinance.

6. Payment of Cash Dividend Electronically (Mandatory Requirement)

In accordance with the provisions of section 242 of the Companies Act, 2017, and Companies (Distribution of Dividends), Regulation 2017, a listed company, is required to pay cash dividend to the Shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In this regard, Company has already sent Letters and Electronic Credit Mandate Forms to the shareholders and issued various notices through publication in newspapers requesting the shareholders to comply with the requirement of providing their International Bank Account Number (IBAN).

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronica Credit Mandate Form" as reproduce below and send it duly signed along with a copy of valid CNIC to the Company's Share Registrar. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to send it to the concerned Participant / CDC.

Shareholders Details	
Name of the Shareholder(s)	
Folio #/CDC Account No (s)	
CNIC No. (Copy attached)	
Mobile/Landline no.	
Shareholders Bank Details	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch Name and Address	

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

7. Electronic Transmission of Financial Statement and Notices

We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan pursuant to SRO No. 787(I)/2014 dated September 08, 2014 permitted Companies to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Director Report etc. ("Annual Report") along with the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company, who wish to receive the Company's Annual Audited Accounts and notices of annual general meeting by email, are requested to provide the complete Electronic Communication. However, the Company may provide hard copy of Annual Report to such members on their request, free of cost, within seven days of receipt of such request.

8. Unclaimed / Unpaid Entitlements

Shareholders who by any reason could not collect their dividends/bonus shares/others are advised to contact our Share Registrar to collect / enquire about their unclaimed dividends/bonus shares/others, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividends/bonus shares/others outstanding for a period of 3 years or more from the date due shall be deposited to the credit of Federal Government.

9. Request for Video Conference Facility

In term of SECP's Circular No. 10 of 2014 dated: May 21, 2014 read with the provisions contained under section 134(1)(b) of the Act, if the Company receives request/demand from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city, subject to availability of such facility in that city.

In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting (AGM). After receiving the request/demand of members having or more shareholding in aggregate, the Company will intimate members regarding venue of video conference facility at least five (5) days before the date of AGM along with complete information necessary to enable them to access such facility.

REQUEST FOR VIDEO CONFERENCE FACILITY

I/We/Messrs. ________________________________ of ____________________, being Member(s) of Ismail Industries Limited, holder of ________________ ordinary share(s) as per Folio # ________________ and/or CDC Participant ID & Sub-Account No. ____________________, hereby opt or video conference facility at ____________ city.

____

Signature of Member(s)
(Please affix Company stamp in case of Corporate entity)

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This statement is annexed as an integral part of the Notice of the Annual General Meeting of Ismail Industries Limited to be held on Friday, October 26, 2018, at 12:15 p.m., at Hotel Days Inn, Bushra Hall, 164, B.C.H.S. Shahra-e-Faisal, Karachi, Pakistan, and sets out the material facts concerning the Special Business to be transacted at the Meeting.

Agenda # 5: Circulation of Annual Audited Accounts through soft form or CD/DVD/USB

The Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 470(1)/2016 dated: May 31, 2016, has allowed listed companies to circulate their Annual Audited Accounts (i.e. the annual balance sheet and profit and loss account, auditor's report and director's report) to its members at their registered or notified address in soft form by way of email/electronic & digital means or by way of CD/DVD/ USB or other permissible compatible medium instead of transmitting the Annual Audited Accounts in hard copies, subject to approval obtained from shareholders in General Meeting. The Company shall however, supply the hard copies of the Annual Audited Accounts to the members, on demand, free of cost upon receipt of the standard Request Form, which shall be made available on the website of the Company.

Agenda # 6: Increase in Remuneration of Chief Executive Officer and Executive Directors of the Company

Approval is being sought for the increase in remuneration to the Chief Executive Officer and two Executive Directors.

For this purpose, the following Resolution will be moved at the meeting.

RESOLVED THAT the Company the payment of remuneration of Rs.9,600,000/- per annum to the Chief Executive Officer and of Rs.8,400,000/- per annum each to two Executive Directors with utilities and other terms and conditions of their terms remaining unchanged, be and is hereby approved.

Agenda # 7: Provisions and requirements of E-Voting as per Companies (E-Voting) Regulations, 2016

The Companies (E-Voting) Regulations, 2016 (the "Regulations") provide for the members of the Company with an option to vote electronically, and Regulation 5 requires the articles of association of a company to include provision for members being able to appoint another member or a non-member as their proxy to vote on their behalf through electronic voting.

As such, the shareholders' approval is being sought to amend the Articles of Association of the Company in accordance with the requirements of the Regulations.

Agenda # 8: Provisions and requirements of Video Conferencing Circular No. 10 of 2014 dated May 21, 2014

The Circular No. 10 of 2014 dated May 21, 2014 provides an option to the members to attend general meeting through video conferencing. As such, the shareholders' approval is being sought to amend the Articles of Association of the Company in accordance with the requirements of the said Circular.

Agenda # 9: Conversion Outstanding Sponsors' Loan into Equity.

To pass a special resolution for conversion of outstanding Sponsors' loan into equity of the company under the provisions of Section 83(1) of the Companies Act, 2017, by issuance of 9,021,517 Ordinary shares otherwise than rights of Ismail Industries Limited at Rs.100/- each (including premium of Rs.90/-)

amounting to Rs.902,151,770/- (Rupees Nine hundred two million one hundred fifty-one thousand seven hundred seventy only).

The Board of Directors of the Company, at its meeting held on Monday, September 24, 2018 has approved the raising of further capital, without any offer of right shares to existing shareholders, as per proposed special resolution, subject to the approval of the members of the Company and the Securities and Exchange Commission of Pakistan ("SECP").

Material facts concerning the said special businesses are as follows:

The outstanding loan from Mr. Muhammad M. Ismail, Mr. Maqsood Ismail Ahmed and Miftah Ismail Ahmed, the Sponsors of the Company ("Sponsors"), amounting to Rs.902,151,770/- (Rupees Nine hundred two million one hundred fifty-one thousand seven hundred seventy only), shall be converted into 9,021,517 Ordinary shares of the Company at Rs.100/- per share (including premium of Rs.90/- per share), without any offer of shares to the existing shareholders of the Company. Thus, shares proposed to be issued shall rank pari passu to the existing shares of the company in all respects. This issue of shares otherwise than rights, is subject to the approval of the shareholders and the SECP.

The Sponsors to whom these shares will be issued have given written consent for the same.

The said Sponsors are interested in the transaction to the extent of issue of new shares in consideration of his outstanding loan amount.

Therefore, the following special resolutions are proposed to be passed, with or without modification(s):

1. **RESOLVED THAT the Company be and is hereby authorized to issue 9,021,517 Ordinary shares of Rs.100/- each (including premium of Rs.90/-) amounting to Rs.902,151,770/- as fully paid-up share to the Sponsor of the Company, in lieu of the amount of their outstanding loan towards the Company and rank pari passu in all respects with the existing shares of the Company, without offer to the existing shareholders under first proviso to Section 83(1)(b) of the Companies Act, 2017, subject to the approval of the Securities and Exchange Commission of Pakistan ("SECP").**

2. **RESOLVED THAT the Chief Executive Officer and Company Secretary of the Company be and are hereby authorized to complete all necessary legal and corporate formalities with regard to the above Resolutions, and to take such actions as they may consider necessary or expedient to complete the process of raising further capital without issue of right shares; and**

3. **That in case any error, omission, or mistake is pointed out in the aforesaid Resolutions by the Commission and/or any other competent authority, the Chief Executive Officer and Company Secretary of the Company, be and are hereby authorized to make necessary amendments therein as permitted under the law.**

Conversion of Loan of Directors into Equity:

The material facts concerning the conversion of loan into equity are as follows:

S. No.	Nature of Material Facts	Disclosure
1.	**Justification** as to why proposed shares are to be issued otherwise than rights and not as rights shares.	Funds were injected by the Sponsors in the shape of loan as and when required by the Company and accordingly, said loan was subordinated with the banks and other financial institutions. Out of the total paid-up share capital of the Company, 99.47% is held by the Sponsors, their family members and associated company, whereas, remaining 0.53% shares are held by the general public. The conversion of Sponsors' loan into equity, without going for lengthy process of right issue of shares, would benefit the Company by reducing its long-term liabilities and improve the capital base, which will ultimately increase the net worth of the Company.
2.	**Name** of the person(s) / organization(s) / company(s) etc. to whom shares will be issued	Mr. Muhammad M. Ismail Mr. Maqsood Ismail Ahmed Mr. Miftah Ismail Ahmed
3.	**Price** at which the proposed shares will be issued. **Justification**, with details of the latest available market price and break-up value per share, if such price differs from par value.	Shares to be issued at Rs.100/- per share (including premium of Rs.90/-), whereas Market value of share is Rs.388.50/- per share on dated: September 25, 2018 and Break-up value of Rs.113.15 per share as per Audited Financial Statement for the year ended June 30, 2018.
4.	**Detail of asset(s)**, if proposed shares are to be issued for consideration otherwise than cash.	Conversion of Sponsors' loan into equity.
5.	**Purpose** of the issue, **utilization** of the proceeds of the issue and **benefits** to the Company and its shareholders with necessary details.	To reduce the liabilities and improvement of Capital base/reserves of the Company along with improving the breakup value of shares of the Company. The issuance of the shares will be against the outstanding loan of the Sponsors.

6.	**Existing shareholding** of the person(s) / organization(s) / company(s) etc. to whom the proposed shares will be issued (in number as well as percentage vis-a-vis to existing paid up capital of the Company).	<table><tr><th>Name of Persons</th><th>Existing Shareholding</th><th>% of Paid-up Capital</th></tr><tr><td>Mr. Muhammad M. Ismail</td><td>18,664,543</td><td>29.25%</td></tr><tr><td>Mr. Maqsood Ismail Ahmed</td><td>190,000</td><td>0.30%</td></tr><tr><td>Mr. Miftah Ismail Ahmed</td><td>19,720,732</td><td>30.91%</td></tr></table>
7.	**Total shareholding** of the person(s) / organization(s) / company(s) etc. after the proposed issue of shares (in number as well as percentage vis-à-vis to increased paid up capital of the Company).	<table><tr><th>Name of Persons</th><th>Shareholding after Right Shares</th><th>% of Paid-up Capital</th></tr><tr><td>Mr. Muhammad M. Ismail</td><td>21,823,439</td><td>29.97%</td></tr><tr><td>Mr. Maqsood Ismail Ahmed</td><td>4,571,357</td><td>6.28%</td></tr><tr><td>Mr. Miftah Ismail Ahmed</td><td>21,201,996</td><td>29.11%</td></tr></table>
8.	Whether the person(s) / organization(s) / company(s) etc. has provided **written consent** to the Company for purchase of such shares	The Directors named above have consented in writing to the acquisition shares, subject to approval of the shareholders and the SECP.
9.	The fact that these shares will rank ***pari passu*** in all respects with the existing shares of the Company. Details if there is any change.	The shares rank PARRI PASSU with the existing shares.
10.	The fact that this issue of shares is **subject to approval of the Commission**	Yes.

Agenda # 10: Investment in The Bank of Khyber, an Associated Undertaking u/s. 199 of the Companies Act, 2017.

The Board of Directors of Ismail Industries Limited (IIL) in their meeting held on September 24, 2018 had approved to further long-term equity investment upto Rs.1,000,000,000 (Rupees One billion only) by way of an acquisition of shares of The Bank of Khyber, an associated company, subject to approval of Regulatory Authorities. The information required to be annexed to the Notice by Notification No. SRO No. 1240(I)/2017 on dated December 6, 2017 is set out below:

1.	Name of Associated Company	The Bank of Khyber (BOK)
2.	Nature of Associated Relationship	Ismail Industries Limited holds 24.15% voting and equity interest and also has representation on the Board of Directors in the BOK
3.	Earnings per share of the last three years;	2017 – Rs.1.79 per share 2016 – Rs.2.02 per share 2015 – Rs.1.79 per share
4.	Break-up value per share, based on latest audited financial statements;	Rs.15.39 per share
5.	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements;	The Financial positions including main items of financial on the basis of its latest financial statements for the year ended December 31, 2017 are as follow: (see table below)
6.	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely; a. Description of the project and its history since conceptualization; b. Starting date and expected date of completion of work; c. Time by which such project shall become commercially operational; d. Expected time by which the project shall start paying return on investment; and e. Funds invested or to be invested by the promotors, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	Not Applicable
7.	Maximum amount of investment to be made:	Equity investment upto Rs.1,000,000,000/- (Rupees One billion only)
8.	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	To participate in growing banking industry of the country through equity investment. BOK is a professionally managed bank with a successful track record of 27 years of operations. The Bank is listed on the Pakistan

Year ended December 31, 2017	
	Rs. In million
Deposit	159,247
Advances (Net)	83,369
Investments	140,474
Total Assets	245,132
Capital and Reserves	14,943
Profit Before Tax	2,795
Profit After Taxation	1,790
Return on Equity	12%

		Stock Exchange Limited. The Long-term credit ratings of the Bank assigned by JCR-VIS and PACRA are 'A' and 'A' respectively and the short-term credit ratings assigned are 'A-1' and 'A1' respectively. The bank has shown remarkable increase in profitability over the past few years which is expected to increase in the forthcoming years, thereby, increasing the profitability of Ismail Industries Limited, which will resultantly enhance its capability to pay better return to its shareholders. Company made Strategic Long-term equity investment in BOK.
9.	Sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: (I) Justification for Investment through borrowings: (II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) Cost benefit analysis;	Surplus funds of the Company. N/A N/A N/A
10.	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	N/A
11.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	Mr. Maqsood Ismail Ahmed, Director of the Company is also the Director of the Bank of Khyber.
12.	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write off;	Due diligence of the Bank performed by an independent Brokerage House M/s. Ismail Iqbal Securities (Private) Limited which justified that there would not be any impairment or written off in existing investment made by the Company.
13.	Maximum price at which securities will be acquired.	Market value
14.	Maximum number of securities to be acquired.	Maximum 50,018,558 no. of shares will be acquired from Market.
15.	Number of securities and percentage thereof held before and after the proposed investment	Currently, the Company holds 241,639,031 Ordinary shares constituting 24.15% and will acquire around 5% to hold the total shareholding upto 29.15% of the paid-up capital of the Bank of Khyber.

16.	Current and preceding twelve weeks weighted average market price where investment is proposed to be made in listed securities;	Rs.13.78 per share.
17.	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	Not applicable

Agenda # 11. Investment in subsidiary/an Associated Undertaking, Hudson Pharma (Private) Limited u/s. 199 of the Companies Act, 2017.

The Board of Directors of Ismail Industries Limited (IIL) in their meeting held on September 24, 2018 had approved to make equity investment of Rs.500,000,000/- (Rupees Five hundred million only) in its subsidiary/associated undertaking, Hudson Pharma (Private) Limited (HPL). The information required to be annexed to the Notice by Notification No. SRO No. 1240(I)/2017 on dated: December 6, 2017 is set out below:

<table>
<tr><td>1.</td><td>Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established.</td><td>Hudson Pharma (Private) Limited (HPL).

The associated relationship is established due to Common Directorship of:

1) Mr. Hamid Maqsood Ismail
2) Mr. Ahmed Muhammad
3) Mr. Munsarim Saifullah

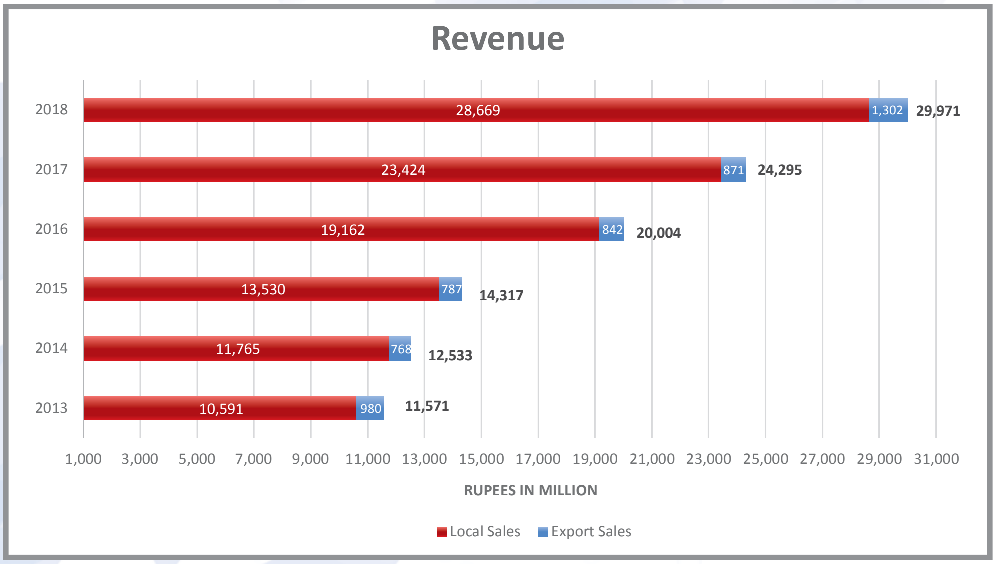
and IIL holds 60,598,400 shares of HPL, which represents 71.29% of its paid-up capital.</td></tr>
<tr><td>2.</td><td>Earnings per share of the associated company or associated undertaking for the last three years;</td><td>Loss per share:
2018 – Rs. 0.40 per share
2017 – Rs. 0.33 per share
2016 – Rs. 0.14 per share</td></tr>
<tr><td>3.</td><td>Break-up value of securities intended to be acquired on the basis of the latest audited financial statements;</td><td>Rs. 9.04/- per share.</td></tr>
<tr><td>4.</td><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements for the year ended June 30, 2018.</td><td>
<table>
<tr><th colspan="2">Financial Position and Profit & Loss</th></tr>
<tr><th colspan="2">Year ended June 30, 2018</th></tr>
<tr><td></td><td>Rs. In thousands</td></tr>
<tr><td>Non-Current Assets</td><td>1,287,418</td></tr>
<tr><td>Total Assets</td><td>1,372,580</td></tr>
<tr><td>Equity</td><td>768,238</td></tr>
<tr><td>Non-Current Liabilities</td><td>521,678</td></tr>
<tr><td>Total Liabilities</td><td>604,342</td></tr>
<tr><td>Loss for the Year</td><td>33,668</td></tr>
</table>
</td></tr>
</table>

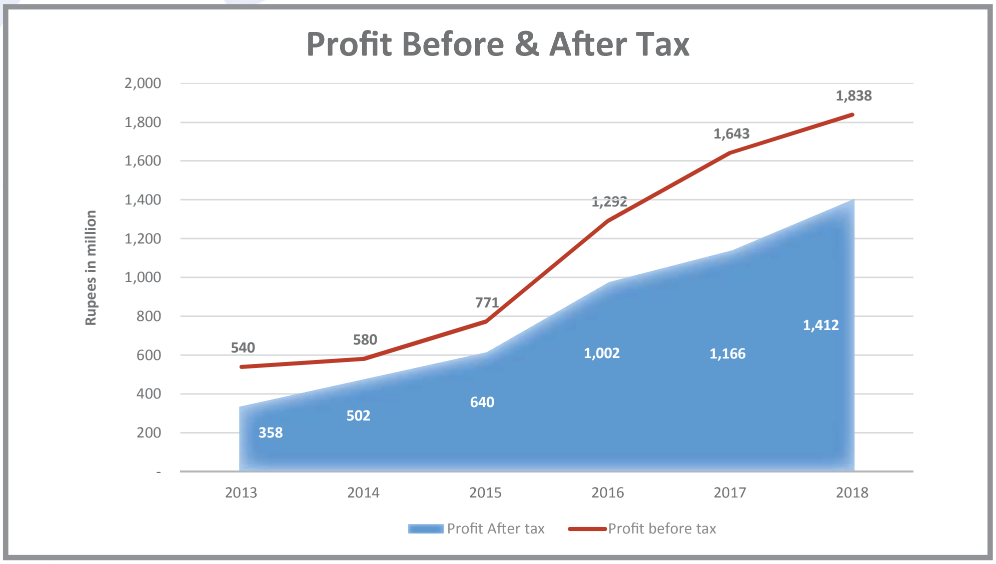
5.	In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely; (i) Description of the project and its history since conceptualization; (ii) Starting date and expected date of completion of work; (iii) Time by which such project shall become commercially operational; (iv) Expected time by which the project shall start paying return on investment; and (v) Funds invested or to be invested by the promotors, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts;	Not Applicable
6.	Maximum amount of investment to be made	Rs.500,000,000/- (Rupees Five hundred million only) inducting for meet its working capital requirement.
7.	Purpose, benefits and period of investment	The Company made investment for its operation need. The Company expects to earn good return in the long run as a result of this long-term strategic investment.
8.	Sources of fund to be utilized for investment and where the investment is intended to be made using borrowed funds: (i) Justification for investment through borrowings: (ii) Detail of collateral, guarantees provided and assets pledged for obtaining such funds: and (iii) Cost benefit analysis:	Surplus funds of the Company. N/A N/A N/A
9.	Salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	An equity investment by way of acquiring right shares will be offered by Hudson Pharma (Private) Limited.
10.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration.	Mr. Hamid Maqsood Ismail, Mr. Ahmed Muhammad and Mr. Munsarim Saifullah, the Directors of Ismail Industries Limited (the investing company) are also the Directors of Hudson Pharma (Private) Limited, however, they have no direct or indirect interest except to the extent of their shareholding in the investing company.

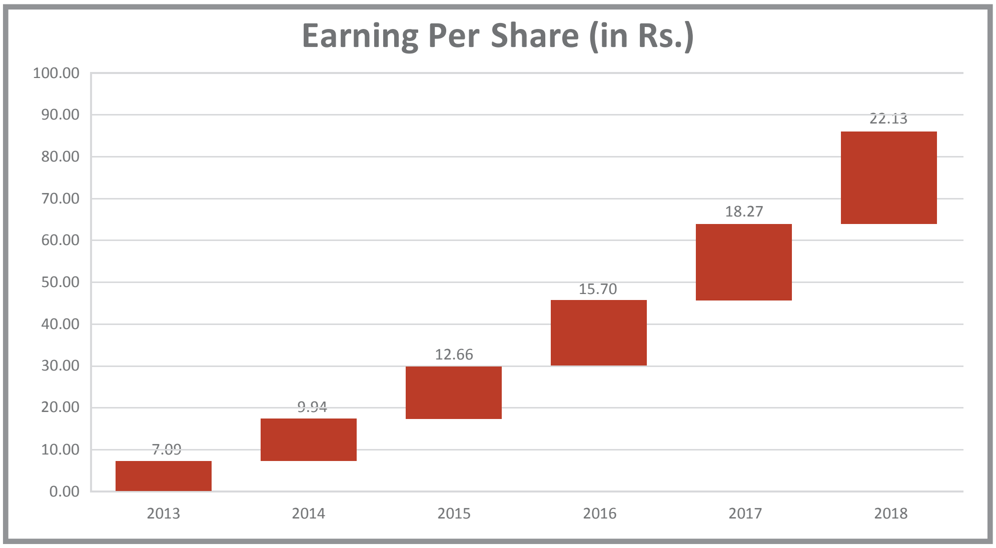
11.	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs:	Company has already made an equity investment of Rs.605,984,000/- (Rupees Six hundred five million nine hundred eighty-four thousand only) by subscribing 60,598,400 Ordinary shares @ Rs.10/- each. The fair value has been worked out at Rs.44.91/- per share, as determined by M/s. Munaf Yusuf & Co., Chartered Accountants, on September 19, 2018.
12.	Any other important details necessary for the members to understand the transaction	N/A
13.	Maximum price at which securities will be acquired.	Rs. 10/- per share
14.	Maximum number of securities to be acquired.	50,000,000 Ordinary shares
15.	Number of securities and percentage thereof held before and after the proposed investment	Currently, the Company holds 605,984,000 Ordinary shares constituting 71.29%.
16.	Current and preceding twelve weeks weighted average market price where investment is proposed to be made in listed securities;	N/A
17.	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	The fair value of equity has been worked out at Rs. 44.91/- per share, as determined by M/s. Munaf Yusuf & Co., Chartered Accountants, on September 19, 2018. The valuation has been carried out using discounted cash flow method. The underlying 5 years projections were prepared by the management. The management has confident that it will be able to realize further business growth after getting the funds from the proposed right issue.

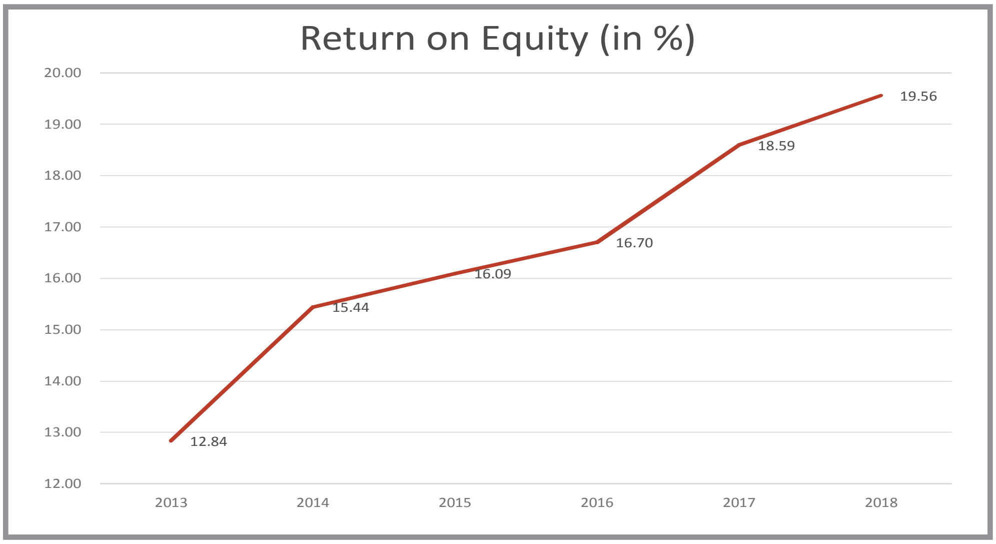
FINANCIAL AND STATISTICAL HIGHLIGHTS

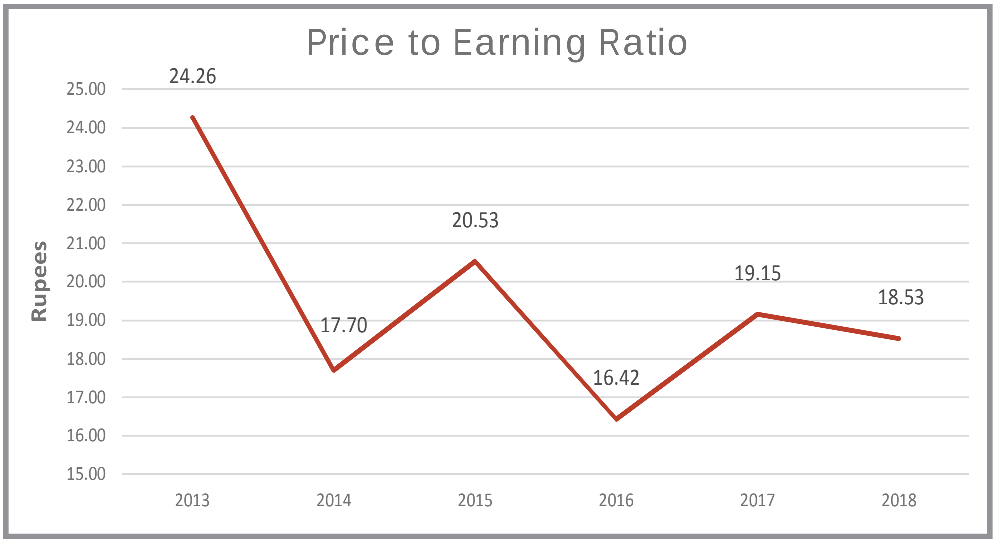
	2018	2017	2016	2015	2014	2013
Sales - gross	29,971	24,295	20,004	14,317	12,533	11,571
Gross profit	5,361	3,721	3,109	2,476	2,136	1,975
Profit before tax	1,838	1,643	1,292	771	580	540
Taxation expense	426	477	291	131	77	182
Profit for the year	1,412	1,166	1,002	640	502	358
Balance Sheet						**(Rs. in millions)**
Share holders' equity	7,220	6,272	5,999	3,975	3,253	2,790
Capital reserves	1,130	1,412	1,879	688	593	623
Unappropriated profit	5,426	4,198	3,482	2,782	2,155	1,661
Current liabilities	8,385	7,159	8,407	6,230	5,541	4,714
Total liabilities	15,852	15,967	14,605	10,301	8,346	6,874
Current assets	8,518	7,883	8,296	6,678	6,388	5,477
Total assets	23,072	22,239	20,604	14,276	11,599	9,664
Ratios						
Earning per share - basic & diluted (Rs.)	22.13	18.27	15.70	12.66	9.94	7.09
Break up value (Rs.)	113.16	98.29	94.02	78.68	64.39	55.22
Return on equity (%)	19.56	18.59	16.70	16.09	15.44	12.84
Price to earning ratio	18.53	19.15	16.42	20.53	17.70	24.26
Dividend payout (%)	45.00	27.50	65.00	60.00	22.50	22.50

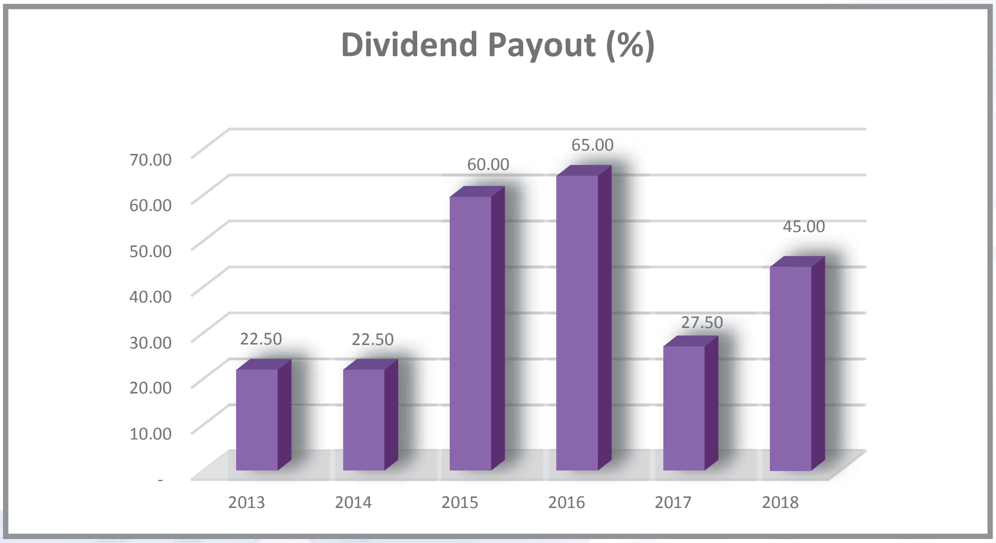

Revenue
2018
2017
2016
2015
2014
2013
28,669
1,302
29,971
23,424
871
24,295
19,162
842
20,004
13,530
787
14,317
11,765
768
12,533
10,591
980
11,571
1,000 3,000 5,000 7,000 9,000 11,000 13,000 15,000 17,000 19,000 21,000 23,000 25,000 27,000 29,000 31,000
RUPEES IN MILLION
Local Sales
Export Sales


Profit Before & After Tax
Rupees in million
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
540
580
771
1,292
1,643
1,838
358
502
640
1,002
1,166
1,412
2013 2014 2015 2016 2017 2018
Profit After tax
Profit before tax


Earning Per Share (in Rs.)
100.00
90.00
80.00
70.00
60.00
50.00
40.00
30.00
20.00
10.00
0.00
7.09
9.94
12.66
15.70
18.27
22.13
2013 2014 2015 2016 2017 2018


Return on Equity (in %)
20.00
19.00
18.00
17.00
16.00
15.00
14.00
13.00
12.00
12.84
15.44
16.09
16.70
18.59
19.56
2013
2014
2015
2016
2017
2018


Price to Earning Ratio
Rupees
25.00
24.00
23.00
22.00
21.00
20.00
19.00
18.00
17.00
16.00
15.00
24.26
17.70
20.53
16.42
19.15
18.53
2013
2014
2015
2016
2017
2018


Dividend Payout (%)
70.00
60.00
50.00
40.00
30.00
20.00
10.00
-
22.50
22.50
60.00
65.00
27.50
45.00
2013
2014
2015
2016
2017
2018

CHAIRMAN'S REVIEW REPORT

The success of Corporate Entities always lies in the top tier of its intelligentsia i.e. the Board of Directors. The purpose of evaluation of the Board's is to ensure the overall performance and effectiveness of it and benchmarked against expectations in the context of objectives set for the Company. The Board of Directors of your Company is a body of highly professional individuals comprising of nine members including independent director. All Board members possess high caliber with diversified experience, in-depth business understanding and strategic thinking.

RESPONSIBILITY OF THE BOARD

The Board is responsible for governing the organization by establishing Board policies, setting the goals, objectives and strategies, the Company is required to adopt, and formulating policies and guidelines for achieving the said goals and objectives. The Board is accountable to the shareholders for the discharge of its fi¬duciary function.

The management is responsible for implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board. The Board is also assisted by an Audit Committee and Human Resource and Remuneration Committee comprising mainly of independent/non-executive directors.

FISCAL YEAR PERFORMANCE

The year under review was another successful year for the Company in terms of its financial performance in challenging environment emanating from uncertain economic and business front mainly rupee devaluation and revision in custom duties structure. The resilience and growth shown by the Company in overcoming these challenges proves the strength of the Company.

The excellence targets set by the board in the year ahead have started to deliver fruitful outcomes with the new cake line in Bisconni Division being completely operative at Port Qasim and launch the "Sponge Cake" under the brand name of "FLO".

The Board's strategy for maximum market penetration and Brand Recognition among the public was effectively directed towards the accomplishment of strategic milestones in the business of candies, biscuits and snacks.

The Company aims to enhance its competitive position by extending manufacturing capabilities and keeping in view of growing demand of BOPET Films in Pakistan, the Board has taken the strategic decision to enhance the existing film producing capacity by 36,000 tons per annum through installation of another production line which is procuring from Germany.

FUTURE PROSPECTS

We continued our distinctive approach of advancing both to short- and long-term priorities, hand in hand, so we can deliver strong returns that grow consistently over year to year and we have done so while upholding the highest standards of corporate integrity and responsibility.

Decades after decades, Ismail Industries Limited, has consistently delivered top-tier returns, outperformed the competition and built a portfolio of iconic brands.

ACKNOWLEDGEMENTS

I would like to express gratitude to our stakeholders for their continued support and confidence and place on record the appreciation for the valuable contribution of our employees in the success of the Company.

Muhammad M. Ismail
Chairman
Board of Directors

Karachi: September 24, 2018

چیئرمین کی جائزہ رپورٹ

کارپوریٹ اداروں کی کامیابی ان کے انتظامی دانشوروں یعنی بورڈ آف ڈائریکٹرز پر منحصر ہوتی ہے ۔ بورڈ کی تشخیص سے اس کی کارکردگی اور اثر پذیری کو یقینی بنایا جاتا ہے اور اس سے توقع کی جاتی ہے کہ وہ کمپنی کے مقاصد پر پورا اترے ۔ آپ کی کمپنی کے بورڈ آف ڈائریکٹرز میں اعلیٰ پیشہ ورانہ مہارت کے حامل ۹ افراد پر شامل ہیں جن میں ا غیر جانبدار ڈائریکٹر بھی شامل ہے ۔ تمام ممبران مختلف النوع تجربات، کاروباری سمجھ بوجھ پر گہری نظر اور حکمت عملی سے بھرپور سوچ کے مالک ہیں ۔

بورڈ کی ذمہ داری

بورڈ پالیسیوں، اہداف مقاصد اور حکمت عملیوں کو وضع کرکے ادارے کے نظم و ضبط کو برقرار رکھنے کا ذمہ دار ہوتا ہے اور کمپنی کے لئے لازمی ہوتا ہے کہ وہ وضع شدہ پالیسیوں اور رہنما اصولوں کو اپناتے ہوئے اہداف اور مقاصد کا حصول کرے ۔ اپنی بطور امین ذمہ داریوں سے عہدہ برآں ہونے کے لئے بورڈ حصص یافتگان کے سامنے جوابدہ ہے ۔

انتظامیہ مذکورہ بالا اہداف اور حکمت عملیوں کو بورڈ کی بنائی گئی پالیسیوں اور رہنما اصولوں کے مطابق نافذ کرنے کی ذمہ دار ہے ۔ بورڈ کی معاونت ایک آڈٹ کمیٹی اور انسانی وسائل کمیٹی کرتی ہے جس میں بنیادی طور پر غیر جانبدار / نان ایگزیکٹو ڈائریکٹرز شامل ہیں ۔

مالیاتی سال کے دوران کارکردگی

روپے کی قدر میں کمی اور کسٹم ڈیوٹی کی ساخت میں تبدیلی کی وجہ سے غیر یقینی معاشی اور کاروباری صورتحال کے نتیجے میں پیدا شدہ دشوار گزار ماحول کے باوجود آپ کی کمپنی مالیاتی کارگردگی گزشتہ سال کی طرح اس سال بھی بہترین رہی ۔ ان تمام چیلنجز پر قابو پاتے ہوئے کمپنی کی بہترین نمو اور ترقی آپ کی کمپنی کے استحکام کو ظاہر کرتی ہے ۔

گزشتہ سال کے لئے بورڈ کے طے کردہ اعلیٰ اہداف کے منافع بخش نتائج سامنے آئے بشمول بسکونی ڈویژن پورٹ قاسم پر کیک کی نئی پیداواری لائن مکمل طور پر فعال ہوگئی اور اس نے FLO'' کے برانڈ نام کے تحت ''اسپنج کیک'' کی پیداوار کا آغاز کردیا۔

بورڈ کی مارکیٹ میں داخلہ کی حکمت عملی اور عوام کے درمیان برانڈ کی مقبولیت کی وجہ سے مٹھائیوں، بسکٹوں اور پاپڑوں کے کاروبار میں کلیدی سنگ میل حاصل کرنے میں کامیاب ہوئی ۔

کمپنی کا عزم ہے کہ اپنی مسابقتی پوزیشن کو برقرار رکھنے کے لئے پیداواری گنجائش میں توسیع دے ۔ BOPET فلم کی پاکستان میں بڑھتی ہوئی طلب کو مدنظر رکھتے ہوئے بورڈ نے ایک نئی پیداواری سہولت قائم کرکے فلم کی موجودہ پیداواری گنجائش کو ۳۶،۰۰۰ میٹرک ٹن سالانہ بڑھانے کا کلیدی فیصلہ کیا ہے جسے جرمنی سے درآمد کیا جائے گا ۔

مستقبل کے امکانات

ہم مسلسل قلیل اور طویل مدتی ترجیحات کے ساتھ آگے بڑھ رہے ہیں تاکہ ہم سال بہ سال بڑھتی ہوئی منفعت فراہم کرسکیں اور ہم نے ادارتی نظم و ضبط اور ذمہ داریوں کے اعلیٰ معیار کو برقرار رکھا ہے ۔

اسماعیل انڈسٹریز لمیٹڈ نے عشرہ بہ عشرہ منفعت میں اضافہ کیا ہے اور مسابقت کا مقابلہ کرتے ہوئے مشہور زمانہ برانڈ کی مصنوعات کا پورٹ فولیو متعارف کروایا ہے ۔

اعتراف

میں اپنے تمام حصص یافتگان کے مسلسل تعاون اور اعتماد پر ان کا مشکور ہوں اور اس موقع پر میں کمپنی کی کامیابی میں اپنے ملازمین کی قابل قدر معاونت پر ان کے لئے ستائش ریکارڈ پر لارہا ہوں ۔

محمد ایم اسماعیل

چیئرمین

بورڈ آف ڈائریکٹرز

کراچی: ۲۴ ستمبر ۲۰۱۸

DIRECTOR'S REVIEW REPORT ON COMPANY'S AFFAIRS

The Directors are please to present their review report on Audited Financial Statements of the Company for the year ended June 30, 2018. It is our pleasure to announce that the Company has surpassed preceding records of superlative achievements. Across the company, we delivered top-tier financial performance, the kind of performance that's commensurate with the confidence you've placed in us to steward this iconic organization.

MACRO-ECONOMIC OUTLOOK

The country's Economy continued to benefit from growth-oriented initiatives, including higher development spending, low inflation, vigilant monetary policy, and CPEC related investment thus providing impetus for economic recovery.

However, Pakistan's external position continued to remain under stress. Throughout the year, the macroeconomic indicators demonstrated critical situations being the ever-widening gap in Marco economic balances along with continuous increase in external debt, although the national economy grew by more than 5% for the second consecutive year.

Description	June-18	June-17	Change
	PKR in Million		in %
Gross Sales	29,971	24,295	23%
Net Sales	23,906	19,605	22%
Gross Profit	5,361	3,721	44%
Operating Profit	2,083	1,798	16%
Profit before tax	1,838	1,643	12%
Profit after tax	1,412	1,166	21%
Earnings per share - Rs.	22.13	18.27	21%

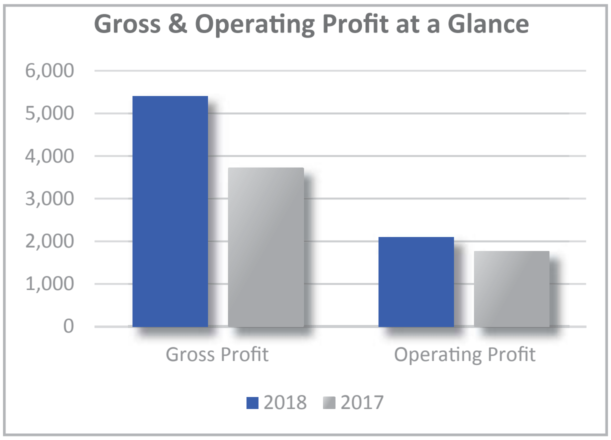
The growth level of the Company's businesses demonstrated below of Fast-Moving Consumer Goods and Plastic Segment along with our subsidiary and associate businesses. Throughout our history, we have continually scanned the horizon, strived to identify new and emerging trends, and focused on making the necessary investments and adjustments to navigate them successfully.

FINANCIAL RESULTS

Our commitment to excellence and innovation served us well once again in 2018, unlocking another year of strong financial results. We ascertain the acceleration of changing trends and amplification of their impact on our business.

At heart, it's about building a healthier future for all stakeholders and that starts with generating healthy financial returns for all of you. But the truth is, that our challenge is to do more than simply deliver healthy returns. Our challenge is to deliver them consistently, sustainably year after year.

Here is a snapshot of what we accomplished over the past year:

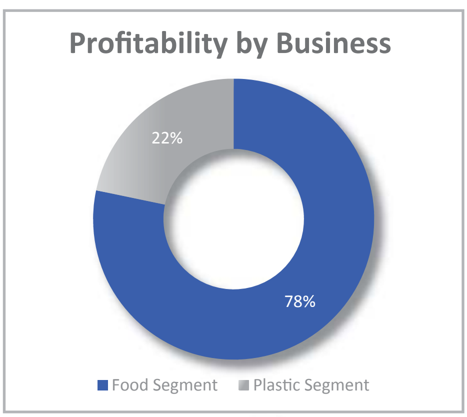


Because of several factors, from the strong positions we've built in growing categories, to an expanding portfolio of renowned flagship brands, we grew organic revenue 23% with benchmark gross turnover of Rs. 29,971 million with even more gross profit returns through focus on high yield strategies.

Even as we're growing, the topline and expanding our core operating margins, we're also investing in the future of our company, increasing advertising and marketing footprints of our valued brands. All this enabled us to have a healthy Earning Per Share Return which is 21% higher than the preceding year.

BUSINESS PERFORMANCE OVERVIEW

A recent study of how companies perform when confronted by industry wide disruption found that only one third successfully navigate change and emerge on their side. We are confident that Ismail Industries Limited would be one of those companies, emerging from this period stronger than before, because we have anticipated many of these trends and changes and invested behind them.



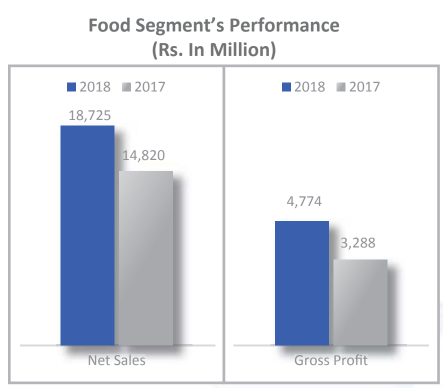
In virtually every sector, the pace of change is accelerating, creating new opportunities, new challenges and new uncertainties. Ismail Industries Limited has managed to have unique diversity in operations that is powering our ongoing transformation as a company, enabling us to do well by doing good, positioning us for success not only over the short run, but also over the long run by being:

- Leader in the Food Industry.
- Trend Setter in Plastic Film Operations.
- Revolutionist in Pharma – Subsidiary Operations
- Financial Market Player – BOK Associate Operations

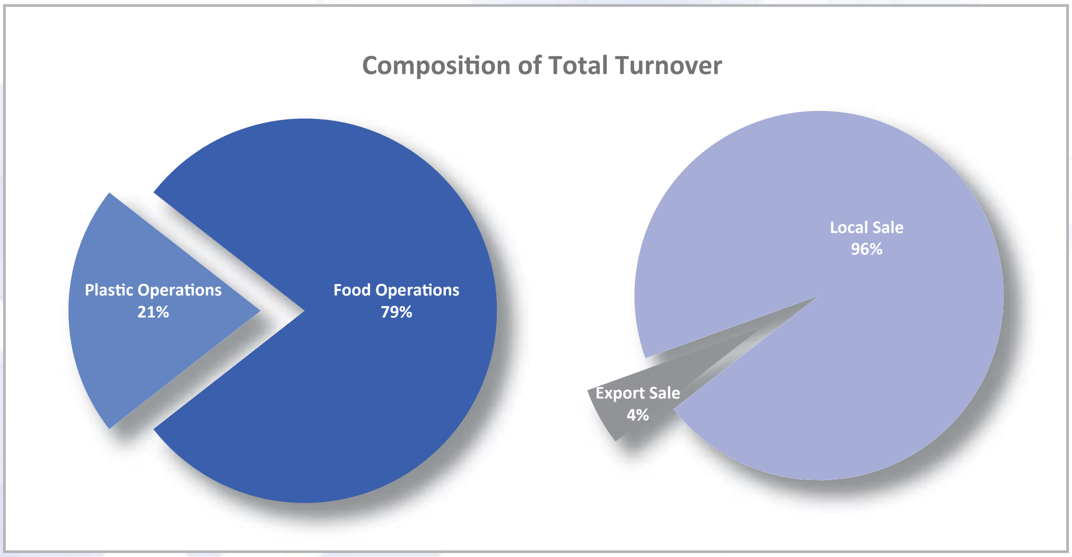
How well we have performed in each of the above portfolio is depicted below:

Food Segment Operations:

Our portfolio is wonderfully architected, offering consumers a wide range of options from jellies, candies, chews, marshmallows and chocolates of the house of *Candyland* to cookies, cakes and wafers of *Bisconni* and crunchy snacks of *SnackCity*. But what's uniform across our entire portfolio, what all our products hold in common, is that they're all of premium quality and great tasting.



Candyland currently is the leader in confectionery manufacturing industry in Pakistan and is also the largest segment of Ismail Industries Limited. The market penetration of our flagship brands is constantly growing through innovative and creative marketing strategies and launch of new flavors and varieties. "Novella Center Filled" introduced new flavors during the year which not only a unique addition to our portfolio but has also generated mass consumer base being it at the heart of chocolate lovers.



Bisconni is the market leader in cookies, wafers and biscuits categories with renowned brands of Cocomo, Chocolato, Chocolate Chip, Rite and Novita. It has achieved the milestone of Rupees one billion sales twice in a year under review. During the year, we added the most awaited diversification in our portfolio with the introduction of Chocolate Coated Bar Cake named "FLO" which achieved stand-out public demand in spite of the existence of competitive industry giants and becoming the mark of trust and confidence among consumers.

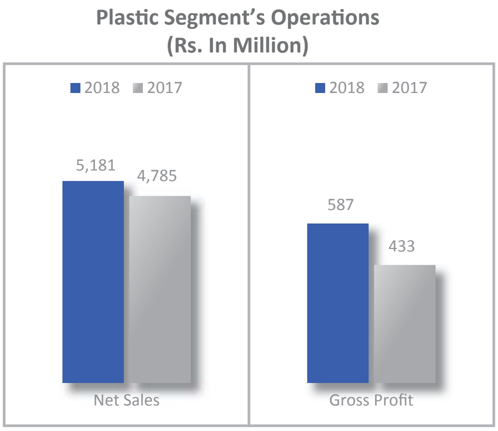
Finally, the distinctive innovation we had in the Food Manufacturing Segment, the *SnackCity*, a strong established brand in the crinkle chips category with Kurleez, Chillz, Fillz and Peanuts, the heartland brands of snacks lovers.

Our exports have also shown a considerable rising trend during the year under review with expansion of our export network into 6 continents, over 40 countries stretched from New Zealand and Australia in the South Western Pacific moving along to Middle East, Africa and to United States, Canada, Mexico and West Indies in the West.

We believe, the trust that our vast consumers and public have on us is our most prestigious asset and shall remain our key deriving factor that together make us a social family where we are committed to foresee their needs and address them in the most unique and distinctive ways with all the new zeal, portfolio and heartland brands.

Plastic Segment Operations:

Astro Films, the plastic films segment of Ismail Industries Limited is industry leader being the home of complete one window solution for packaging industry customers having pioneer of Italian and German Manufacturing facilities for producing CPP and BOPET films. The year came with an 8% increase in the segment revenue, all made possible through strong commitment for customers.



The Company also took the strategic decision for enhancing the production capacity by installation of another largest BOPET film manufacturing plant from Germany for which Letter of credit have already establish for its import. The management of the Company do ensure that our investments are not only worthy of returns but are also up to the mark having the most advanced technology for long term sustainable growth.

Hudson Pharma (Private) Limited - Subsidiary:

Hudson Pharma's vison is to identify molecules that address local patient's unmet needs across the country. We actively market drugs globally in the following therapeutic areas: respiratory products, vitamins, diluting agents, anti-inflammatories, anesthetics, anti-infectives, anti-nauseants, anti-emetics, anti-ulcers, and NSAIDs.

During the year, Hudson Pharma started its trial operations with launching of four injectables division products that are Easehale, a nebulizer solution for asthma, Torason 10mg and Torason 30mg that are useable during operating and Ferris, the Iron Deficiency treatment solution. We aim to provide health institutions with more sterile injectable materials which are easier to administer as compared to other forms of dosage.

Our products in the Ophthalmic, Ointment and Dry Capsules Divisions are in the advanced stage of approval from the regulatory bodies which would add more diversity and healthy returns for our investors.

The Bank of Khyber - Associate:

The Bank of Khyber (BOK) investments adds a unique diversification to our investment's portfolio. BOK's investment availed healthy returns during the year with operations of 166 branches in the country with 82 branches working on the conventional side and 84 branches were functioning as dedicated Islamic Banking operations. The investment continued the payout ratio with a return of Rs. 362.46 million on investment i.e. 15% cash dividend for the year ended December 31, 2017.

RISK MANAGEMENT FRAMEWORK

The achievement of our strategic and operating objectives necessarily involves taking risks. Our risk management process is intended to ensure that risks are taken knowingly and purposefully. As such, we leverage an integrated risk management framework to identify, assess, prioritize, address, manage, monitor and communicate risks across the Company. Risks are broadly categorized between Strategic, Commercial, Operational and Financial risks. The Board of Directors and Board's Audit Committee comprising of senior management of the Company are responsible for oversight of Company's operations and to evolve proactive strategy to mitigate any potential adverse impact of foreseen risks.

BOARD OF DIRECTORS' RESPONLSBILITY

The Board of Directors is responsible for overseeing the assessment and mitigation of the Company's top risks including devising the strategies to tackle them ahead. Alongside, the Board is assisted by various committees of the Board and the Internal Infrastructure developed to mitigate and address the risk factors.

BOARD'S AUDIT COMMITTEE

The Board's Audit Committee helps define risk management processes and assists the Board in its oversight of strategic, financial, operating, business, compliance, safety, reputational and other risks.

HUMAN RESOURCE COMMITTEE

The Company endeavors to make the best use of its Human Capital base. It has a broad and interactive approach towards its employees. The extraordinary men and women who make up this company are and always have been our most asset. They are the reason we have long been viewed as an "academy company" that grooms the next generation of talent across our industry.

The Human Resource & Remuneration Committee meets to review, monitor, evaluate and make decisions with respect to policies and strategic matters related to the human resource of the company including Directors' and Key Management's Remuneration and assists the Board to have the best pool of human resource for professionally evaluating the potential risks and their possible mitigating procedures.

We're committed to ensuring that we remain a place where the best and brightest come, not only to earn a living, but to build a life, by fostering a healthy workplace and culture.

INFORMATION TECHNOLOGY SYSTEMS

Information Technology plays an integral role in every industry today, helping companies improve business processes, achieve cost efficiencies, drive revenue growth and maintain a competitive advantage in the marketplace.

We depend on information technology as an enabler to improve the effectiveness of our operations, to interface with our distribution network, to maintain financial accuracy and efficiency, to comply with regulatory financial reporting, legal and tax requirements.

Over the time, Ismail Industries Limited has developed an integrated Information Technology System to cater the business needs and is keen and excited to have its IT System being transferred to the world's renowned SAP Enterprise Resource Planning System.

CREDIT RATING

The effectiveness of Board's Risk Management Systems is evident in the sound credit rating given to Ismail Industries Limited. During the year under review, Pakistan Credit Rating Agency (PACRA) has assigned the initial entity rating to the Company as (A) in long term and (A-1) in short term which represents high credit quality and a low expectation of credit risk i.e. strong capacity for timely payments of financial instruments.

INTERNAL CONTROL FRAMEWORK

Internal controls over financial reporting provides reasonable assurance regarding the reliability of financial reporting and compliance with applicable laws and regulations.

The Board of Directors has established a sound internal control framework to ensure the financial accuracy of records and to safeguard the sensitive financial information along with compliance of company's internal policies and procedures and statutory reporting requirements.

The internal audit function monitors and assesses the application of the controls developed, along with the technical and supervisory oversight by the Audit Committee.

ENVIRONMENTAL FOOTPRINTS

With increasing strains on natural resources, and the increasing importance, governments are placing on protecting our planet, our environmental footprints need to be advantageous for society having utilizing the natural resources with sufficient efficiency. Being one of the leading food manufacturers in Pakistan, we are committed to provide high quality healthy food products which are produced in highly maintained environment.

CORPORATE SOCIAL RESPONSIBILITY

At Ismail Industries Limited, Corporate Social Responsibility is not an obligation, on the contrary it is a privilege to be of service to our society. The Company is engaged in various health-oriented activities including Blood Donation Drive in co-ordination with various hospitals. We are an active donor to Indus Hospital and Aga Khan University Hospital. In addition, the Company evolved the "Child Education Program" and has sponsored school "Ismail Academy" and "Khadija Girls College" in under privileged area of Korangi in co-operation with Al-Mustafa Welfare Society.

TRANSACTIONS WITH RELATED PARTIES

The transactions between the related parties were made at arm's length prices, determined in accordance with the comparable uncontrolled prices method. The Company has fully complied with the best practices of the Code of Corporate Governance with reference to such transactions.

COMPLIANCE WITH THE CODE OF COROPORATE GOVERNANCE

Ismail Industries Limited is committed to compliance with the high standards and best practices of Corporate Governance. The Board of Directors is pleased to confirm that the Company fulfils its responsibility for compliance to financial reporting and corporate governance framework under the Listed Companies (Code of Corporate Governance), 2017 and the Companies Act, 2017 and states that:

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- IFRSs, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance.

COMPOSITION OF THE BOARD

The Board of Directors of the Company consists of:

Total Number of Directors	
Male	6
Female	3

Composition of the Board	
Independent Directors	1
Non-executive Directors	5
Executive Directors	3

MEMBERS OF THE BOARD & ATTENDANCE

During the year, there was no change among the Board Member whose name are given here under, along with the number of meetings they have attended:

Name of Directors	Meetings Attended
Mr. Muhammad M. Ismail	8/8
Mr. Maqsood Ismail	7/8
Mr. Munsarim Saifullah	8/8
Mr. Hamid Maqsood Ismail	8/8
Mr. Ahmed Muhammad	8/8
Ms. Farzana Muhammad	7/8
Ms. Almas Maqsood	7/8
Ms. Reema Ismail Ahmed	7/8
Mr. M. Zubair Motiwala	6/8

Leave of absence were granted to those Directors who could not attend some of the Board Meetings.

AUDIT COMMITTEE

Members	Status
Mr. M. Zubair Motiwala	Chairman
Mr. Muhammad M. Ismail	Member
Mr. Maqsood Ismail	Member
Ms. Almas Maqsood	Member
Ms. Reema Ismail Ahmed	Member

HUMAN RESOURCE COMMITTEE

Members	Status
Mr. M. Zubair Motiwala	Chairman
Mr. Maqsood Ismail	Member
Mr. Munsarim Saifullah	Member
Ms. Farzana Muhammad	Member

DIRECTORS' REMUNERATION

The remuneration of the Board Members is approved by the Board itself. However, in accordance with Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Non-Executive Directors are not paid any remuneration in accordance with the remuneration policy of the Company.

PATTERN OF SHAREHOLDING

A statement of the general pattern of shareholding along with pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework and the statement of purchase and sale of shares by Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses including minor children during the year is shown later in this report.

EARNINGS PER SHARE

The Earnings Per Share of Ismail Industries Limited for the year ended June 30, 2018 is Rs. 22.13 which is 21% higher than that of the preceding year.

DIVIDEND

The Directors of the Company are pleased to recommend a cash dividend of 45% (Rs. 4.50 per share) which will be paid to the shareholders whose names appear on the shareholders register at the start of Closed Period for the Annual General Meeting.

AUDITORS

The present auditor's M/s Grant Thornton Anjum Rahman, Chartered Accountants retired and being eligible, have offered themselves for reappointment for the new financial year.

As recommended by the Audit Committee, the Board has approved the proposal to appoint M/s Grant Thornton Anjum Rahman, Chartered Accountants as the statutory auditors of the Company, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

FUTURE OUTLOOK

The strong performance we have reflected shows our commitment to advancing the interests of our shareholders. And even as we have been fulfilling that commitment, we have also been pursuing another aspiration: building the model of a Unique Multi-Segment Corporation with ever increasing fruitful returns.

The company has optimistic and aggressive view on its growth prospects. We are committed to create value through investments, innovations and operation efficiency enrichment. We will continue to follow a focused approach to aggressively grow the business by driving volumes and reaping the benefits of economies of high scale.

The management is hopeful to counter the economic and competitive challenges and continue the success line with all the new zeal and ever-growing motivation in the years ahead.

ACKNOWLEDGEMENT

We acknowledge the trust and continued support of valuable customers, financial institution and shareholders towards the Company. The Directors would also like to place on record their appreciation to all workforce of the Company for their dedication, diligence, commitment and hard work.

On behalf of the Board of Directors.

Munsarim Saifullah	**Maqsood Ismail**
Chief Executive	Director

Karachi: September 24, 2018

ڈائریکٹران کا معاوضہ

بورڈ ممبران کے معاوضہ کی منظوری بورڈ ازخود کرتا ہے۔ تاہم ادارتی نظم و ضبط کے ضابطہ کے تحت اس بات کو یقینی بنایا جاتا ہے کوئی بھی ڈائریکٹر اپنے معاوضہ کے فیصلے میں شریک نہ ہو۔ کمپنی کی معاوضہ پالیسی کے تحت نان ایگزیکٹو ڈائریکٹران کو کوئی معاوضہ نہیں دیا جاتا۔

حصص داری کی ساخت

حصص داری کی عمومی ساخت کے ساتھ حصص یافتگان کی خصوصی حصص داری کی درجہ بندی جن کا منکشف کرنا رپورٹنگ کے فریم ورک کے تحت ضروری ہے اور ڈائریکٹران، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ان کے شریک حیات بشمول چھوٹے بچوں کی حصص میں خرید و فروخت سے متعلق گوشوارہ اس رپورٹ کے آخری حصے میں موجود ہے۔

فی حصص منافع

مختتمہ سال ۳۰ جون ۲۰۱۸ میں اسماعیل انڈسٹریز لمیٹڈ کا فی حصص منافع ۲۲.۱۳ روپے رہا جو کہ گزشتہ سال سے ۲۱ فیصد زیادہ ہے۔

منافع منقسمہ

کمپنی کے ڈائریکٹران نے نقد منافع منقسمہ ۴۵ فیصد (۴.۵۰ روپے فی حصص) کی سفارش کی ہے۔ جو کہ ان حصص یافتگان کو ادا کیا جائے گا جن کے نام حصص یافتگان کے رجسٹر میں سالانہ اجلاس عام کے لئے اختتامی مدت کے آغاز سے قبل موجود ہونگے۔

آڈیٹرز

موجودہ آڈیٹرز میسرز گرانٹ تھارنٹن انجم رحمن، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو رہے ہیں اور اہلیت کے باعث انہوں نے نئے سال کے لئے اپنی دوبارہ تقرری کی پیشکش کی ہے۔

آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز گرانٹ تھارنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آئینی آڈیٹرز کی حیثیت سے تقرری کی تجویز کو منظور کرلیا ہے، جس کی منظوری حصص یافتگان سے آنے والے کمپنی کے سالانہ اجلاس عام میں لی جائے گی۔

مستقبل کی پیش بینی

مستحکم کارکردگی ہمارے اس عزم کی عکاسی کرتی ہے کہ ہم اپنے حصص یافتگان کے مفادات کے لئے مزید آگے بڑھیں اور ہم اپنے اس عزم کو پورا کرتے چلے آئے ہیں، ہم ایک تصور پر کام کررہے ہیں وہ یہ ہے کہ ایک نمایاں تنوع پذیر کارپوریشن تعمیر کی جائے جس کی منفعت میں ہمیشہ اضافہ ہوتا رہے۔

کمپنی اپنی ترقی کے امکانات سے پرامید ہے۔ ہم سرمایہ کاری، اختراع اور کاروباری کارگزاری کے ذریعے ترقی کریں گے۔ ہماری مرکزی رسائی کاروبار کی ترقی اور اعلیٰ پیمانے کی منفعت فراہم کرنے میں ہے۔

انتظامیہ کو امید ہے کہ وہ معاشی اور مسابقتی چیلنجز پر قابو پالے گی اور نئے عزم اور ترغیب کے ساتھ آنے والے سالوں میں بھی کامیابی حاصل کرے گی۔

اعتراف

ہم اپنے قابل قدر گاہکوں، مالیاتی اداروں اور حصص یافتگان کے اعتماد اور کمپنی کے ساتھ ان کے مسلسل تعاون کا اعتراف کرتے ہیں۔ ڈائریکٹران کمپنی کے ملازمین کی مخلصی، شائستگی، عزم اور انتھک محنت پر ان کے لئے اپنی ستائش ریکارڈ پر لا رہے ہیں۔

منجانب
بورڈ آف ڈائریکٹرز

منصریم سیف اللہ	مقصود اسماعیل
چیف ایگزیکٹو	ڈائریکٹر

کراچی: ۲۴ ستمبر، ۲۰۱۸

ادارتی نظم و ضبط کے ضابطہ کی پاسداری

اسماعیل انڈسٹریز لمیٹڈ ادارتی نظم و ضبط کے بہترین طور طریقوں اور اعلیٰ معیارات کی پاسداری کے لئے کوشاں ہیں۔ بورڈ آف ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ لسٹڈ کمپنیوں کے لئے دیئے گئے ادارتی نظم و ضبط (ادارتی نظم و ضبط کا ضابطہ) ۲۰۱۷ اور کمپنیز ایکٹ ۲۰۱۷ کی پاسداری کے بارے میں اپنی ذمہ داریوں سے پوری طرح آگاہ ہے اور اقرار کرتی ہے کہ:

- کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور سرمائے میں تبدیلیوں کو شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی کے کھاتے مناسب انداز میں برقرار رکھے گئے ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران کو ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات IFRS، جو پاکستان میں لاگو ہیں، کو ملحوظ خاطر رکھا گیا ہے۔
- اندرونی گرفت کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کے آگے بڑھنے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی قابل گرفت انحراف نہیں کیا ہے۔

بورڈ کی تشکیل بندی

کمپنی کے بورڈ آف ڈائریکٹرز کی تشکیل بندی ذیل ہے:

ڈائریکٹران کی کل تعداد	
مرد	٦
خواتین	٣

بورڈ کی تشکیل بندی	
غیر جانبدار ڈائریکٹر	١
نان ایگزیکٹو ڈائریکٹران	٥
ایگزیکٹو ڈائریکٹران	٣

بورڈ کے اجلاس اور ان میں شرکت

سال کے دوران بورڈ کے ممبران میں کوئی تبدیلی نہیں ہوئی، ان کے ناموں کے ساتھ ان کے حاضر اجلاسوں کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب محمد ایم اسماعیل	٨/٨
جناب مقصود اسماعیل	٧/٨
جناب منصریم سیف اللہ	٨/٨
جناب حامد مقصود اسماعیل	٨/٨
جناب احمد محمد	٨/٨
محترمہ فرزانہ محمد	٧/٨
محترمہ الماس مقصود	٧/٨
محترمہ ریا اسماعیل احمد	٧/٨
جناب ایم زبیر موتی والا	٦/٨

کچھ ڈائریکٹران بورڈ کے اجلاسوں میں شرکت نہ کر سکے اس لئے ان کی رخصت منظور کر لی گئی۔

آڈٹ کمیٹی

ممبران	عہدہ
جناب ایم زبیر موتی والا	چیئرمین
جناب محمد ایم اسماعیل	ممبر
جناب مقصود اسماعیل	ممبر
محترمہ الماس مقصود ممبر	ممبر
محترمہ ریا اسماعیل احمد	ممبر

انسانی وسائل کمیٹی

عہدہ	عہدہ
جناب ایم زبیر موتی والا	چیئرمین
جناب مقصود اسماعیل	ممبر
جناب منصریم سیف اللہ	ممبر
محترمہ فرزانہ محمد	ممبر

انسانی وسائل اور معاوضہ کمیٹی کے اجلاس میں جائزہ، نگرانی اور تشخیص کی جاتی ہے اور کمپنی کے انسانی وسائل بشمول ڈائریکٹران اور اعلیٰ انتظامیہ کے معاوضوں سے متعلق پالیسیوں اور کلیدی معاملات سے متعلق فیصلے کئے جاتے ہیں اور بورڈ کو انسانی وسائل کا ایسا پول تیار کرنے میں مدد کرتی ہے جو کہ پیشہ ورانہ طور پر امکانی خطرات کی تشخیص کرسکیں اور ان کے ازالہ کے لئے ممکنہ طریقہ کار کو اپنائیں۔

ہم اس بات کے لئے کوشاں ہیں کہ ہم وہاں رہیں جہاں بہترین اور روشن ماحول میسر آئے، نہ صرف روزگار کمانے کے لئے بلکہ ایسی زندگی تعمیر کی جائے جہاں پر صحت مند کام میں کرنے کا ماحول اور ثقافت فراہم کی جا سکے۔

انفارمیشن ٹیکنالوجی کے نظام

انفارمیشن ٹیکنالوجی آج کی ہر صنعت میں اہم کردار ادا کرتی ہے، کمپنیوں کو کاروباری عمل میں بہتری لاتی ہے، اخراجات کم کرتی ہے، آمدنی بڑھاتی ہے اور مارکیٹ میں ایک مسابقتی برتری فراہم کرتی ہے۔

ہم انفارمیشن ٹیکنالوجی پر اس لئے انحصار کرتے ہیں تاکہ ہمارے کاروباری عمل کی اثرپذیری بڑھ جائے، تقسیمی نیٹ ورک میں اضافہ ہو، مالیاتی درستگی اور استعداد برقرار رہے، ریگولیٹری مالیاتی رپورٹنگ ، قانونی اور ٹیکس کی ضروریات کی پاسداری ہو۔

وقت گزرنے کے ساتھ ساتھ اسماعیل انڈسٹریز لمیٹڈ نے ایک امتیازی انفارمیشن ٹیکنالوجی سسٹم ترویج کیا ہے جو کہ کاروباری ضروریات کو پورا کرتا ہے اور مسرت کے ساتھ مطلع کیا جاتا ہے کہ کمپنی نے اپنے آئی ٹی سسٹم کو دنیا کے مشہور SAP انٹرپرائز ریسوس پلاننگ سسٹم پر منتقل کرنے کے لیئے پرامید اور پرجوش ہیں۔

قرضہ جاتی درجہ بندی

بورڈ کے خطرات سے نمٹنے کے نظام کی اثرپذیری کا ثبوت یہ ہے کہ اسماعیل انڈسٹریز لمیٹڈ کو مستحکم قرضہ جاتی درجہ بندی سے نوازا گیا ہے۔ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے ابتدائی اندراجی درجہ بندی کے تحت طویل مدتی درجہ میں کمپنی کو A اور قلیل مدتی درجہ میں A-1 سے نوازا ہے جس سے اعلیٰ معیاری قرضہ جاتی معیار اور مالیاتی انسٹرومنٹ کی بروقت ادائیگیوں کی مستحکم صلاحیت کا پتا چلتا ہے۔

اندرونی گرفت کا نظام

مالیاتی رپورٹنگ میں اندرونی گرفت کا نظام مالیاتی رپورٹنگ کے قابل اعتماد ہونے اور نافذ قوانین اور ضوابط کی پاسداری کی معقول یقین دہانی کو ممکن بناتا ہے۔

بورڈ آف ڈائریکٹرز نے ایک مستحکم اندرونی گرفت کا نظام تشکیل دیا ہے جو کہ ریکارڈ کی مالیاتی درستگی اور حساس مالیاتی معلومات کے تحفظ کے ساتھ کمپنی کی اندرونی پالیسیوں اور طریقہ کار اور آئینی رپورٹنگ کی ضروریات کی پاسداری کو یقینی بناتا ہے۔

انٹرنل آڈٹ کا فنکشن ترویج کردہ کنٹرول کے نفاذ کی تشخیص اور نگرانی کرنے کے ساتھ ساتھ تکنیکی اور مشاورتی ذمہ داری میں آڈٹ کمیٹی کی معاونت کرتا ہے۔

ماحولیاتی فٹ پرنٹس

قدرتی وسائل پر بڑھتا ہوا انحصار اور ان کی بڑھتی ہوئی اہمیت کے پیش نظر حکومتیں کرۂ ارض کی حفاظت پر زور دے رہی ہیں کہ ہمارے اقدامات معاشرے کے لئے مثبت نتائج فراہم کریں۔ پاکستان کے ایک بڑے غذائی پیداواری ادارہ ہونے کے ناتے ہم اعلیٰ معیاری غذائی مصنوعات کو اعلیٰ معیاری ماحول میں تیار کرتے ہیں۔

ادارتی سماجی ذمہ داری

اسماعیل انڈسٹریز لمیٹڈ، ادارتی سماجی ذمہ داری کو صرف ذمہ داری ہی نہیں سمجھتی بلکہ اسے ہمارے معاشرے کا حق سمجھتی ہے۔ کمپنی مختلف طبی سرگرمیوں جیسے مختلف ہسپتالوں کے ساتھ مل کر بلڈ ڈونیشن کی مہم میں مصروف عمل ہے۔ ہم انڈس ہاسپٹل اور آغا خان ہاسپٹل کے انتہائی متحرک عطیہ کنندہ ہیں۔ اس کے علاوہ کمپنی نے ''چائلڈ ایجوکیشن پروگرام'' کا آغاز کیا ہے اور ''اسماعیل اکیڈمی'' اور ''خدیجہ گرلز کالج'' کی سرپرستی کر رہی ہے جو کہ کورنگی کے ایک پسماندہ علاقہ میں المصطفیٰ ویلفیئر سوسائٹی کے تعاون سے چل رہے ہیں۔

ملحقہ پارٹیوں کے ساتھ سودے

ملحقہ پارٹیوں کے ساتھ سودے عمومی طریقہ کار کے مطابق انجام پائے جن کا تعین غیر گرفت شدہ قیمتوں کے موازنہ کے طریقہ کے تحت کیا گیا۔ کمپنی ان سودوں سے متعلق ادارتی نظم وضبط کے ضابطہ کے بہترین طور طریقوں کی مکمل پاسداری کرتی ہے۔

کمپنی نے اپنی پیداواری صلاحیت کو بڑھانے کا کلیدی فیصلہ کیا ہے جس کے تحت مزید ایک بڑا BOPET فلم کا پیداواری پلانٹ جرمنی سے درآمد کیا جارہا ہے اور جس کی درآمد کے لئے لیٹر آف کریڈٹ بھی تیار کرلیا گیا ہے۔ کمپنی کی انتظامیہ اس بات پر یقین رکھتی ہے کہ اعلیٰ جدید ٹیکنالوجی میں سرمایہ کاری سے نہ صرف ہماری منافع کاری میں بہتری آتی ہے بلکہ اس سے پائیدار ترقی بھی حاصل ہوتی ہے۔

ہڈسن فارما (پرائیویٹ) لمیٹڈ۔ ذیلی کمپنی

ہڈسن فارما کا وژن یہ ہے کہ ایسے اجزاء کی شناخت کی جائے جو کہ ملک بھر میں مقامی مریضوں کی اشد ضروریات کو پورا کرسکیں۔ ہم عالمی سطح پر مندرجہ ذیل طبی علاج میں دوائیاں فراہم کرنے میں متحرک ہیں جن میں ریسپائریٹری مصنوعات، وٹامنز، ڈائیلیوٹنگ ایجنٹس، اینٹی انفلامیٹوریز، اینٹی نازینٹس، اینٹی ایمیٹکس، اینٹی السر اور NSAIDs شامل ہیں۔

سال کے دوران، ہڈسن فارما نے اپنے آزمائشی پیداوار کا آغاز کیا جس میں انجکشن ڈویژن کی مصنوعات جیسے Easehale جو سانس کی بیماری کے لئے نیبولائزر میں استعمال ہوتا ہے، Torson ۱۰mg اور Torason ۳۰mg جو کے دورانِ آپریشن استعمال ہوتا ہے جبکہ آئرن کی کمی کے علاج کے لئے Ferris متعارف کروائی گئی ہے۔ ہمارا عزم ہے کہ صحت کے اداروں کو جراثیم کش قابل دخول مادے فراہم کئے جائیں جن کا استعمال دیگر اقسام کی دوائیوں کی بہ نسبت آسان ہو۔

Ophthalmic، Ointment and Dry Capsules کے ڈویژن میں ہماری مصنوعات نگراں اداروں کی منظوری کے آخری مراحل میں ہیں جو کہ ہمارے سرمایہ کاروں کو مزید تنوع اور صحت مند منفعت فراہم کرے گی۔

بینک آف خیبر: ملحقہ کمپنی

بینک آف خیبر (BOK) ہماری سرمایہ کے پورٹ فولیو میں نمایاں تنوع کا اضافہ کرتی ہے۔ BOK میں سرمایہ کاری پر صحت مند منفعت فراہم کی گئی ہے۔ جس کی ملک میں ۱۶۶ برانچیں ہیں جن میں سے ۸۲ برانچیں روایتی بینکاری میں اور ۸۴ برانچیں اسلامی بینکاری میں کام کر رہی ہیں۔ سرمایہ کاری پر شرح منفعت یعنی ۴۵۔۳۶۲ ملین روپے رہی جو کہ ۳۱ دسمبر ۲۰۱۷ کے لئے ۱۵ فیصد منافع منقسمہ ہے۔

خطرات سے نمٹنے کا نظام

کلیدی اور کاروباری مقاصد کے حصول کے دوران خطرات سے دوچار ہونا ناگزیر ہے۔ ہمارے خطرات سے نمٹنے کے انتظام کا مقصد ہے کہ اس بات کو یقینی بنایا جائے کہ خطرات سے ہم نہ صرف مطلع ہوں بلکہ ان سے نمٹ کر بامقصد نتائج کو حاصل کرسکیں۔ لہذا ہم نے خطرات سے نمٹنے کے لئے ایک امتیازی نظام وضع کیا ہے جس میں شناخت، تشخیص، ترجیح، تلافی، انتظام، نگرانی اور خطرے سے متعلق معلومات پوری کمپنی میں فراہم کی جاتی ہے۔ خطرات کو وسیع معنوں میں ان درجوں میں تقسیم کیا گیا ہے، کلیدی، تجارتی، کاروباری اور مالیاتی خطرات۔ بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی اعلیٰ انتظامیہ پر مشتمل ہے جو کہ کمپنی کی نگرانی کی ذمہ دار ہے اور ایسی پیش اقدامی حکمت عملی وضع کرتی ہے جو کہ آنے والے ممکنہ خطرات کے اثرات کو کم کرسکے۔

بورڈ آف ڈائریکٹرز کی ذمہ داری

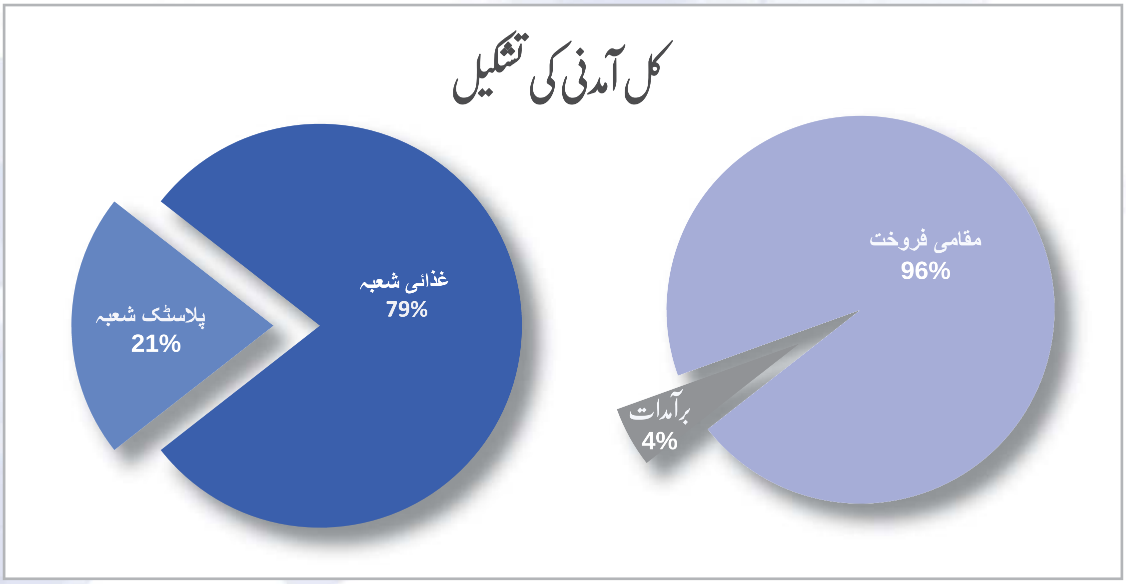
بورڈ آف ڈائریکٹرز کی ذمہ داری کمپنی کو لاحق بڑے خطرات کی تشخیص اور ان کم کرنا ہے جن سے نمٹنے کے لئے حکمت عملیاں وضع کی جاتی ہیں۔ اس کے ساتھ بورڈ کی مختلف کمیٹیاں اس کی معاونت کرتی ہیں اور اندرونی ڈھانچہ اس طرح ترویج کیا گیا ہے کہ وہ خطراتی عناصر کا ازالہ اور ان میں کمی لاسکیں۔

بورڈ کی آڈٹ کمیٹی

بورڈ کی آڈٹ کمیٹی خطرات سے نمٹنے کے عمل کی وضاحت میں مدد کرتی ہے اور بورڈ کی نگرانی کی ذمہ داریوں جیسے کلیدی، مالیاتی، کاروباری، پیداواری، پاسداری، تحفظ، نیک نامی اور دیگر خطرات سے نمٹنے میں مدد کرتی ہے۔

انسانی وسائل کمیٹی

کمپنی اس بات کے لئے کوشاں ہے کہ وہ اپنے انسانی سرمائے کا بہترین استعمال کرے۔ اس کی اپنے ملازمین کے لئے وسیع اور مشاہدہ جاتی نظریہ ہے۔ غیر معمولی صلاحیتوں کے حامل مرد اور خواتین نے اس کمپنی کو بنایا ہے اور ہمیشہ ہمارا قیمتی اثاثہ رہے ہیں۔ یہی وجہ ہے کہ ہماری کمپنی کو ایک ''تعلیمی و تربیتی ادارے'' کی نگاہ سے دیکھا جاتا ہے جہاں پر ہماری اگلی نسل کی صلاحیت کو ہماری صنعت کے لئے کارگر بنایا جاتا ہے۔



بسکونی کوکیز، ویفرز اور بسکٹوں کے بازار میں ایک قائدانہ کردار ادا کررہا ہے جس کے مشہور زمانہ برانڈ کوکومو، چوکولاٹو، چاکلیٹ چپ، رائٹ اور نوبٹا ہیں ۔ اس نے سال میں دو مرتبہ ایک بلین روپے کی فروخت کرکے ایک اہم سنگ میل حاصل کیا ہے۔ سال کے دوران ہم نے طویل انتظار کے بعد مختلف النوع مصنوعات کا اضافہ کیا ہے جس میں ہم نے چوکولیٹ کوٹڈ کیک بنام "FLO" کو متعارف کرایا ہے جس نے عوام میں بہت مقبولیت حاصل کی اس کے باوجود کہ صنعت میں بڑے بڑے کھلاڑی موجود ہیں اور صارفین کے درمیان اعتماد اور بھروسے کا نشان بن گئی ۔

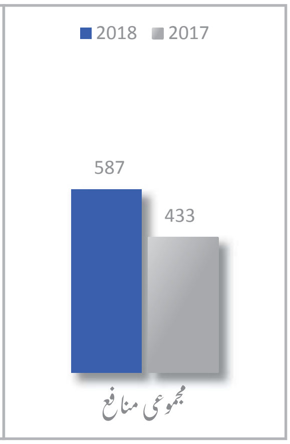
آخر کار، ہم غذائی پیداواری شعبہ میں جو نمایاں اختراعی چیزیں لائے ہیں جیسے کہ اسنیک سٹی، کرکری چپس کے درجہ میں کرلیز، چلز، فلز اور پی نٹس، جو کہ اسنیکس کے شائقین میں بہت مقبول ہے۔

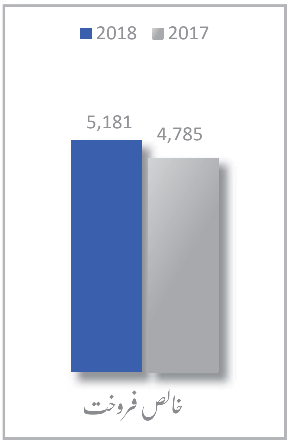
جائزہ سال کے دوران ہماری برآمدات میں قابل ذکر ترقی کا رجحان رہا جس میں ہماری برآمدات ۶ براعظموں کے ۵۰ ممالک تک پھیل گئی ہیں، ساؤتھ پیسفک اوشن میں نیوزی لینڈ سے آسٹریلیا تک، پھر مشرق وسطیٰ، افریقہ اور امریکہ، کینیڈا، میکسیکو اور مغرب میں ویسٹ انڈیز تک ۔

ہمیں یقین ہے کہ بڑے پیمانے پر صارفین اور عوام نے ہم پر جو اعتماد کیا ہے وہ ہمارا بیش قیمت اثاثہ ہے اور ہمارے مسلس آگے بڑھنے کا وہ عنصر ہے جو ہمیں ایک ایسا سماجی خاندان بناتا ہے جس کی ضروریات ہم بہت نمایاں اور بہتر انداز سے پوری کرتے ہیں اور نئے عزم، پورٹفولیو اور دل کو چھونے والے برانڈز پیش کرتے ہیں۔

پلاسٹک کے شعبہ کے افعال

آسٹرو فلمز جو کہ اسماعیل انڈسٹریز لمیٹڈ کا پلاسٹک فلم کا شعبہ ہے جس میں اسے قائدانہ حیثیت حاصل ہے جو کہ اٹلی اور جرمنی سے درآمد شدہ پیداواری سہولیات کے ذریعے CPP اور BOPET فلمز تیار کرکے پیکیجنگ کی صنعت کے گاہکوں کو مکمل ون ونڈو حل پیش کرتا ہے۔ اس سال کمپنی کی فروخت میں ۸ فیصد اضافہ ہوا جس سے ہمارے گاہکوں کا ہم پر اعتماد کا اظہار ہوتا ہے۔



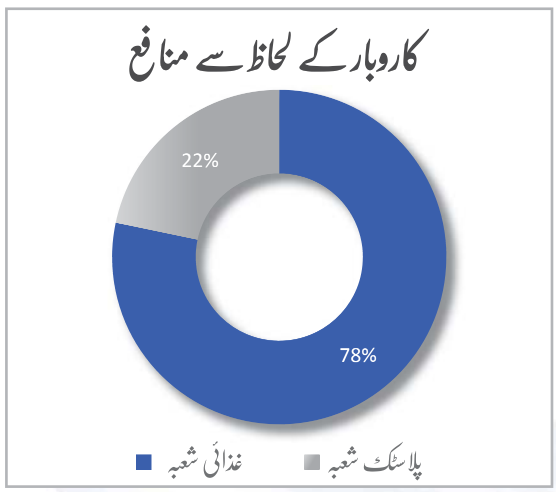


چند عناصر کی وجہ سے بشمول ہماری بڑھتی ہوئی اقسام میں مستحکم پوزیشن اور کمپنی کے برانڈز کے بڑھتے ہوئے پورٹ فولیو کے، ہمارے محصولات میں ۲۳فیصد اضافہ کے ساتھ ۲۹،۹۷۱ملین روپے ہوگئے جس میں ہماری منافع بخش حکمت عملی کارفرما ہے۔

اونچی سطح سے بڑھتے ہوئے اور ہمارے بنیادی کاروباری منافع میں اضافہ کے ساتھ ہم کمپنی کے بہتر مستقبل کے لئے سرمایہ کاری کر رہے ہیں جن میں ہمارے برانڈز کی بہتر تشہیر اور مارکیٹ میں ہماری مصنوعات کے بڑھتے ہوئے فوٹ پرنٹس شامل ہیں۔ ان سب عناصر کی وجہ سے ہم ایک بہترین منافع فی حصص دینے میں کامیاب ہوگئے جو کہ گزشتہ سال کی بہ نسبت ۲۱ فیصد زیادہ تھا۔

کاروباری کارکردگی کا جائزہ

ایک جدید تحقیق کے مطابق بڑھتے ہوئے کاروباری تعطل اور مسابقتی ماحول میں صرف ایک تہائی کمپنیاں ہی تبدیلی کو منظور کرتے ہوئے نئی بلندیوں کی طرف جاتی ہیں۔ اسماعیل انڈسٹریز لمیٹڈ کا شمار انہی کمپنیوں میں ہوتا ہے کیونکہ ہم نے نئے رجحانات اور تبدیلیوں کو اختیار کیا ہے اور ان میں سرمایہ کاری کی ہے۔



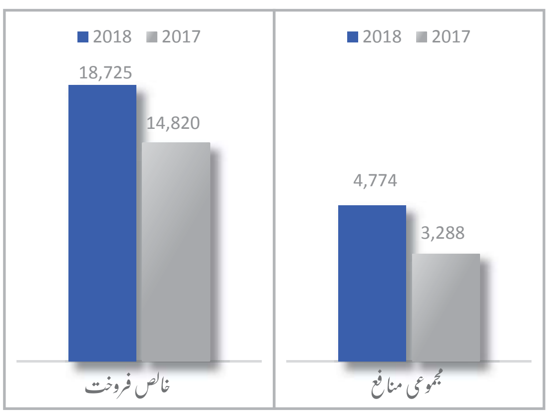
درحقیقت ہر شعبے میں تبدیلی کی رفتار بہت تیز ہے، جس سے نئے مواقع، نئے چیلنجز اور نئی غیر یقینی صورتحال پیدا ہورہی ہیں۔ اسماعیل انڈسٹریز نے اپنے کاروبار میں نمایاں تنوع کو متعارف کرایا ہے جو کہ ہماری کمپنی کو تقویت دے رہے ہیں، جس کی وجہ ہماری کارکردگی بہت اچھی رہی اور جس کے نتیجے میں ہم نہ صرف قلیل بلکہ طویل مدت میں بھی کامیابی سے ہمکنار ہونگے جس کی بنیادی وجہ ہے ہمارا:

* غذائی صنعت میں قائد ہونا
* پلاسٹک فلم کے کاروبار میں نئے رجحانات متعارف کروانے والے ہونا
* دوائیوں کی صنعت میں انقلاب پسند ہونا۔ ذیلی کمپنی
* مالیاتی بازار کے کھلاڑی۔ بینک آف خیبر ملحقہ کمپنی کا کاروبار ہونا

مندرجہ بالا شعبہ جات میں ہماری کارکردگی کیسی رہی، اس کی تفصیل درج ذیل ہے:

غذائی شعبے کے افعال

ہمارا پورٹ فولیو کی ساخت شاندار ہے، جس میں ہم صارفین کو کینڈی لینڈ کی جیلیاں، ٹافیاں، چیونگمیں، مارش میلوز اور چاکلیٹز، بسکونی کے بسکٹ، کیک اور ویفرز اور اسنیک سٹی کے مرمری اسنیکس پیش کررہے ہیں۔ لیکن ہمارے تمام پورٹ فولیو میں جو چیز یکساں اور نمایاں ہے وہ اعلی معیار اور بہترین ذائقہ ہے۔



کینڈی لینڈ اس وقت پاکستان میں میٹھی اشیاء تیار کرنے والی صنعت کا قائد ہے اور اسماعیل انڈسٹریز لمیٹڈ کا سب سے بڑا شعبہ ہے۔ مارکیٹ میں موجود ہمارے مشہور زمانہ برانڈز ہماری تجریدی اور تخلیقی بازاری حکمت عملیوں کی وجہ سے مسلسل ترقی کررہے ہیں اور نئے ذائقوں اور اقسام کو متعارف کیا جارہا ہے۔ ''نوویلا سینٹر فلڈ'' کو سال کے دوران کئی نئے ذائقوں کے ساتھ متعارف کرایا گیا ہے جو کہ ہمارے پورٹ فولیو میں نہ صرف ایک نمایاں اضافہ ہے بلکہ اس کی وجہ سے ہمارا پورٹ فولیو چاکلیٹ کا شوق رکھنے والے صارفین میں بہت مقبول ہوگیا ہے۔

کمپنی کے معاملات پر
ڈائریکٹران کی جائزہ رپورٹ

ڈائریکٹران کمپنی کے آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ سال ۳۰ جون ۲۰۱۸ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔ اس بات کا اعلان کرتے ہوئے ہم خوشی محسوس کررہے ہیں کہ آپ کی کمپنی نے سابقہ اعلیٰ ترین ریکارڈ کو توڑتے ہوئے اس سال بہترین کامیابیاں حاصل کی ہیں۔ مجموعی طور پر ہماری کارکردگی اولیٰ درجے کی رہی، جس قسم کی کارکردگی کے لیے آپ نے ہمیں کمپنی کے معاملات میں مختیار بنایا ہے۔

اقتصادی جائزہ

سالِ گزشتہ ملک کی معاشی نمو میں گراں قدر اضافہ ہوا جس کی بنیادی وجہ ترقیاتی کاموں کے لئے خطیر رقم، افراط زر میں کمی، محتاط مالیاتی پالیسی اور CPEC سے متعلق سرمایہ کاری شامل ہے جس سے معیشت کو بحال ہونے میں مدد ملی۔

تاہم، پاکستانی کا بیرونہ کھاتہ دباؤ کا شکار رہا۔ سال کے دوران شروع سے آخر تک بڑی اقتصادی اشاریوں میں نازک صورتحال کا مشاہدہ کیا گیا جس میں بڑے اقتصادی توازن میں بڑھتی ہوئی خلیج کے ساتھ مسلسل بڑھتا ہوا بیرونی قرضہ، اگرچہ کہ لگاتار دوسرے سال میں بھی معاشی ترقی میں ۵ فیصد سے زیادہ اضافہ ہوا۔

کمپنی اور اس کی ذیلی اور ملحق کمپنیوں کی کاروباری نمو کی سطح میں تیزی

تفصیل	تبدیلی%	جون ۲۰۱۷ پاکستانی روپے ملین میں	جون ۲۰۱۸
کل فروخت	23%	24,295	**29,971**
خالص فروخت	22%	19,605	**23,906**
مجموعی منافع	44%	3,721	**5,361**
خام منافع	16%	1,798	**2,083**
منافع قبل از ٹیکس	12%	1,643	**1,838**
منافع بعد از ٹیکس	21%	1,166	**1,412**
فی حصص منافع۔ روپے	21%	18.27	**22.13**

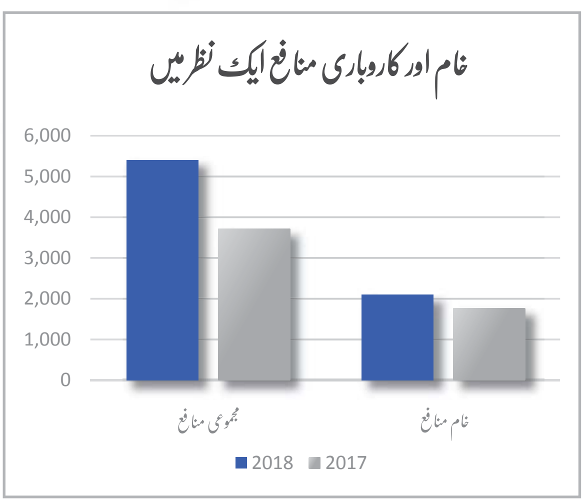
سے اشیائے صارفین اور پلاسٹک کے شعبہ میں ترقی کے جائزہ ذیل میں پیش کیا گیا ہے۔ کمپنی کی تاریخ میں ہم مسلسل افق پر چھائے رہے، نئے اور ابھرتے ہوئے رجحانات کی تلاش میں کوشاں رہے اور ان میں ضروری سرمایہ کاریاں اور رستگیاں کرکے کامیابی سے ہمکنار ہوئے۔

مالیاتی نتائج

ہماری اختراعیت اور شاندار کارکردگی کی وجہ سے ۲۰۱۸ میں نتائج ایک مرتبہ پھر بہت بہتر رہے یعنی اس سال بھی مالیاتی نتائج مستحکم رہے۔ ہم تیزی سے تبدیلی ہونے والی رجحانات اور ان کے ہمارے کاروبار پر اثرات کی تشخیص کرتے ہیں۔

ہماری توجہ کا مرکز ہمارے تمام مستفیدان کے لئے مثبت نتیجہ نیز مستقبل کی تعمیر ہے اور اس کا آغاز آپ کے لئے منافع بخش مالی منفعت فراہم کرنے سے ہوتا ہے۔ لیکن سچ یہ ہے کہ ہمارا چیلنج نہ صرف آپ کو منافع بخش نتائج فراہم کرنا ہے بلکہ اس سے بھی بہتر آمدن کو یقینی بنانا ہے۔ ہمارا چیلنج ان مثبت نتائج کو سال بہ سال تسلسل اور پائیداری کے ساتھ فراہم کرنا ہے۔

درج ذیل میں مالیاتی نتائج کا گزشتہ سال کے ساتھ موازنہ پیش کیا گیا ہے:



STATEMENT OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

Name of Company: **Ismail Industries Limited**
Year ended: **June 30, 2018**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 9 as per the following:
   a. Male: 6
   b. Female: 3

2. The composition of board is as follows:

Category	**Names**
Independent Director	Mr. Muhammad Zubair Motiwala
Executive Directors	Mr. Munsarim Saifullah Mr. Hamid Maqsood Ismail Mr. Ahmed Muhammad
Non-Executive Directors	Mr. Muhammad M. Ismail Mr. Maqsood Ismail Ahmed Ms. Farzana Muhammad Ms. Almas Maqsood Ms. Reema Ismail Ahmed

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. During the year the board did not arrange any training program for its directors.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Committees	Members
a) Audit Committee	Mr. Muhammad Zubair Motiwala (Chairman) Mr. Muhammad M. Ismail (Member) Mr. Maqsood Ismail Ahmed (Member) Ms. Almas Maqsood (Member) Ms. Reema Ismail Ahmed (Member)
b) Human Resource Committee	Mr. Muhammad Zubair Motiwala (Chairman) Mr. Maqsood Ismail Ahmed (Member) Mr. Munsarim Saifullah (Member) Ms. Farzana Muhammad (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

    a) Audit Committee 4
    b) HR and Remuneration Committee 2

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (the ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

MUHAMMAD M. ISMAIL	**MUNSARIM SAIFULLAH**
Chairman	Chief Executive Officer

Karachi: September 24, 2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Ismail Industries Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Ismail Industries Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the Regulations as applicable to the Company for the year ended June 30, 2018.

Dated: September 24, 2018
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq-ur-Rahman
Engagement Partner

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ISMAIL INDUSTRIES LIMITED

Report on the Audit of Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Ismail Industries Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2018, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matters were addressed in our audit
1.	**Valuation of Stock in Trade** As at June 30, 2018 the Company's total stock in trade balance amounting to Rs. 4.97 billion as disclosed in note 9 represents 58.34% of the total current assets of the Company. The value of stock in trade is based on the moving weighted average cost method for raw materials and packing materials, weighted average cost method for work in process and finished goods, and invoice value plus other charges for stock in transit. The Company is required to measure its stock in trade at the lower of cost and net realizable value. There is an element of judgement involved relating to the valuation, which is required for the estimation of the net realizable value and allowance for slow-moving and obsolete stock in trades. Such estimation is made after taking into consideration factors such as movement in prices, current and expected future market demands and pricing competitions. This was the key audit matter because of its materiality and significance in terms of judgements involved in estimating the NRV of underlying inventories.	In response to this matter, our audit procedures included the following: • Attending the stock counts at locations to observe the stock count process and evaluate the condition of stock in trade. • Testing the valuation method used by the management in valuation of stock in trade. • Comparing on sample basis specific purchases with underlying supporting documents.. • Evaluating the appropriateness of the basis and processes used by the management in determining the net realizable value of stock in trade. • Performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete stock. • Reviewing the adequacy of the disclosures of stock in trade in the unconsolidated financial statements.

S. No. Key Audit Matters

2. First time application of Companies Act, 2017

As referred to in note 3.4.1 to the annexed unconsolidated financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual unconsolidated financial statements for the year ended June 30, 2018.

The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the unconsolidated financial statements.

As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 3.4.1) relating to disclosures required in the Company's unconsolidated financial statements.

We consider it as a key audit matter in view of the extensive impacts in the unconsolidated financial statements due to the Companies Act, 2017.

How the matters were addressed in our audit

In response to this matter, our audit procedures included the following:

- Considering the management's process to identify the necessary amendments required in the Company's unconsolidated financial statements.
- Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Company's operations and business.
- Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed unconsolidated financial statements based on the new requirements.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Boards of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Khaliq-ur-Rahman.

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: September 24, 2018

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	2018	2017
		------------ Rupees	------------
ASSETS			
Non-current assets			
Property, plant and equipment	5	**10,954,646,069**	10,396,249,287
Long term investments	6	**3,560,461,082**	3,925,677,319
Long term deposits	7	**39,318,639**	33,358,415
Total non-current assets		**14,554,425,790**	14,355,285,021
Current assets			
Stores and spares	8	**195,891,564**	169,495,028
Stock-in-trade	9	**4,969,540,620**	4,863,525,805
Trade debts	10	**1,566,186,261**	1,442,852,765
Loans and advances	11	**735,291,605**	369,770,405
Trade deposits and short term prepayments	12	**13,170,300**	21,688,637
Other receivables	13	**136,210,452**	217,441,616
Taxation-net	14	**850,571,987**	766,013,092
Cash and bank balances	15	**51,160,091**	32,655,755
Total current assets		**8,518,022,880**	7,883,443,103
Total assets		**23,072,448,670**	22,238,728,124

The annexed notes 1 to 45 form an integral part of these financial statements.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		------------ Rupees ------------	
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorized capital			
250,000,000 (2017: 250,000,000) ordinary shares of Rs. 10 each		**2,500,000,000**	2,500,000,000
Issued, subscribed and paid-up capital		**638,047,500**	638,047,500
Reserves	16	**6,581,983,812**	5,633,601,413
Total shareholders' equity		**7,220,031,312**	6,271,648,913
Non-current liabilities			
Sponsors' loan-subordinated	17	**902,151,770**	902,151,770
Long term finances-secured	18	**4,730,767,470**	6,524,794,709
Liabilities against assets subject to finance lease	19	**403,658,251**	168,176,412
Deferred liabilities	20	**1,430,804,181**	1,213,385,942
Total non-current liabilities		**7,467,381,672**	8,808,508,833
Current liabilities			
Trade and other payables	21	**1,424,613,356**	1,036,085,216
Accrued mark-up	22	**101,440,953**	93,598,715
Short term finances-secured	23	**4,191,428,798**	3,783,293,527
Current portion of:			
- long term finances	18	**2,433,017,566**	2,078,107,585
- liabilities against assets subject to finance lease	19	**95,407,236**	80,377,295
Unclaimed Dividend		**1,818,498**	2,028,446
Advances from customers		**137,309,279**	85,079,594
Total current liabilities		**8,385,035,686**	7,158,570,378
Total liabilities		**15,852,417,358**	15,967,079,211
Contingencies and commitments	24		
Total equity and liabilities		**23,072,448,670**	22,238,728,124

The annexed notes 1 to 45 form an integral part of these financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		------------ Rupees ------------	
Sales - gross	25	**29,970,991,048**	24,294,533,717
Sales returns and discounts		**(1,928,254,279)**	(1,291,471,429)
Export Rebate		**12,529,204**	11,333,299
		(1,915,725,075)	(1,280,138,130)
		28,055,265,973	23,014,395,587
Sales tax		**(4,149,047,950)**	(3,409,534,324)
Sales - net		**23,906,218,023**	19,604,861,263
Cost of sales	27	**(18,544,995,038)**	(15,883,600,917)
Gross profit		**5,361,222,985**	3,721,260,346
Selling and distribution expenses	28	**(2,896,266,866)**	(1,663,043,697)
Administrative expenses	29	**(380,994,950)**	(259,776,786)
Operating profit		**2,083,961,169**	1,798,439,863
Other operating expenses	30	**(253,826,191)**	(147,486,289)
Other income	31	**232,481,148**	195,221,815
		2,062,616,126	1,846,175,389
Finance cost	32	**(617,813,622)**	(671,242,277)
		1,444,802,504	1,174,933,112
Share of profit from associated undertaking	6.2.3	**393,211,150**	468,289,213
Profit before taxation		**1,838,013,654**	1,643,222,325
Taxation	35	**(425,822,163)**	(477,207,880)
Profit after taxation		**1,412,191,491**	1,166,014,445
Earnings per share - basic and diluted	36	**22.13**	18.27

The annexed notes 1 to 45 form an integral part of these financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		------------ Rupees ------------	
Profit after taxation		**1,412,191,491**	1,166,014,445
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss in subsequent periods:			
Loss on remeasurements of post employment benefit obligations-net of tax	20.1.7	**(8,732,483)**	(22,323,525)
Items that may be reclassified to profit or loss in subsequent periods:			
Unrealized appreciation during the year on re-measurement of investment classified as available for sale-net of tax	6.3.1	**13,143,235**	10,395,000
Realized gain during the year on disposal of investment classified as available for sale-net of tax		**(10,520,291)**	-
Share of other comprehensive income from associate-net of tax	6.2.3	**(282,236,490)**	(466,590,987)
Other comprehensive loss - net of tax		**(288,346,029)**	(478,519,512)
Total comprehensive income for the year		**1,123,845,462**	687,494,933

The annexed notes 1 to 45 form an integral part of these financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Capital to be issued pursuant to amalgamation	Total Reserves						Total shareholders' equity
			Capital reserve		Revenue reserve			Total reserves	
			Share premium	Amalgamation reserves	Share of AFS remeasurement from associate	Remeasurement of investment classified as 'available for sale'	Unappropriated profit		
	---------------------------- Rupees ----------------------------								
Balance as at July 01, 2016	505,207,500	132,840,000	579,265,000	916,862,067	382,805,697	13,074,613	3,468,829,978	5,360,837,355	5,998,884,855
Capital to be issued pursuant to amalgamation	132,840,000	(132,840,000)	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-	1,166,014,445	1,166,014,445	1,166,014,445
Other comprehensive loss:									
Remeasurement of defined benefit	-	-	-	-	-	-	(22,323,525)	(22,323,525)	(22,323,525)
Share of other comprehensive income from associate - net of tax	-	-	-	-	(466,590,987)	-	-	(466,590,987)	(466,590,987)
Unrealized appreciation on revaluation of investment - net of tax	-	-	-	-	-	10,395,000	-	10,395,000	10,395,000
	-	-	-	-	(466,590,987)	10,395,000	(22,323,525)	(478,519,512)	(478,519,512)
Total comprehensive income for the year	-	-	-	-	(466,590,987)	10,395,000	1,143,690,920	687,494,933	687,494,933
Transactions with owners recognized directly in equity:		-	-	-	-		-	-	-
Final dividend for the year ended June 30, 2016 @ Rs. 6.50 per share	-	-	-	-	-		(414,730,875)	(414,730,875)	(414,730,875)
Balance as at June 30, 2017	638,047,500	-	579,265,000	916,862,067	(83,785,290)	23,469,613	4,197,790,023	5,633,601,413	6,271,648,913
Profit after taxation	**-**	**-**	**-**	**-**	**-**	**-**	**1,412,191,491**	**1,412,191,491**	**1,412,191,491**
Other Comprehensive loss:									
Remeasurement of defined benefit liability - net of tax - note 20.1.7	**-**	**-**	**-**	**-**	**-**	**-**	**(8,732,483)**	**(8,732,483)**	**(8,732,483)**
Share of other comprehensive income from associate-net of tax	**-**	**-**	**-**	**-**	**(282,236,490)**	**-**	**-**	**(282,236,490)**	**(282,236,490)**
Unrealized appreciation on revaluation of investment - net of tax	**-**	**-**	**-**	**-**	**-**	**13,143,235**	**-**	**13,143,235**	**13,143,235**
Realized gain on disposal of investment - net of tax	**-**	**-**	**-**	**-**	**-**	**(10,520,291)**	**-**	**(10,520,291)**	**(10,520,291)**
	-	**-**	**-**	**-**	**(282,236,490)**	**2,622,944**	**(8,732,483)**	**(288,346,029)**	**(288,346,029)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(282,236,490)**	**2,622,944**	**1,403,459,008**	**1,123,845,462**	**1,123,845,462**
Transactions with owners recognized directly in equity:									
Final dividend for the year ended June 30, 2017 @ Rs.2.75 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(175,463,063)**	**(175,463,063)**	**(175,463,063)**
Balance as at June 30, 2018	**638,047,500**	**-**	**579,265,000**	**916,862,067**	**(366,021,780)**	**26,092,557**	**5,425,785,968**	**6,581,983,812**	**7,220,031,312**

The annexed notes 1 to 45 form an integral part of these financial statements.

Munsarim Saifullah	Maqsood Ismail	Abdul Qadir
Chief Executive Officer	Director	Chief Financial Officer

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		------------ Rupees ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	**2,241,278,487**	2,933,329,240
Gratuity paid	20.1.3	**(19,949,221)**	(24,202,370)
Income tax paid (net of refund)		**(344,761,843)**	(374,609,239)
Long term deposits (paid) / received		**(5,960,224)**	23,191,061
Net cash generated from operating activities		**1,870,607,199**	2,557,708,692
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		**(1,593,871,963)**	(3,209,973,831)
Long term investment		**116,730,000**	
Short term investment		**-**	37,447,999
Dividend received		**362,458,547**	362,458,547
Proceeds from disposal of property, plant and equipment	5.2	**75,643,018**	27,604,579
Net cash used in investing activities		**(1,039,040,398)**	(2,782,462,706)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of) / Receipts from long term financing-net		**(1,439,117,258)**	2,183,122,375
Lease repayments net off sale and lease back / (lease repayments)		**250,511,780**	(12,135,207)
Interest / mark-up paid		**(609,971,384)**	(658,640,192)
Dividend paid		**(175,673,011)**	(414,228,450)
Net cash (used in) / generated from financing activities		**(1,974,249,873)**	1,098,118,526
Net (decrease) / increase in cash and cash equivalents		**(1,142,683,072)**	873,364,512
Cash and cash equivalents at beginning of the year		**(773,560,635)**	(1,646,925,147)
Cash and cash equivalents as at end of the year		**(1,916,243,707)**	(773,560,635)
Cash and cash equivalents as at end of the year comprise of:			
Cash and bank balances	15	**51,160,091**	32,655,755
Running finance utilized under mark-up arrangements	23	**(1,967,403,798)**	(806,216,390)
		(1,916,243,707)	(773,560,635)

The annexed notes 1 to 45 form an integral part of these financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND OPERATIONS

1.1 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.

These unconsolidated financial statements are the separate financial statements of the Company.

Geographical location and addresses of business units including manufacturing units of the Company are as under:

Head Office:
17 - Bangalore Town, Shahrah-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.

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

a) The Company has completed the construction of cake plant named "FLO" at E-154-157, North Westtern Zone, Port Qasim, Karachi;

b) The Company has decided to enhance its existing Biaxially Oriented Polyethylene Terephthalate (BOPET) films producing capacity by 200% in view of growing demand in Pakistan.

c) For a detailed discussion about the Company's performance, please refer to the Directors' report.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

3.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies' note and cash flow information.

3.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional currency and presentation currency.

3.4 New Standards, Amendments and Interpretations to Approved Accounting Standards

3.4.1 Promulgation of Companies Act, 2017

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 5.3.2), management assessment of sufficiency of tax provision in the financial statements (refer note 35.2), change in threshold for identification of executives (refer note 33), additional disclosure requirements for related parties (refer note 42).

3.4.2 Standards, amendments and interpretations to the published standards that are relevant to the company and adopted in the current year

The Company has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2017 and 2018.

3.4.3 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

3.4.4 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
IFRS 9 - Financial Instruments	July 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019

The Company is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Company.

3.4.5 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 17 - Insurance Contracts	January 1, 2021

3.5 Use of critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following accounting estimates and judgments which are significant to the unconsolidated financial statements:

		Note
a)	Property, plant and equipment	3.5.1
b)	Stock-in-trade, stores and spares	3.5.2
c)	Trade debts and other receivables	3.5.3
d)	Income taxes	3.5.4
e)	Staff retirement benefits	3.5.5
f)	Impairment	3.5.6

3.5.1 Property, plant and equipment

The Company reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

3.5.2 Stock-in-trade, stores and spares

The Company's management reviews the net realizable value (NRV) of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and wherever required, provision for NRV/impairment is made.

3.5.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgmental basis, where provision may differ in the future years based on the actual experience.

3.5.4 Income taxes

In making the estimate for income taxes currently payable by the Company, the management refer to the current income tax law and the decisions of appellate authorities on certain issues in the past.

3.5.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 20.1.1 to the unconsolidated financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect the amounts recognized in those years.

3.5.6 Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If such evidence exists, the recoverable amount of the asset is estimated and impairment losses are recognized as an expense in the statement of profit or loss.

Impairment of non-financial assets

Assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Property, plant and equipment

4.1.1 Owned

Property, plant and equipment including leasehold land and all additions except capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses. Capital work-in-progress is stated at cost. Cost of property, plant and equipment comprises acquisition cost and directly attributable cost of bringing the assets to its working condition. Borrowing cost including the exchange risk fee (if any) that are directly attributable to the acquisition, construction and production of a qualifying asset is capitalized as part of the cost during the period in which activities that are necessary to prepare the asset for its intended use are carried out.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal repairs and maintenance are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

Depreciation on assets other than lease hold land is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 5 to the unconsolidated financial statements. Depreciation on lease hold land is charged to income applying the straight-line method at rates given in note 5 to the unconsolidated financial statements where by the cost is written off over the lease term. Depreciation on additions is charged from the month in which they are put to use and on disposals up to the month of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as other income or expense.

4.1.2 Leased

Leased assets in terms of which the Company assumes substantially all the risks and rewards incidental to ownership are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments.

The outstanding obligations under the lease excluding finance charges allocated to future periods are shown as liability. Financial charges are allocated to the accounting periods in a manner so as to provide a constant rate of charge on the outstanding obligation.

Depreciation on leased assets is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 5 to the financial statements. Depreciation on additions is charged from the month in which they are put to use and on disposals up to the month of disposal.

4.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

4.2 Investment

The Company determines the classification of its investments at the time of acquisition of investment and re-evaluate this classification on a regular basis. The existing investment portfolio of the Company has been categorized as follows.

Classification of investments

4.2.1 Investments in subsidiaries

Investment in subsidiaries are recognized and carried at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

4.2.2 Investments in associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company’s share of the profit or loss and other comprehensive income of the associate after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

4.2.3 Investment - Available for sale

These are investments that are intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes to interest rates, exchange rates or equity prices.

Available for sale investments are initially recognized at fair value plus transaction costs, and are subsequently carried at fair value. Changes in the fair value are recognized in other comprehensive income.

At the time of disposal, respective surplus or deficit is transferred to the statement of profit and loss.

4.3 Financial instruments

All financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument, These are initially measured at fair value, and subsequently re-measured at fair value or amortized cost as the case may be.

Financial assets carried on the statement of financial position include long term investments (note 6), long term deposits (note 7), tradedebts (note 10), advances (note 11), trade deposits (note 12), other receivables (note 13), cash and bank balances (note 15).

Financial liabilities carried on the statement of financial position include Sponsors' loans (note 17), long term finances (note 18), liabilities against assets subject to finance lease (note 19), unclaimed dividend, trade and other payables (note 21), accrued mark-up (note 22) and short term finances (note 23).

Financial assets or a part thereof is derecognized when the Company loses control of the contractual rights that comprise the financial asset or part thereof. Financial liabilities or a part thereof is removed when it is extinguished, i.e. the obligation specified in contract is discharged or expired.

4.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.5 Long term deposits

These are stated at amortized cost which represents the fair value of consideration given.

4.6 Stores and spare parts

All stores, spares and loose tools either imported or purchased locally are charged to statement of profit or loss when consumed and are valued at lower of moving weighted average cost and estimated NRV except for items-in-transit which are stated at invoice value plus other incidental charges paid thereon up to the statement of financial position date. Provision is made for obsolete and slow moving items where necessary and is recognized in the statement of profit or loss.

4.7 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is determined as follows:

	Types of stock	Valuation method
a)	Raw and packing materials	moving weighted average cost method
b)	Work-in-process	weighted average cost method
c)	Finished goods	lower of weighted average cost and net realizable value
d)	Items in-transit	invoice value plus other charges incurred thereon

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and other receivables are written off when considered irrecoverable.

4.9 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances, short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and running finances under mark up arrangements.

4.10 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value recognized in the statement of profit or loss except for any amount included in the cost of property, plant and equipment over the period of the borrowing using the effective interest method.

4.11 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those that take a substantial period of time to get ready for their intended use) are capitalized as part of the cost of the relevant asset. All other borrowing costs are charged to statement of profit or loss in the period in which they are incurred.

4.12 Staff retirement benefits - gratuity

The Company operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Company. Provision for gratuity is made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. Provision has been made in accordance with actuarial recommendations summarized in note 20.1, using the projected unit credit method.

4.13 Taxation

4.13.1 Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance or Alternate Corporate Tax (ACT) under section 113C of the Ordinance, whichever is higher.

4.13.2 Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of the deferred tax asset is reviewed at each statement of financial position date and is recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred income tax assets are reassessed at each statement of financial position date and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the statement of financial position date.

4.14 Provisions

Provisions are recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

4.15 Ijarah

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as Ijarah. Payments made under Ijarah contracts are charged to statement of profit or loss on a straight-line basis over the period of the Ijarah.

4.16 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

4.17 Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. It is measured at the fair value of the consideration received or receivable and is reduced for customer returns, rebates / discounts, sales tax and other similar allowances. Revenue is recognized on the following basis:

a) Revenue from local sale of goods is recognized when the goods are dispatched and in case of export sales, when the goods are shipped.
b) Processing income is recognized when services are rendered.
c) Gain and loss on sale of investments is taken to income in the period in which it arises.
d) Interest income is recognized on an accrual basis using the effective interest method.
e) Dividend income, other than those from investments in associates, are recognized at the time the right to receive payment is established.

4.18 Foreign currency translation

Transactions in foreign currencies are accounted for in rupee at the rate of exchange prevailing at the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the statement of financial position date are expressed in rupee at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the statement of profit or loss.

4.19 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The unconsolidated financial statements are presented in Pakistani rupee, which is the Company's functional and presentation currency. The figures have been rounded of to the nearest rupee.

4.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for allocating resources and assessing performance of the operating segments.

4.21 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

4.22 Related parties transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Company to do so.

4.23 Share Capital

Ordinarily shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.24 Contingent liabilities

Contingent liability is disclosed when:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.25 Operating, administrative and selling expenses

These expenses are recognized in statement of profit or loss upon utilization of the services or as incurred except for specifically stated in the unconsolidated financial statements.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		------------ Rupees ------------	
Operating assets		10,755,985,939	9,221,162,306
Capital work in progress - at cost	5.3	198,660,130	1,175,086,981
		10,954,646,069	10,396,249,287

2018	Owned assets									Leased assets			Grand total
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment's	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	
	Rupees												
As at June 30, 2017													
Cost	547,670,694	5,774,050	2,384,187,266	10,042,999,411	61,747,345	127,298,395	21,766,309	191,694,804	13,383,138,274	165,527,276	146,075,455	311,602,731	13,694,741,005
Accumulated depreciation	(29,167,314)	-	(666,382,618)	(3,536,289,574)	(28,622,885)	(40,486,206)	(12,473,633)	(88,201,758)	(4,401,623,988)	(39,372,018)	(32,582,693)	(71,954,711)	(4,473,578,699)
Net book amount	**518,503,380**	**5,774,050**	**1,717,804,648**	**6,506,709,837**	**33,124,460**	**86,812,189**	**9,292,676**	**103,493,046**	**8,981,514,286**	**126,155,258**	**113,492,762**	**239,648,020**	**9,221,162,306**
June 30, 2017													
Opening net book amount	518,503,380	5,774,050	1,717,804,648	6,506,709,837	33,124,460	86,812,189	9,292,676	103,493,046	8,981,514,286	126,155,258	113,492,762	239,648,020	9,221,162,306
Additions / Transfers from CWIP	198,903,280	81,810,197	745,267,399	1,208,908,081	8,958,680	129,462,069	4,403,950	47,518,473	2,425,232,129	-	145,066,688	145,066,688	2,570,298,817
Transfer From / To leased assets to owned assets													
Cost	-	-	-	(251,731,063)	-	-	-	50,937,742	(200,793,321)	251,731,063	(50,937,742)	200,793,321	-
Accumulated depreciation	-	-	-	8,473,470	-	-	-	(18,531,793)	(10,058,323)	(8,473,470)	18,531,793	10,058,323	-
	-	-	-	(243,257,593)	-	-	-	32,405,949	(210,851,644)	243,257,593	(32,405,949)	210,851,644	-
Disposal													
Cost	-	-	-	-	-	-	(107,756)	(96,672,994)	(96,780,750)	-	-	-	(96,780,750)
Accumulated depreciation	-	-	-	-	-	-	28,154	48,791,478	48,819,632	-	-	-	48,819,632
	-	-	-	-	-	-	(79,602)	(47,881,516)	(47,961,118)	-	-	-	(47,961,118)
Deprecation charge	(9,383,412)	-	(209,770,969)	(671,290,199)	(3,844,875)	(17,930,953)	(2,214,360)	(23,430,409)	(937,865,177)	(12,053,078)	(37,595,811)	(49,648,889)	(987,514,066)
Closing net book amount	**708,023,248**	**87,584,247**	**2,253,301,078**	**6,801,070,126**	**38,238,265**	**198,343,305**	**11,402,664**	**112,105,543**	**10,210,068,476**	**357,359,773**	**188,557,690**	**545,917,463**	**10,755,985,939**
As at June 30, 2018													
Cost	746,573,974	87,584,247	3,129,454,665	11,000,176,429	70,706,025	256,760,464	26,062,503	193,478,025	15,510,796,332	417,258,339	240,204,401	657,462,740	16,168,259,072
Accumulated depreciation	(38,550,726)	-	(876,153,587)	(4,199,106,303)	(32,467,760)	(58,417,159)	(14,659,839)	(81,372,482)	(5,300,727,856)	(59,898,566)	(51,646,711)	(111,545,277)	(5,412,273,133)
Net book amount	**708,023,248**	**87,584,247**	**2,253,301,078**	**6,801,070,126**	**38,238,265**	**198,343,305**	**11,402,664**	**112,105,543**	**10,210,068,476**	**357,359,773**	**188,557,690**	**545,917,463**	**10,755,985,939**
Depreciation rate (%)	1 to 5		10	10 to 15	10	10	20	20		10	20		

5.1 The depreciation expense has been allocated as follows:

	Note	2018	2017
		----------- Rupees -----------	
Cost of sales	27	**927,529,209**	739,506,605
Selling and distribution expenses	28	**27,755,052**	15,625,840
Administrative expenses	29	**32,229,805**	23,539,745
		987,514,066	778,672,190

The following is a statement of operating assets:

2017	Owned assets									Leased assets			Grand total
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment's	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	
	---------- Rupees ----------												
As at June 30, 2016													
Cost	420,676,053	5,774,050	1,634,121,717	8,306,713,011	57,700,630	85,249,161	18,559,108	162,634,620	10,691,428,350	216,206,031	95,907,657	312,113,688	11,003,542,038
Accumulated depreciation	(21,837,984)	-	(542,615,836)	(2,934,266,191)	(25,374,004)	(34,096,003)	(10,710,171)	(90,958,679)	(3,659,858,868)	(44,484,333)	(21,997,927)	(66,482,260)	(3,726,341,128)
Net book amount	**398,838,069**	**5,774,050**	**1,091,505,881**	**5,372,446,820**	**32,326,626**	**51,153,158**	**7,848,937**	**71,675,941**	**7,031,569,482**	**171,721,698**	**73,909,730**	**245,631,428**	**7,277,200,910**
June 30, 2016													
Opening net book amount	398,838,069	5,774,050	1,091,505,881	5,372,446,820	32,326,626	51,153,158	7,848,937	71,675,941	7,031,569,482	171,721,698	73,909,730	245,631,428	7,277,200,910
Additions / Transfers from CWIP	126,994,641	-	750,065,549	1,634,149,323	4,046,715	42,208,934	3,255,201	49,686,480	2,610,406,843	51,458,322	73,955,285	125,413,607	2,735,820,450
Transfer from leased assets to owned assets													
Cost	-	-	-	102,137,077	-	-	-	23,787,487	125,924,564	(102,137,077)	(23,787,487)	(125,924,564)	-
Accumulated depreciation	-	-	-	(18,953,735)	-	-	-	(9,661,025)	(28,614,760)	18,953,735	9,661,025	28,614,760	-
	-	-	-	83,183,342	-	-	-	14,126,462	97,309,804	(83,183,342)	(14,126,462)	(97,309,804)	-
Disposal													
Cost	-	-	-	-	-	(159,700)	(48,000)	(44,413,783)	(44,621,483)	-	-	-	(44,621,483)
Accumulated depreciation	-	-	-	-	-	105,762	4,604	31,324,253	31,434,619	-	-	-	31,434,619
	-	-	-	-	-	(53,938)	(43,396)	(13,089,530)	(13,186,864)	-	-	-	(13,186,864)
Deprecation charge for the year	(7,329,330)	-	(123,766,782)	(583,069,648)	(3,248,881)	(6,495,965)	(1,768,066)	(18,906,307)	(744,584,979)	(13,841,420)	(20,245,791)	(34,087,211)	(778,672,190)
Closing net book amount	**518,503,380**	**5,774,050**	**1,717,804,648**	**6,506,709,837**	**33,124,460**	**86,812,189**	**9,292,676**	**103,493,046**	**8,981,514,286**	**126,155,258**	**113,492,762**	**239,648,020**	**9,221,162,306**
As at June 30, 2017													
Cost	547,670,694	5,774,050	2,384,187,266	10,042,999,411	61,747,345	127,298,395	21,766,309	191,694,804	13,383,138,274	165,527,276	146,075,455	311,602,731	13,694,741,005
Accumulated depreciation	(29,167,314)	-	(666,382,618)	(3,536,289,574)	(28,622,885)	(40,486,206)	(12,473,633)	(88,201,758)	(4,401,623,988)	(39,372,018)	(32,582,693)	(71,954,711)	(4,473,578,699)
Net book amount	**518,503,380**	**5,774,050**	**1,717,804,648**	**6,506,709,837**	**33,124,460**	**86,812,189**	**9,292,676**	**103,493,046**	**8,981,514,286**	**126,155,258**	**113,492,762**	**239,648,020**	**9,221,162,306**
Depreciation rate (%)	**1 to 5**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**		

5.2 Following items of property, plant and equipment were disposed off during the year:

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain/ (loss)	Particulars of buyer	Relationship
	....		Rupees	....			
Mode of disposal - negotiation							
Vehicles							
Honda City							
	1,922,180	1,092,650	829,530	1,471,000	641,470	Mr. Munsarim Saif	Management personnel
	1,542,000	853,790	688,210	1,200,000	511,790	Noman Hassan Khan	Independent party
	1,542,000	909,261	632,739	1,255,000	622,261	Ali Raza Kazmi	Independent party
	1,522,000	647,943	874,057	1,330,000	455,943	Ali Raza Kazmi	Independent party
	1,522,000	587,161	934,839	1,385,000	450,161	Ali Raza Kazmi	Independent party
	1,542,855	579,145	963,710	1,355,000	391,290	Ali Raza Kazmi	Independent party
Toyota Corolla							
	1,772,500	1,225,938	546,562	1,330,000	783,438	Ali Raza Kazmi	Independent party
	1,986,990	186,254	1,800,736	2,025,000	224,264	Faisal Aheed	Management personnel
	1,702,500	1,186,273	516,227	1,232,357	716,130	Noman Hassan Khan	Independent party
	2,000,760	641,469	1,359,291	1,603,608	244,317	Muhammad Azeem ul Shan	Employee
	2,052,910	535,917	1,516,993	1,925,000	408,007	Umer Ali	Independent party
	2,554,000	166,057	2,387,943	2,660,000	272,057	Waqar Ahmed	Independent party
	1,732,500	1,180,009	552,491	1,205,250	652,759	Noman Hassan Khan	Independent party
	1,864,000	150,241	1,713,759	1,875,000	161,241	Waqar Ahmed	Independent party
	1,772,500	1,269,992	502,508	1,330,000	827,492	Ali Raza Kazmi	Independent party
	1,827,500	1,214,576	612,924	1,380,000	767,076	Ali Raza Kazmi	Independent party
	1,767,000	525,483	1,241,517	1,730,928	489,411	Muhammad Rashid	Independent party
	1,571,500	926,656	644,844	1,205,000	560,156	Ali Raza Kazmi	Independent party
	1,772,500	1,225,938	546,562	1,300,000	753,438	Jawwad Ali Tipu	Management personnel
Suzuki Cultus							
	1,059,910	536,670	523,240	857,257	334,017	Noman Hassan Khan	Independent party
	1,140,790	268,988	871,802	1,025,000	153,198	Ali Raza Kazmi	Independent party
	1,073,597	561,120	512,477	775,000	262,523	Ali Raza Kazmi	Independent party
	1,039,000	160,740	878,260	840,000	(38,260)	Umer Ali	Independent party
	1,112,200	356,585	755,615	975,000	219,385	Ali Raza Kazmi	Independent party
	1,112,200	356,585	755,615	1,010,000	254,385	Umer Ali	Independent party
	1,112,200	356,585	755,615	975,000	219,385	Ali Raza Kazmi	Independent party
	1,099,000	313,741	785,259	1,000,000	214,741	Abdul Rasheed Ibrahim	Management personnel
	1,099,000	352,353	746,647	955,000	208,353	Ali Raza Kazmi	Independent party
	1,099,000	326,829	772,171	1,020,000	247,829	Umer Ali	Independent party
	1,099,000	326,829	772,171	965,000	192,829	Ali Raza Kazmi	Independent party
	1,111,290	276,186	835,104	995,000	159,896	Ali Raza Kazmi	Independent party
	1,115,500	277,233	838,267	995,000	156,733	Ali Raza Kazmi	Independent party
	1,110,500	275,990	834,510	1,030,000	195,490	Umer Ali	Independent party
	1,124,000	220,608	903,392	1,095,000	191,608	Ali Raza Kazmi	Independent party
	1,129,000	221,589	907,411	1,065,000	157,589	Ali Raza Kazmi	Independent party
Suzuki Mehran							
	720,530	151,071	569,459	595,000	25,541	Umer Ali	Independent party
	688,000	170,987	517,013	645,000	127,987	Umer Ali	Independent party
	700,290	174,041	526,249	645,000	118,751	Ali Raza Kazmi	Independent party
	719,980	187,952	532,028	640,000	107,972	Umer Ali	Independent party
	54,435,182	**20,977,435**	**33,457,747**	**46,900,400**	**13,442,653**		

Aggregate of assets disposed off having net book amount below Rs. 500,000 each

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain/ (loss)
Vehicles	42,237,812	27,814,046	14,423,766	28,665,378	14,241,612
Computer	107,756	28,154	79,602	77,240	(2,362)
Sub-total	**42,345,568**	**27,842,200**	**14,503,368**	**28,742,618**	**14,239,250**
2018 - total	**96,780,750**	**48,819,635**	**47,961,115**	**75,643,018**	**27,681,903**
2017 - total	44,621,483	31,434,619	13,186,864	27,604,579	14,417,716

5.2.1 All Disposal are made through negotiation.

	Note	2018	2017
		------------Rupees---------	

5.3 Capital work-in-progress

	Note	2018	2017
Civil works		39,475,190	524,074,275
Plant and machinery		109,433,167	645,350,266
Equipment and fittings		8,012,515	-
	5.3.1	156,920,872	1,169,424,541
Software development	5.3.1	41,739,258	5,662,440
		198,660,130	1,175,086,981

5.3.1 Movement of capital work in progress:

	Civil works	Plant and machinery	Software Development	Equipment and fittings	Total
	-----------------------------Rupees-----------------------------				
Balance as at July 1, 2016	663,357,334	37,576,266	-	-	700,933,600
Capital expenditure incurred during the year	610,782,490	2,241,923,323	5,662,440	10,700,049	2,869,068,302
Transferred to operating fixed assets	(750,065,549)	(1,634,149,323)	-	(10,700,049)	(2,394,914,921)
Balance as at June 30, 2017	**524,074,275**	**645,350,266**	**5,662,440**	**-**	**1,175,086,981**
Capital expenditure incurred during the year	**260,668,734**	**672,990,982**	**36,076,818**	**40,408,175**	**1,010,144,709**
Transferred to operating fixed assets	**(745,267,819)**	**(1,208,908,081)**	**-**	**(32,395,660)**	**(1,986,571,560)**
Balance as at June 30, 2018	**39,475,190**	**109,433,167**	**41,739,258**	**8,012,515**	**198,660,130**

5.3.2 Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

Locations	Usage of Immovable Property	Total Area in Acres
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.	Head Office	0.21 acres
C-230, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 1	7.54 acres
B-140, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 2	4.59 acres
G-1, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 3	6.67 acres
G-22, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 4	9.00 acres
38-C, Sundar Industrial Estate, Raiwind Road, Lahore.	Manufacturing facility - Unit 5	4.02 acres
D-91, D-92 & D-94 North Western Zone, Port Qasim.	Manufacturing facility - Unit 6	7.50 acres
E164-168, North Western Zone, Port Qasim.	Manufacturing facility - Unit 7	5.47 acres
E154-157, North Western Zone, Port Qasim.	Manufacturing facility - Unit 8	5.51 acres

6 LONG TERM INVESTMENTS

	Note	2018	2017
		------------Rupees---------	
Investment in subsidiary Company - unquoted shares			
Hudson Pharma (Private) Limited	6.1.1	605,984,000	605,984,000
Investment in associated undertakings			
Novelty Enterprises (Private) Limited	6.2.1	228,727,912	228,737,812
The Bank of Khyber	6.2.2	2,530,641,520	2,782,115,507
		2,759,369,432	3,010,853,319
Other investment - Available for sale			
BankIslami Pakistan Limited	6.3.1	195,107,650	308,840,000
		3,560,461,082	3,925,677,319

6.1 Investment in subsidiary Company - unquoted shares

6.1.1 Hudson Pharma (Private) Limited

Ismail Industries Limited has acquired 60,598,400 shares of Hudson Pharma (Private) Limited, which is equivalent to 71.29% of total paid up capital, as a result of right issue which was not fully subscribed by the existing shareholders. The company is incorporated under Companies Act, 2017 as a private company limited by shares. The registered office of the company is located at 17 Bangalore town, main Shahrah-e-Faisal Karachi. Principal activities of the company are manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing, wholesale and retail, trading and selling of all kinds of pharmaceutical drugs and medicines. However, the company is currently in the phase of trial productions and has not commenced commercial operations yet. The shares of Hudson Pharma (Private) Limited are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of Hudson Pharma (Private) Limited is June 30.

6.2 Investment in associated undertakings

6.2.1 Novelty Enterprises (Private) Limited

The Company holds 33% (2017: 33%) voting and equity interest in Novelty Enterprises (Private) Limited (NEL). The shares of NEL are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of NEL is June 30.

Total equity / net assets of NEL as at June 30, 2018 based on un-audited financial statements amounted to Rs. 561.487 million (2017: Rs. 561.518 million based on audited unconsolidated financial statements). However, as per report of an independent valuer, Masud Associates, dated December 31, 2015 fair value of fixed assets of NEL amounted to Rs. 1,016.32 million resulting in surplus on fixed assets of Rs. 483.607 million. Revised net assets after the revaluation surplus amounted to Rs. 1,045.094 million (2017: Rs. 1,045.125 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

NEL has not commenced operations as of the reporting date.

6.2.2 The Bank of Khyber

The total shareholding of the Company in the Bank of Khyber (the Bank) is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (2017: 24.16%). In addition to this, the Company also has representation on the board of directors of the Bank. The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. Amounts in these financial statements have been taken from annual audited financial results for the period ended December 31, 2017 and December 31, 2016 and from reviewed condensed interim financial information of the Bank for the six-month periods ended June 30, 2018 and June 30, 2017. Adjustment to confirm to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances.

The market value of holding in the Bank as on June 30, 2018 was Rs. 3,298.373 million (June 30, 2017: Rs. 3,805.815 million)

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

6.2.3

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2018	2017	**2018**	2017
	------------Rupees---------			
Balance as at July 1	**2,782,115,507**	3,142,849,649	**228,737,812**	228,763,991
Purchase during the year	**-**	-	**-**	-
Share of profit/(loss) relating to profit and loss account	**393,221,050**	468,315,392	**(9,900)**	(26,179)
Dividend received	**(362,458,547)**	(362,458,547)	**-**	-
Share of other comprehensive income/(loss)	**(322,555,988)**	(539,704,283)	**-**	-
Related deferred tax on OCI	**40,319,498**	73,113,296	**-**	-
	(282,236,490)	(466,590,987)	**-**	-
Balance as at June 30	**2,530,641,520**	2,782,115,507	**228,727,912**	228,737,812

Summarized financial information in respect of the Company's associates as at June 30 is set out below:

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2018	2017	**2018**	2017
	------------Rupees---------			
Assets	**213,686,803,000**	261,873,963,000	**561,487,351**	561,518,132
Liabilities	**199,566,458,000**	246,545,562,000	**28,000**	28,000
Revenue	**5,363,311,000**	4,393,471,000	**-**	-
Profit / (loss)	**1,627,705,000**	1,938,581,000	**(30,781)**	(30,000)

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 received cash dividend from Bank of Khyber during the year amounting to Rs 1.50 per shares (2017: Rs. 1.50)

	Note	2018	2017
		------------Rupees---------	

6.3 Other investment - Available for sale

6.3.1 BankIslami Pakistan Limited

		2018	2017
Carrying value of investment		**308,840,000**	294,840,000
Less: Sale of investment at carrying value		**(128,753,190)**	-
Unrealized appreciation in value of investments		**15,020,840**	14,000,000
Fair value of investments		**195,107,650**	308,840,000

6.4 All investments have been made in accordance with the provision of the section 199 of the Act and the rules promulgated for this purpose.

7 LONG TERM DEPOSITS

	Note	2018	2017
		------------Rupees---------	
Lease - Conventional		**23,765,098**	24,139,798
Less: Current maturity - Conventional	12	**(3,502,300)**	(9,739,348)
		20,262,798	14,400,450
Utilities		**11,293,893**	10,846,893
Others		**7,761,948**	8,111,072
		39,318,639	33,358,415

8 STORES AND SPARES

	Note	2018	2017
Stores	8.1	**84,310,776**	86,632,438
Spare parts	8.1	**111,164,468**	81,633,521
Diesel and liquefied petroleum gas (LPG)	8.1	**416,320**	1,167,269
Others	8.1	**-**	61,800
		195,891,564	169,495,028

8.1 Reconciliation of provision for slow moving spare parts

	Note	2018			
		Stores	**Spare parts**	**Diesel and LPG**	**Others**
		-------------------- Rupees --------------------			
Stores and spares - gross		**92,902,196**	**111,164,468**	**416,320**	**-**
Provision for slow moving					
- opening		**(8,051,420)**	**-**	**-**	**-**
- charge for the year	27.3	**(540,000)**	**-**	**-**	**-**
- closing		**(8,591,420)**	**-**	**-**	**-**
Stores and spares - net		**84,310,776**	**111,164,468**	**416,320**	**-**

	Note	2017			
		Stores	Spare parts	Diesel and LPG	Others
		-------------------- Rupees --------------------			
Stores and spares - gross		94,683,858	81,633,521	1,167,269	61,800
Provision for slow moving					
- opening		(7,511,420)	-	-	-
- charge for the year	27.3	(540,000)	-	-	-
- closing		(8,051,420)	-	-	-
Stores and spares - net		86,632,438	81,633,521	1,167,269	61,800

9 STOCK-IN-TRADE

	Note	2018	2017
		------------Rupees---------	
Raw materials	9.1 & 9.2	**3,182,907,393**	3,112,825,860
Packing materials	9.1	**309,942,607**	351,355,736
Work-in-process	27	**117,725,966**	151,165,802
Finished goods	9.1	**1,358,964,654**	1,248,178,407
		4,969,540,620	4,863,525,805

9.1 Reconciliation of provision for stock-in-trade

	Note	2018 Raw materials	2018 Packing materials	2018 Finished goods
		Rupees		
Stock-in-trade (gross)		3,196,291,976	438,677,645	1,358,964,654
Provision for slow moving				
- opening		(13,404,278)	(118,216,276)	-
- charge for the year		-	(10,518,762)	-
- written off	27.1	19,695	-	-
- closing		(13,384,583)	(128,735,038)	-
Stock-in-trade (net)		3,182,907,393	309,942,607	1,358,964,654

	Note	2017 Raw materials	2017 Packing materials	2017 Finished goods
		Rupees		
Stock-in-trade (gross)		3,126,230,138	469,572,012	1,248,178,407
Provision for slow moving				
- opening		(13,404,278)	(150,332,105)	-
- charge for the year		-	(5,500,000)	-
- written off	27.1	-	37,615,829	-
- closing		(13,404,278)	(118,216,276)	-
Stock-in-trade (net)		3,112,825,860	351,355,736	1,248,178,407

9.2 This includes raw materials in transit amounting to Rs. 114,081,023 (June 30, 2017: Rs. 67,652,982).

10 TRADE DEBTS

	Note	2018	2017
		Rupees	
Considered good			
-export-secured		311,568,772	124,849,742
-local- unsecured		1,254,617,489	1,318,003,023
		1,566,186,261	1,442,852,765
Considered doubtful	10.1	51,963,694	42,313,694
Trade debts - gross		1,618,149,955	1,485,166,459
Provision for doubtful debts - opening balance		(42,313,694)	(38,713,694)
Charge for the year	28	(9,650,000)	(3,600,000)
Provision for doubtful debts - closing balance		(51,963,694)	(42,313,694)
Trade debts - net		1,566,186,261	1,442,852,765

10.1 Certain trade debts were found to be doubtful and provision has been recorded accordingly. The doubtful trade debts are mostly due from customers in the business-to-business market.

10.2 Following are the details of debtors in relation to export sales;

Jurisdiction	Category	Note	2018	2017
			Rupees	
Asia	Letter of Credit		261,751	667,616
	Contract		37,822,585	26,662,840
Europe	Letter of Credit		-	4,720,032
	Contract		18,420,247	85,113,508
Africa	Contract		245,015,053	3,085,869
Australia	Contract		877,882	1,288,983
North America	Contract		9,171,254	3,310,894
Sub Total	Letter of Credit		261,751	5,387,648
	Contract		311,307,021	119,462,094
Grand Total			311,568,772	124,849,742

10.3 Age analysis

	Note	2018	2017
		Rupees	
Not Due		1,070,338,489	1,011,475,583
More than 45 days but not more than 3 months		211,695,973	175,470,806
More than 3 months but not more than 6 months		169,183,306	169,115,819
More than 6 months but not more than 1 year		114,968,493	86,790,557
More than 1 year		51,963,694	42,313,694
		1,618,149,955	1,485,166,459

	Note	2018	2017
		------------Rupees---------	
11 LOANS AND ADVANCES			
Loans - secured			
- employees	11.1	**51,162,075**	18,011,731
Advances - unsecured			
- suppliers		**669,797,882**	345,250,162
- others		**14,331,648**	6,508,512
		735,291,605	369,770,405

11.1 These include loans to employees exceeding Rs. 1 million to Mr. Ghulam Farooq, Mr. Abdul Rasheed, Mr. Aqeel Abbas & Mr. Khalid Ahmed. These loans are interest free and have been given to employees of the company for personal use. These loans are to be repaid within a period of one year in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the company is adjustable against final settlement of staff gratuity fund.

	Note	2018	2017
		------------Rupees---------	
12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits - unsecured		**9,668,000**	9,656,762
Short term prepayments		**-**	2,292,527
Current maturity of lease deposits-			
Conventional	7	**3,502,300**	9,739,348
		13,170,300	21,688,637
13 OTHER RECEIVABLES			
Export rebate		**32,742,859**	34,945,161
Sales tax receivable		**-**	36,398,025
Federal excise duty		**2,398,431**	3,011,323
Other receivables	13.2	**101,069,162**	143,087,107
		136,210,452	217,441,616

13.1 Other receivables have been reviewed for impairment and none have been found to be impaired.

13.2 This amounts includes Rs. 100.217 million (June 30 2017 Rs.143.017 million) due from Nazir of the High court as refer in note 24.1.3 & 24.1.8.

	Note	2018	2017
		------------Rupees---------	
14 TAXATION - net			
Advance income tax		**1,151,153,341**	874,302,947
Provision for taxation	35	**(300,581,354)**	(108,289,855)
		850,571,987	766,013,092
15 CASH AND BANK BALANCES			
Cash in hand		**6,288,157**	1,802,402
Cash with banks in:			
- current accounts - conventional		**18,051,949**	27,087,396
- current accounts - Islamic		**26,819,985**	3,765,957
		51,160,091	32,655,755
16 RESERVES			
Capital Reserve			
- Share premium	16.1	**579,265,000**	579,265,000
- Share of AFS re-measurement from associate		**(366,021,780)**	(83,785,290)
- Reserve arising due to amalgamation		**916,862,067**	916,862,067
Revenue Reserve			
- Unappropriated profit		**5,425,785,968**	4,197,790,023
- Remeasurement of investment classified as 'available for sale'		**26,092,557**	23,469,613
		6,581,983,812	5,633,601,413

16.1 This represents share premium on right shares issued @ Rs. 20 per share. This reserve can be utilized by the Company for the purpose specified in section 81(2) of the Companies Act, 2017.

		2018	2017
17 SPONSORS' LOAN - subordinated			
Opening balance		**902,151,770**	902,151,770
Additions received during the year		**-**	-
Closing balance		**902,151,770**	902,151,770

17.1 The Company has obtained interest free loan from its sponsors. The sponsors have entered into agreements with the Compnay and various banks in which they have under taken to sub-ordinate their loans and their claims over the Company's assets. Subsequent to the year end June 30, 2018 these loans will be converted into ordinary shares under special resolution to its existing sponsors with the special approval of the Securities Exchange Commission of Pakistan.

18 LONG TERM FINANCES - secured

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2018	2017
					--------- Rupees ---------	
<u>Loans from banking companies and financial institutions</u>						
CONVENTIONAL						
Habib Bank Limited						
- Term finance	Monthly	2017-2019	1 month KIBOR + 0.25%	36	**100,000,000**	202,486,665
- SBP-LTFF	Quarterly	2018-2028	SBP + 0.25%	36	**462,509,250**	462,886,200
- Term finance	Monthly	2017-2022	1 month KIBOR + 0.25%	60	**383,333,336**	483,333,334
Bank Al-Habib Limited						
- Term finance	Monthly	2018-2021	3 months KIBOR + 0.25%	42	**117,857,143**	150,000,000
- SBP-LTFF	Quarterly	2019-2028	SBP + 0.75%	32	**400,000,000**	282,135,000
- SBP-LTFF	Quarterly	2020-2028	SBP + 0.50%	32	**56,727,000**	-
MCB Bank Limited						
- SBP-LTFF	Quarterly	2018-2027	SBP + 0.75%	36	**313,484,618**	341,677,343
Allied Bank Limited						
- Term finance	Monthly	2015-2020	3 months KIBOR + 0.25%	60	**174,259,346**	269,309,690
- Term finance	Monthly	2018-2021	3 months KIBOR + 0.25%	36	**275,000,001**	300,000,000
- Term finance	Monthly	2016-2021	3 months KIBOR + 0.25%	60	**186,550,000**	250,510,000
Carried forward					**2,469,720,694**	**2,742,338,232**

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2018	2017
					--------- Rupees ---------	
Brought forward					**2,469,720,694**	2,742,338,232
Pak Brunei Investment Company Limited						
- SBP-LTFF	Quarterly	2020-2028	SBP + 0.50%	32	**423,141,000**	-
- Term finance	Quarterly	2017-2020	3 months KIBOR + 0.50%	12	**99,999,998**	166,666,666
Pak Oman Investment Company Limited						
- Term finance	Quarterly	2014-2019	3 months KIBOR + 0.50%	20	**6,550,000**	46,554,000
- Term finance	Monthly	2016-2021	1 month KIBOR + 0.50%	60	**155,000,000**	215,000,000
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.50%	60	**36,666,683**	76,666,679
Bank Al falah Limited						
- SBP-LTFF	Quarterly	2017-2028	SBP+0.25%	40	**452,987,544**	479,004,000
JS Bank Limited						
- Term finance	Monthly	2016-2020	1 month KIBOR + 0.25%	42	**80,053,207**	136,561,352
Faysal Bank Limited						
- Term finance	Monthly	2017-2021	3 months KIBOR + 0.25%	48	**312,500,000**	437,500,000
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	13	**81,405,846**	244,217,538
National Bank of Pakistan						
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	14	**111,454,500**	260,060,500
- Term finance	Monthly	2019-2022	1 month KIBOR + 0.25%	48	**400,000,000**	400,000,000
Carried forward					**4,629,479,472**	5,204,568,967

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2018	2017
					--------- Rupees ---------	
Brought forward					**4,629,479,472**	5,204,568,967
ISLAMIC						
Habib Bank Limited						
- Islamic financing	Monthly	2014-2018	1 month KIBOR + 0.25%	48	**-**	49,999,988
- Islamic financing	Monthly	2016-2021	1 month KIBOR + 0.25%	60	**300,000,008**	400,000,004
MCB Islamic Bank ltd						
- Islamic finance	Quarterly	2018-2022	3 months KIBOR + 0.25%	20	**280,000,000**	350,000,000
Dubai Islamic Bank Pakistan Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.25%	60	**55,000,000**	115,000,000
- Term finance	Monthly	2015-2019	1 month KIBOR + 0.25%	48	**104,166,667**	229,166,669
- Term finance	Quarterly	2017-2021	3 months KIBOR + 0.25%	16	**137,500,000**	187,500,000
Meezan Bank Limited						
- Term finance	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**375,000,001**	500,000,000
- Term finance	Monthly	2019-2021	3 months KIBOR + 0.25%	36	**400,000,000**	400,000,000
Bank Islami Pakistan Limited						
- Term finance	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**393,750,000**	450,000,000
Faysal Bank Limited						
- Term finance	Quarterly	2018-2021	3 months KIBOR + 0.25%	16	**225,000,000**	300,000,000
Carried forward					**6,899,896,148**	8,186,235,628

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2018	2017
					--------- Rupees ---------	
Brought forward					**6,899,896,148**	8,186,235,628
Summit Bank Limited						
- Term finance	Monthly	2017-2020	1 month KIBOR + 0.20%	36	**263,888,888**	416,666,666
					7,163,785,036	8,602,902,294
Less: Current portion of long term finances shown under current liabilities - conventional					**(1,203,850,907)**	(1,441,857,599)
Less: Current portion of long term finances shown under current liabilities - Islamic					**(1,229,166,659)**	(636,249,986)
					4,730,767,470	6,524,794,709

18.1 These represent financings for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu charge over present and future fixed assets of the Company and personal guarantees of sponsors.

18.2 The Company total limit for long term loan amounting to Rs. 12,370 million.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Under the agreements, lease rentals are payable in 36 equal monthly and 16 equal quarterly installments. Taxes, repairs, replacement and insurance costs, if any, are borne by the Company. The financings from conventional banks carry mark-up at rates ranging from 6.70% to 7.21% (2017: 6.84% to 7.28%) per annum and financing from islamic banks carry mark-up at rates ranging from 6.38% to 6.72% (2017: 6.57% to 6.88%) approximately which have been used as a discounting factor. The Company has the option to purchase the asset upon completion of the lease period.

The net carrying amount of the assets held under finance lease arrangement is Rs. 545.917 million (2017: Rs. 239.648 million) (refer note 5).

These are secured against deposits of Rs. 23.77 million (2017: Rs 24.14 million), title of ownership of leased assets and personal guarantees of the directors of the Company.

The minimum lease payments for which the Company has committed to pay in future under the lease agreements are due as follows:

	2018			2017		
	Minimum lease payments	**Financial charges allocated**	**Present value of minimum lease payments**	Minimum lease payments	Financial charges allocated	Present value of minimum lease payments
	-- (Rupees)					---------------------------------------
Conventional						
Up to one year	**75,469,532**	**7,094,153**	**68,375,379**	72,582,536	6,677,290	65,905,246
Later than one year but not later than five years	**94,274,118**	**3,091,556**	**91,182,562**	81,417,928	2,749,066	78,668,862
	169,743,650	**10,185,709**	**159,557,941**	154,000,464	9,426,356	144,574,108
Islamic						
Up to one year	**32,146,551**	**5,114,694**	**27,031,857**	17,709,245	3,237,196	14,472,049
Later than one year but not later than five years	**356,029,372**	**43,553,683**	**312,475,689**	99,961,698	10,454,148	89,507,550
	388,175,923	**48,668,377**	**339,507,546**	117,670,943	13,691,344	103,979,599
	557,919,573	**58,854,086**	**499,065,487**	271,671,407	23,117,700	248,553,707

	Note	2018	2017
		--------- Rupees ---------	

20 DEFERRED LIABILITIES

	Note	2018	2017
Provision for staff gratuity scheme - unfunded	20.1	**231,080,176**	175,913,366
Deferred tax liability	20.2	**1,199,724,005**	1,037,472,576
		1,430,804,181	1,213,385,942

20.1 Provision for staff gratuity scheme - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2018, using the "Projected Unit Credit Method". Provision has been made in the unconsolidated financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned schemes are as follows:

20.1.1 Significant actuarial assumptions

	2018	2017
Financial assumptions		
Discount rate (per annum)	**10.00%**	9.25%
Expected rate of increase in salaries (per annum)	**10.00%**	9.25%
Demographic assumptions		
Mortality rates (for death in service)	**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005
Retirement assumption	**60 years**	60 years

	Note	2018	2017
		--------- Rupees ---------	

20.1.2 Balance sheet reconciliation

	Note	2018	2017
Present value of defined benefit obligation	20.1.3	**231,080,176**	175,913,366
Fair value of plan assets		**-**	-
Net liability in balance sheet		**231,080,176**	175,913,366

20.1.3 Movement in the defined benefit obligation

	Note	2018	2017
Present value of defined benefit obligation as at July 1		**175,913,366**	125,731,191
Current service cost		**47,403,329**	32,267,094
Interest cost		**15,237,728**	10,226,701
Re-measurement on obligation	20.1.7	**12,474,976**	31,890,750
Payments during the year		**(19,949,223)**	(24,202,370)
Present value of defined benefit obligation as at June 30		**231,080,176**	175,913,366

20.1.4 Movement in the net liability in the balance sheet is as follows:

	Note	2018	2017
Opening balance of net liability		**175,913,366**	125,731,191
Charge for the year	20.1.5	**62,641,057**	42,493,795
Re-measurements recognized in 'Other Comprehensive Income'	20.1.7	**12,474,976**	31,890,750
Payments during the year		**(19,949,223)**	(24,202,370)
Closing balance of net liability		**231,080,176**	175,913,366

20.1.5 The amounts recognized in the profit and loss account against defined benefit scheme are as follows:

	2018	2017
Current service cost	**47,403,329**	32,267,094
Interest cost	**15,237,728**	10,226,701
Expected return on plan assets	**-**	-
Charge for the year	**62,641,057**	42,493,795

20.1.6 For the year ended June 30, 2018, expected provisions to the staff retirement benefit scheme is Rs.70.43 million.

	2018	2017
	--------- Rupees ---------	
20.1.7 Re-measurement recognized in 'other comprehensive income'		
Experience losses	**12,474,976**	31,890,750
Re-measurement of fair value of plan assets	**-**	-
	12,474,976	31,890,750
Related deferred tax	**(3,742,493)**	(9,567,225)
	8,732,483	22,323,525

20.1.8 Amounts for the current and previous four years are as follows:

Comparison for five years	2018	2017	2016	2015	2014
	---------------------------	----------	Rupees	----------	---------------------------
Present value of defined benefit obligation	**231,080,176**	175,913,366	125,731,191	93,334,560	60,300,119

20.1.9 The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumptions	Increase in assumption	Decrease in assumption
		--------------------Rupees---------------	
Discount rate	1%	256,527,501	(209,481,145)
Salary growth rate	1%	255,121,646	(210,256,453)

20.1.10 The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognized within the statement of financial position.

	2018	2017
	--------- Rupees ---------	
20.2 Deferred taxation		
The details of temporary differences are as follow:		
- accelerated tax depreciation allowances	**1,259,672,650**	1,191,182,633
- provision for gratuity	**(73,066,546)**	(55,090,883)
- provision for doubtful debts	**(15,589,108)**	(12,694,108)
- investment in associates	**69,940,615**	124,419,176
- investment in AFS	**3,979,706**	3,605,000
- unabsorbed depreciation loss	**-**	(172,047,650)
- provision for stock in trade	**(45,213,312)**	(41,901,592)
Deferred tax liability	**1,199,724,005**	1,037,472,576

20.2.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2016	Recognized in profit and loss account	Recognized in other comprehensive income	Balance as at June 30, 2017	**Recognized in profit and loss account**	**Recognized in other comprehensiv e income**	**Balance as at June 30, 2018**
	----------	----------	----------	Rupees	----------	----------	----------
Provision for gratuity	(38,848,276)	6,675,382	9,567,225	(55,090,883)	**14,233,170**	**3,742,493**	**(73,066,546)**
Provision for doubtful debts	(12,389,114)	304,994	-	(12,694,108)	**2,895,000**	**-**	**(15,589,108)**
Investment in associates	76,753,668	(47,665,508)	-	124,419,176	**54,478,561**	**-**	**69,940,615**
Investment in AFS	1,967,802	1,967,802	(3,605,000)	3,605,000	**-**	**(374,706)**	**3,979,706**
Unabsorbed depreciation loss	(339,108,763)	(167,061,113)	-	(172,047,650)	**(172,047,650)**	**-**	**-**
Provision for stock in trade	(53,086,819)	(11,185,227)	-	(41,901,592)	**3,311,720**	**-**	**(45,213,312)**
Accelerated tax depreciation allowances	1,039,228,278	(151,954,355)	-	1,191,182,633	**(68,490,017)**	**-**	**1,259,672,650**
	674,516,776	(368,918,025)	5,962,225	1,037,472,576	**(165,619,216)**	**3,367,787**	**1,199,724,005**

	Note	**2018**	2017
		--------- Rupees ---------	
21 TRADE AND OTHER PAYABLES			
Trade creditors	21.1	**1,001,003,569**	660,782,576
Accrued liabilities		**240,871,454**	156,578,403
Workers' profit participation fund	21.2	**91,008,126**	92,931,532
Workers' welfare fund		**38,323,405**	75,978,320
Sales tax payable		**19,398,537**	-
Other liabilities		**34,008,265**	49,814,385
		1,424,613,356	1,036,085,216

21.1 This includes payable to related party amounting to Rs. 5.50 million (2017: 15.09 million)

21.2 Workers' profit participation fund

	Note	**2018**	2017
Balance at beginning of the year		**92,931,532**	73,917,434
Contribution for the year	30	**100,851,067**	88,250,393
Interest on funds utilized in the Company's business	32	**3,554,059**	5,801,139
		197,336,658	167,968,966
Less: Payments made during the year		**(106,328,532)**	(75,037,434)
Balance at end of the year		**91,008,126**	92,931,532

22 ACCRUED MARK-UP

		2018	2017
Accrued mark-up on:			
Conventional			
- long term finances - secured		**32,075,160**	34,174,012
- short term finances - secured		**46,736,714**	59,424,703
Islamic			
- long term finances - secured		**9,791,749**	-
- short term finances - secured		**12,837,330**	-
		101,440,953	93,598,715

	Note	2018	2017
		--------- Rupees ---------	
23 SHORT TERM FINANCES - Secured			
From banking companies			
Term finances - Conventional	23.1	**939,675,000**	1,096,074,976
Term finances - Islamic	23.2	**850,000,000**	1,430,002,161
Export refinances	23.3	**434,350,000**	451,000,000
Running finance utilized under mark-up arrangement	23.4	**1,967,403,798**	806,216,390
		4,191,428,798	3,783,293,527

23.1 These represent facilities for term finances arranged from various banks aggregating to Rs. 1,200 million (2017: Rs. 2,100 million). These are secured against pari-passu hypothecation over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 5.98% to 6.24% per annum (2017: 5.98% to 7.05% per annum).

23.2 These represent facilities for term finances arranged from various banks aggregating to Rs. 2,100 million (2017: Rs. 2,400 million). These are secured against pari-passu hypothecation over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 6.26% to 7.13% per annum (2017: 6.22% to 6.31% per annum).

23.3 These represented facilities for export refinance arranged from various banks aggregating to Rs. 614.35 million (2017: Rs. 631 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 0.25% to 0.5% above the State Bank of Pakistan (SBP) rate per annum (2017: 0.25 to 0.50% above SBP rate per annum).

23.4 These facilities for running finances available from various banks aggregated to Rs. 4,525.65 million (2017: Rs. 3,509 million). These are secured against pari-passu hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 6.27% to 7.17% per annum (2017: 6.27% to 7.30 % per annum).

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The Company has filed an appeal before the Commissioner (Appeals), LTU, Karachi against certain add-backs out of expenses claimed and short tax credit allowed during the proceeding u/s 122 5A of the Ordinance for the tax year 2014. As per the legal counsel of the Company the order of the commissioner will not have any impact on the tax liability of the Company as its falls under minimum tax.

24.1.2 As the Ministry of Industries has declared BOPET film manufacturing project of the Company as Pioneer Industry, after which imports of capital goods shall be duty free. The Company approached Board of Investment (BOI) for the permission of imports who entertained the request and is in the process of evaluating the permission of import vide SRO 41(I)/2009. In the meantime, the Company imported some capital goods and as per section 81 of The Customs Act, 1969, issued post dated cheques amounting to Rs. 557.403 million (2017: Rs. 557.403 million) for provisional clearance in favor of Collector of Custom. However, due to delay on the part of Federal Board of Revenue, the formal SRO to endorse the decision of Ministry of Industries is still awaited. The company had filed the subject Constitutional Petition D-2666 on May 13, 2015 to refrain FBR and Pakistan Customs to encash the securities submitted against the provisional release of the plant and machineries, and also to issue formal notification to endorse the earlier decision of the Ministry of Industries dated August 15, 2012. The High Court vide order dated May 13, 2015, has passed interim orders in favor of the company which are still operative. The management of the Company, based on legal counsel's opinion, is confident that exemption shall be granted on duties related to import of capital goods against BOPET project retrospective.

24.1.3 The Company has filed Constitutional Petition 620-K of 2015 on November 27, 2015 against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in Sindh High Court against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% import duty on import of Poly Ethylene Terephthalate (PET). In this connection Sindh High Court vide order dated March 12, 2013 directed that custom duties at the rate of 3% to be paid by the Company and in so far as differential amount is concerned 2.5% shall be deposited in cash and 2.5% shall be paid through post dated cheques to the Nazir of the High Court. In this connection the Company has deposited pay orders amounting to Rs. 100.217 million (2017: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2017: Rs. 100.217 million) in favor of Nazir of High Court as directed. Further, the Company has filed petition for rationalization of duty structure on PET Resin. Subsequent to the year end, the main grievance of the Company for classifying the Pet Resin (Film Grade) and Pet Resin (Yarn Grade) under the same PCT Heading has already been redresses in Fiscal Budget (2015-16) and from 1st July, 2015, the major raw material for BOPET film manufacturing i.e. PET Resin – Film Grade is being imported on the same rate as applicable to PET Resin – Yarn Grade. However, the retrospective relief on the previous consignments has been regretted by the High Court which has been challenged in the Honorable Supreme Court of Pakistan. As per legal Counsel, there is no immediate financial liability against the Company in the above mentioned matter and has a good prima facie case.

24.1.4 The company has filed various suits in 2016 and 2017 in the High Court of Sindh against the Federation of Pakistan and others in order to obtain the benefit of exemption of advance tax on import of plant and machinery on the basis of SRO 947 of 2008. The Commissioner (Inland Revenue) refused to issue exemption certificate in respect of withholding tax at import stage in respect of plant and machinery in terms of SRO 947 of 2008. The company has imported various plant and machinery against the irrevocable letter of credit which were not released by the custom authorities. The intention of the company to install this plant and machinery to extend and expand its existing business operations. Furthermore, the company is not going to pay any tax on income from business under the ordinance on account of brought forward assessed losses available to the company for the tax year 2017. However, the High Court ordered to release the goods after the company provides bank guarantee of Rs. 91.115 million with the Nazir of the High Court against all the consignments which are released under similar circumstances. The case is still pending in the High Court while the legal advisor is of the opinion that the company has a good prima facie case.

24.1.5 In 2017, Federal Board of Revenue has issued a show cause notice (SCN) on the basis of scrutiny of sales tax returns for the various tax periods which revealed that the company has claimed input tax of Astro Plastics (Private) Limited (APL) amounting to Rs. 477,804,698 in the sales tax return of the Ismail Industries Limited (IIL). In response of the SCN, the company has given the reference of the letter (Dated: October 2016) sent to Federal Board of Revenue in which it was mentioned that High Court of Sindh, at Karachi, has sanctioned the petition no. J.Misc. 13/ 2016 for amalgamation by way of merger of APL and its members with and into IIL and its members. However, the company has filed Suit No.1539/2017 on June 13, 2017 and obtained the stay order from the Court and the case is still pending in the High Court. As per legal advisor the Company has good arguable case on merits with chance of favourable outcome.

24.1.6 The Company has filed sale tax reference A .823 of 2015 on August 28, 2015 with the High Court of Sindh upon the dismissal of appeal filed by the Company before the Appellate Tribunal for tax year 2013. The High Court of Sindh has restrained the Commissioner Inland Revenue from initiating the proceeding on the basis of the order passed by the Appellate Tribunal as well as operation of the Order / Judgement passed by the Tribunal has also been suspended. As per the opinion of legal advisor, there is no immediate financial liability against the Company and has good arguable case on merits.

24.1.7 The Company has filed the Constitutional Petition 2752/2011on August 09, 2011 in High Court against the Excise and Taxation Department in respect of infrastructure cess / fee being charged by the Government of Sindh on Imports and prayed to declare that Sindh Finance (Amendment) Act, 2009 and / or rules made thereunder to be unconstitutional, illegal, void ab initio, and of no legal effect. In all the five versions of the law i.e Sindh Finance Act / Ordinance, the incidence of tax arise upon ensuring of goods entering or leaving the province and such goods enter or leave the country through air or sea. Furthermore, import and export are within the exclusive domain of the federal legislature i.e. the Sindh legislature throughout lacked the jurisdiction to impose the levy. The imported goods were not released by the custom authorities without paying the infrastructure cess / fee charged by the Government of Sindh. In order to release the goods from the custom authority. Subsequently, the High Court ordered to release the goods upon furnishing Bank Guarantee amounting to Rs. 90,469,505 which is equivalent to 50 % of amount of cess. The case is still pending in High Court.

24.1.8 In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the subject, where it had up held that the earlier introduction of GIDC Act 2011 was unconstitutional and ultra vires on the ground, amongst others, that GIDC was a 'Fee' and not a 'Tax' and the same suit was also filed against Federation of Pakistan, OGRA , SSGC and SNGPL in different Honorable High Courts of Pakistan by Industry at Large. In May 2015, the Government passed the GIDC Act, 2015 and the Company has challenged the GIDC Act 2015 and filed writ petition in the Sindh High Court (SHC) including retrospective treatment of the provisions of the GIDC Act, 2015. On October 2015, SHC decided this suit in favor of Company with the instructions to refund the GIDC collected so far by the Federation. However, the Government filed an appeal in SHC, where the Company was not party to such litigation. Since this issue is being faced by industry at large, management is of the view that there is no need to maintain any provision against this liability. The legal counsel of the company is confident that decision of the case will be in favor of the company.

24.1.9 The Company filed a Constitutional Petition D-6143/2017 on September 14 ,2017 before the Sindh High Court challenging the vires of Section 5A of the Income Tax Ordinance, 2001 which was amended through Finance Act 2017 that every public company shall pay tax @ 7.5% of its accounting profit before tax for the year in which such company does not distribute at least 40% of its after tax profits within six (6) months of the end of the tax year through cash or bonus shares. The Sindh High Court has accepted the Constitutional Petition and granted stay against the newly amended section 5A. Further, the Board of Directors of the Company in their meeting dated September 22, 2017 has proposed cash dividend in respect of the year ended June 30, 2017 of Rs. 2.75/- per share which amounts to Rs. 175.463 million (i.e. 15.05% of after tax profits) for the financial and tax year 2017, which is lower than the minimum prescribed distribution rate. In case the Sindh High Court's decision is not in favor of the Company; the Company will either be required to declare dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.5% of the accounting profit before tax of the Company for the financial year ended June 30, 2017. The legal advisor of the company is confident that decision of the case will be in favor of the company.

	2018	2017
	--------- Rupees ---------	
24.2 Commitments		
Outstanding letters of guarantee	**717,831,941**	481,662,420
Outstanding letters of credit for:		
- capital expenditure	**1,368,181,418**	313,270,182
- others	**999,649,684**	653,704,383

25 OPERATING RESULTS

	Note	Food segment 2018	Food segment 2017	Plastic segment 2018	Plastic segment 2017	Total 2018	Total 2017
		---Rupees---					
Sales							
Local sales		**22,446,922,974**	18,039,453,755	**6,221,602,669**	5,384,567,009	**28,668,525,643**	23,424,020,764
Export sales		**1,195,022,822**	627,782,124	**107,442,583**	242,730,829	**1,302,465,405**	870,512,953
		23,641,945,796	18,667,235,879	**6,329,045,252**	5,627,297,838	**29,970,991,048**	24,294,533,717
Sales returns and discounts		**(1,685,585,098)**	(1,259,599,504)	**(242,669,181)**	(31,871,925)	**(1,928,254,279)**	(1,291,471,429)
		21,956,360,698	17,407,636,375	**6,086,376,071**	5,595,425,913	**28,042,736,769**	23,003,062,288
Add: Export rebate		**12,494,844**	11,333,299	**34,360**	-	**12,529,204**	11,333,299
		21,968,855,542	17,418,969,674	**6,086,410,431**	5,595,425,913	**28,055,265,973**	23,014,395,587
Sales tax		**(3,244,115,996)**	(2,599,143,032)	**(904,931,954)**	(810,391,292)	**(4,149,047,950)**	(3,409,534,324)
		18,724,739,546	14,819,826,642	**5,181,478,477**	4,785,034,621	**23,906,218,023**	19,604,861,263
Cost of sales	27	**13,950,916,691**	11,531,344,623	**4,594,078,347**	4,352,256,294	**18,544,995,038**	15,883,600,917
Gross profit		**4,773,822,855**	3,288,482,019	**587,400,130**	432,778,327	**5,361,222,985**	3,721,260,346
Selling and distribution expenses	28	**(2,766,142,590)**	(1,521,989,546)	**(130,124,276)**	(141,054,151)	**(2,896,266,866)**	(1,663,043,697)
Administrative expenses	29	**(375,969,926)**	(246,443,839)	**(5,025,024)**	(13,332,947)	**(380,994,950)**	(259,776,786)
		(3,142,112,516)	(1,768,433,385)	**(135,149,300)**	(154,387,098)	**(3,277,261,816)**	(1,922,820,483)
Operating profit		**1,631,710,339**	1,520,048,634	**452,250,830**	278,391,229	**2,083,961,169**	1,798,439,863
Other operating expense	30					**(253,826,191)**	(147,486,289)
Other income	31					**232,481,148**	195,221,815
Finance cost	32					**(617,813,622)**	(671,242,277)
Share of profit from associate	6.2.3					**393,211,150**	468,289,213
Profit before tax						**1,838,013,654**	1,643,222,325
Taxation	35					**(425,822,163)**	(477,207,880)
Profit for the year						**1,412,191,491**	1,166,014,445

		Note	Food segment 2018	Food segment 2017	Plastic segment 2018	Plastic segment 2017	Total 2018	Total 2017
			--------	--------	Rupees	--------	--------	--------
25.1	Segment assets		**12,929,984,078**	11,985,334,104	**6,343,832,820**	6,166,762,839	**19,273,816,898**	18,152,096,943
25.2	Unallocated assets		**-**	-	**-**	-	**3,798,631,772**	4,086,631,181
			12,929,984,078	11,985,334,104	**6,343,832,820**	6,166,762,839	**23,072,448,670**	22,238,728,124
25.3	Segment liabilities		**2,519,611,492**	1,391,716,778	**3,568,079,568**	3,784,282,086	**6,087,691,060**	5,175,998,864
25.4	Unallocated liabilities		**-**	-	**-**	-	**9,764,726,298**	10,791,080,347
			2,519,611,492	1,391,716,778	**3,568,079,568**	3,784,282,086	**15,852,417,358**	15,967,079,211
25.5	Non-cash items							
	-depreciation		**684,967,640**	490,678,195	**302,546,426**	287,993,995	**987,514,066**	778,672,190
	-others		**57,197,633**	32,386,296	**7,910,464**	10,107,499	**65,108,097**	42,493,795
			742,165,273	523,064,491	**310,456,890**	298,101,494	**1,052,622,163**	821,165,985
25.6	Capital expenditure		**1,305,154,557**	2,601,531,575	**288,717,406**	608,442,256	**1,593,871,963**	3,209,973,831

25.7 The Company's export sales have been primarily made to continents in the Asia, Africa, Europe, North America and Australia.

25.8 There were no major customers of the Company which constituted 10 percent or more of the Company's revenue.

25.9 There were no inter-segment sales or purchase during the year ended June 30, 2018.

26 RECONCILIATION OF REPORTABLE ASSETS AND LIABILITIES

	Note	2018	2017
		--------- Rupees	---------
26.1 Assets			
Total assets for reportable segments	25.1	**19,273,816,898**	18,152,096,943
Administrative capital assets		**238,170,690**	160,953,862
Long term investments	6	**3,560,461,082**	3,925,677,319
Total assets		**23,072,448,670**	22,238,728,124
26.2 Liabilities			
Total liabilities for reportable segments	25.3	**6,087,691,060**	5,175,998,864
Sponsors' loan - subordinated	17	**902,151,770**	902,151,770
Deferred liabilities	20	**1,199,724,005**	1,037,472,576
Long term finance	18	**7,163,785,036**	8,602,902,294
Liabilities against assets subject to finance lease	19	**499,065,487**	248,553,707
Total liabilities		**15,852,417,358**	15,967,079,211

27 COST OF SALES

	Note	Food segment 2018	Food segment 2017	Plastic segment 2018	Plastic segment 2017	Total 2018	Total 2017
		-----------------	-----------------	-----------------	Rupees	-----------------	-----------------
Raw materials consumed	27.1	**7,725,351,344**	6,902,295,972	**3,535,745,714**	3,582,213,620	**11,261,097,058**	10,484,509,592
Packing materials consumed	27.2	**3,497,284,302**	2,590,628,965	**134,575,484**	128,573,164	**3,631,859,786**	2,719,202,129
Stores and spares consumed	27.3	**213,334,186**	209,614,446	**102,774,399**	62,568,920	**316,108,585**	272,183,366
Salaries, wages and other benefits		**1,395,630,382**	714,080,339	**207,271,239**	184,358,183	**1,602,901,621**	898,438,522
Electricity, gas, fuel and lubricants		**361,400,539**	306,076,580	**207,863,879**	196,067,315	**569,264,418**	502,143,895
Repairs and maintenance		**84,539,033**	46,126,258	**17,993,849**	12,277,758	**102,532,882**	58,404,016
Cold storage - rent & maintenance		**11,831,925**	16,105,037	**-**	-	**11,831,925**	16,105,037
Printing and stationery		**1,407,946**	587,556	**199,440**	280,184	**1,607,386**	867,740
Insurance		**17,606,573**	18,083,733	**8,163,934**	11,866,556	**25,770,507**	29,950,289
Rent, rates and taxes		**2,890,181**	16,208,465	**2,488,082**	1,045,289	**5,378,263**	17,253,754
Water charges		**23,815,117**	15,118,736	**9,338,720**	7,628,428	**33,153,837**	22,747,164
Postage and telephone		**3,155,358**	2,944,137	**962,917**	1,101,373	**4,118,275**	4,045,510
Travelling and conveyance		**2,378,791**	690,189	**240,690**	1,319,174	**2,619,481**	2,009,363
Vehicle running and maintenance		**9,459,142**	8,753,102	**5,112,894**	2,925,559	**14,572,036**	11,678,661
Depreciation	5.1	**625,459,664**	451,920,563	**302,069,545**	287,586,042	**927,529,209**	739,506,605
Laboratory expenses		**4,629,925**	2,863,960	**201,375**	-	**4,831,300**	2,863,960
Fees and subscription		**3,425,634**	2,103,536	**762,622**	478,614	**4,188,256**	2,582,150
Cartage		**9,665,128**	5,846,704	**7,803,008**	105,243	**17,468,136**	5,951,947
Procurement expenses		**12,394,744**	9,137,317	**3,000**	15,000	**12,397,744**	9,152,317
Other manufacturing expenses		**16,344,744**	1,652,227	**779,686**	971,048	**17,124,430**	2,623,275
		14,022,004,658	11,320,837,822	**4,544,350,477**	4,481,381,470	**18,566,355,135**	15,802,219,292
Work-in-process at the beginning		**25,549,994**	9,354,573	**125,615,809**	56,572,878	**151,165,803**	65,927,451
Work-in-process at the end		**(12,103,493)**	(25,549,994)	**(105,622,473)**	(125,615,809)	**(117,725,966)**	(151,165,803)
		13,446,501	(16,195,421)	**19,993,336**	(69,042,931)	**33,439,837**	(85,238,352)
Cost of goods manufactured		**14,035,451,159**	11,304,642,401	**4,564,343,813**	4,412,338,539	**18,599,794,972**	15,716,980,940
Stock of finished goods at beginning of the year		**1,141,365,251**	1,331,306,923	**106,813,156**	46,730,911	**1,248,178,407**	1,378,037,834
Purchase of finished goods		**55,986,313**	36,760,550	**-**	-	**55,986,313**	36,760,550
Stock of finished goods at end of the year		**(1,281,886,032)**	(1,141,365,251)	**(77,078,622)**	(106,813,156)	**(1,358,964,654)**	(1,248,178,407)
		(84,534,468)	226,702,222	**29,734,534**	(60,082,245)	**(54,799,934)**	166,619,977
		13,950,916,691	11,531,344,623	**4,594,078,347**	4,352,256,294	**18,544,995,038**	15,883,600,917

	Note	Food segment 2018	Food segment 2017	Plastic segment 2018	Plastic segment 2017	Total 2018	Total 2017
		---Rupees---					
27.1 Raw materials consumed							
Stock of raw materials at beginning of the year	9.1	**1,533,542,963**	1,764,105,953	**1,592,687,175**	2,200,550,215	**3,126,230,138**	3,964,656,168
Purchases		**7,508,184,701**	6,634,304,630	**3,778,343,196**	2,974,018,330	**11,286,527,897**	9,608,322,960
Cartage inward		**57,281,251**	37,645,770	**-**	332,250	**57,281,251**	37,978,020
Purchase discount		**(598,875)**	(217,418)	**(12,051,377)**	-	**(12,650,252)**	(217,418)
		9,098,410,040	8,435,838,935	**5,358,978,994**	5,174,900,795	**14,457,389,034**	13,610,739,730
Provision for the year	9.1	**-**				**-**	-
Stock of raw materials at end of the year	9.1	**(1,373,058,696)**	(1,533,542,963)	**(1,823,233,280)**	(1,592,687,175)	**(3,196,291,976)**	(3,126,230,138)
		7,725,351,344	6,902,295,972	**3,535,745,714**	3,582,213,620	**11,261,097,058**	10,484,509,592
27.2 Packing materials consumed							
Stock of packing materials at beginning of the year	9.1	**459,067,630**	497,054,866	**10,504,382**	7,980,275	**469,572,012**	505,035,141
Purchases		**3,447,712,452**	2,586,095,151	**143,490,489**	130,266,777	**3,591,202,941**	2,716,361,928
Cartage inward		**1,570**	-	**952,200**	907,600	**953,770**	907,600
Purchase discount		**(1,710,054)**	(1,337,593)	**-**	(77,106)	**(1,710,054)**	(1,414,699)
		3,905,071,598	3,081,812,424	**154,947,071**	139,077,546	**4,060,018,669**	3,220,889,970
Provision for the year	9.1	**10,518,762**	(32,115,829)	**-**	-	**10,518,762**	(32,115,829)
Stock of packing materials at end of the year	9.1	**(418,306,058)**	(459,067,630)	**(20,371,587)**	(10,504,382)	**(438,677,645)**	(469,572,012)
		3,497,284,302	2,590,628,965	**134,575,484**	128,573,164	**3,631,859,786**	2,719,202,129
27.3 Stores and spares consumed							
Stock of stores and spares at beginning of the year	8	**105,131,734**	96,887,932	**71,185,645**	52,305,948	**176,317,379**	149,193,880
Purchases		**250,350,475**	216,630,802	**92,718,981**	81,415,540	**343,069,456**	298,046,342
Cartage inward		**381,703**	693,823	**59,000**	40,351	**440,703**	734,174
Purchase discounts		**(167,149)**	(6,377)	**(25,140)**	(7,274)	**(192,289)**	(13,651)
		355,696,763	314,206,180	**163,938,486**	133,754,565	**519,635,249**	447,960,745
Provision for the year	8.1	**540,000**	540,000	**-**	-	**540,000**	540,000
Stock of stores and spares at end of the year	8.1	**(142,902,577)**	(105,131,734)	**(61,164,087)**	(71,185,645)	**(204,066,664)**	(176,317,379)
		213,334,186	209,614,446	**102,774,399**	62,568,920	**316,108,585**	272,183,366

	Note	Food segment 2018	Food segment 2017	Plastic segment 2018	Plastic segment 2017	Total 2018	Total 2017
		---Rupees---					
28 SELLING AND DISTRIBUTION EXPENSES							
Salaries and other benefits		**811,056,539**	433,368,509	**26,394,993**	19,538,821	**837,451,532**	452,907,330
Cartage outward		**677,634,974**	415,402,949	**76,205,905**	91,549,447	**753,840,879**	506,952,396
Export expenses		**79,554,849**	38,013,986	**10,219,224**	21,112,232	**89,774,073**	59,126,218
Advertisements		**873,591,715**	430,611,084	**8,215**	15,000	**873,599,930**	430,626,084
Entertainment		**4,433,925**	3,307,879	**207,517**	180,300	**4,641,442**	3,488,179
Vehicle running and maintenance		**165,548,382**	99,854,011	**563,185**	1,028,348	**166,111,567**	100,882,359
Printing and stationery		**7,437,115**	4,101,000	**280,676**	1,131,001	**7,717,791**	5,232,001
Postage and telephone		**26,219,932**	15,952,811	**542,198**	711,860	**26,762,130**	16,664,671
Conveyance and travelling		**25,924,032**	18,862,791	**913,783**	1,081,923	**26,837,815**	19,944,714
Samples		**696,457**	1,898,662	**8,300**	248,757	**704,757**	2,147,419
Utilities		**3,093,159**	3,717,719	**456,817**	394,194	**3,549,976**	4,111,913
Repairs and maintenance		**3,708,375**	2,333,572	**873,721**	134,422	**4,582,096**	2,467,994
Rent		**47,659,713**	28,451,608	**3,520,460**	2,956,250	**51,180,173**	31,407,858
Depreciation	5.1	**27,677,993**	15,570,408	**77,059**	55,432	**27,755,052**	15,625,840
Fee and subscription		**582,327**	211,863	**-**	-	**582,327**	211,863
Insurance		**7,832,035**	4,647,612	**1,102,223**	914,564	**8,934,258**	5,562,176
Provision for doubtful trade debts	10	**900,000**	3,600,000	**8,750,000**	-	**9,650,000**	3,600,000
Miscellaneous		**2,591,068**	2,083,082	**-**	1,600	**2,591,068**	2,084,682
		2,766,142,590	1,521,989,546	**130,124,276**	141,054,151	**2,896,266,866**	1,663,043,697
29 ADMINISTRATIVE EXPENSES							
Salaries and other benefits including director's remuneration		**237,769,431**	152,339,117	**3,331,473**	11,400,310	**241,100,904**	163,739,427
Conveyance and travelling		**19,821,495**	11,822,712	**52,290**	-	**19,873,785**	11,822,712
Postage and telephone		**10,452,764**	10,703,049	**309,253**	219,020	**10,762,017**	10,922,069
Printing and stationery		**10,857,995**	6,548,835	**2,820**	3,830	**10,860,815**	6,552,665
Repairs and maintenance		**7,882,597**	9,327,025	**-**	-	**7,882,597**	9,327,025
Electricity and utilities		**10,031,955**	5,362,083	**-**	-	**10,031,955**	5,362,083
Insurance		**6,194,119**	5,224,896	**137,548**	171,497	**6,331,667**	5,396,393
Advertisement		**499,064**	205,300	**-**	-	**499,064**	205,300
Entertainment		**4,342,813**	1,323,234	**-**	3,960	**4,342,813**	1,327,194
Vehicle running and maintenance		**15,809,128**	8,670,338	**33,578**	101,104	**15,842,706**	8,771,442
Rent, rates and taxes		**964,966**	348,000	**-**	-	**964,966**	348,000
Fee and subscription		**2,587,819**	3,763,570	**708,240**	709,705	**3,296,059**	4,473,275
Legal and professional charges		**13,974,756**	7,504,510	**50,000**	371,000	**14,024,756**	7,875,510
Depreciation	5.1	**31,829,983**	23,187,224	**399,822**	352,521	**32,229,805**	23,539,745
General meeting expenses		**2,951,041**	113,946	**-**	-	**2,951,041**	113,946
		375,969,926	246,443,839	**5,025,024**	13,332,947	**380,994,950**	259,776,786

	Note	2018	2017
		--------- Rupees ---------	

30 OTHER OPERATING EXPENSES

	Note	2018	2017
Contribution to:			
- workers' profits participation fund		100,851,067	88,250,393
- workers' welfare fund		38,323,405	33,535,150
Auditors' remuneration	30.1	3,440,226	3,107,897
Exchange loss		39,833,207	-
Donations	30.2	71,119,522	21,747,751
Other		258,764	845,098
		253,826,191	147,486,289

30.1 Auditor's remuneration

	2018	2017
Audit fee - unconsolidated	1,700,000	1,500,000
Audit fee - consolidated	500,000	400,000
Fee for other certification	85,000	90,000
Fee for half yearly review	500,000	400,000
Out-of-pocket expense	655,226	717,897
	3,440,226	3,107,897

30.2 Donation to the following organizations exceed Rs. 500,000

	2018	2017
- Khadija Girls College	38,943,070	1,731,438
- Indus Hospital	12,000,000	9,500,000
- Ismail Academy	2,144,702	5,166,313
- Al Mustufa Welfare Trust	1,600,000	-
- Shoukat Khanam Memorial Hospital	1,000,000	-
- Dhoraji Association	2,250,000	-
- Saylani Welfare Trust	1,000,000	-
- Jamia Masjid Habibia	750,000	-
- Insaf Community Welfare Society	1,000,000	-
- Jamal Noor Hospital	1,050,000	-
- Patient Aid Foundation	1,000,000	-
- Sindh University of Urology & Transplantation	1,000,000	-
- Kidney Centre	500,000	-
- Dawat e Islami	1,000,000	-
- Kiran Patients Welfare Society	1,000,000	-
- Cancer Foundation	-	2,500,000
- The Citizen Foundation	2,500,000	2,500,000
	68,737,772	21,397,751

30.2.1 None of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

	Note	2018	2017
		--------- Rupees ---------	

31 OTHER INCOME

	2018	2017
Income from non-financial assets		
Recovery from sale of production scrap	147,171,837	154,022,825
Profit on sale of shares	29,580,016	635,104
Exchange Gain	-	2,096,636
Gain on disposal of property, plant and equipment	27,681,904	14,417,716
Processing income	28,035,097	21,198,631
Others	12,294	2,850,903
	232,481,148	195,221,815

32 FINANCE COST

	2018	2017
Mark up on:		
- long term finances -Conventional	289,857,686	331,959,025
- long term finances-Islamic	179,895,122	129,067,050
- short term finances-Conventional	64,400,086	87,014,383
- short term finances-Islamic	49,391,432	93,035,426
Interest on workers' profits participation fund	3,554,059	5,801,139
Finance charge on finance leases	17,031,837	13,446,887
Bank charges	13,683,400	10,918,367
	617,813,622	671,242,277

33 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2018			2017*		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	---Rupees---					
Managerial remuneration	6,000,000	9,600,000	238,583,345	5,700,000	14,475,000	111,001,064
Gratuity	-	-	65,000,251	-	-	35,038,681
Reimbursement of expenses						
Utilities	1,000,000	1,500,000	-	1,000,000	2,583,328	-
	7,000,000	11,100,000	303,583,596	6,700,000	17,058,328	146,039,745
Number of persons	1	2	68	1	3	34

* Comparatives have been amended to reflect changes in the definition of executive as per the Companies Act, 2017.

In addition to the above, Company maintained cars are provided to the chief executive officer, directors and executives.

33.1 The remuneration has been allocated as follows:

	2018			2017*		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	---Rupees---					
Cost of goods sold	-	-	130,352,989	-	-	67,733,241
Selling and distribution expenses	-	-	96,895,701	-	-	29,769,840
Administrative expenses	7,000,000	11,100,000	76,334,906	6,700,000	17,058,328	48,536,664
	7,000,000	11,100,000	303,583,596	6,700,000	17,058,328	146,039,745
Number of persons	1	2	68	1	3	34

* Comparatives have been amended to reflect changes in the definition of executive as per the Companies Act, 2017.

34 CLASSIFICATION OF EXPENSES

	Note	2018 Local	2018 Export	2018 Common expenses	2018 Total
		---Rupees---			
Selling and distribution expenses	28	**2,786,381,003**	**109,885,863**	**-**	**2,896,266,866**
Administrative expenses	29	**-**	**-**	**380,994,950**	**380,994,950**
Finance cost	32	**606,261,459**	**11,552,163**	**-**	**617,813,622**

	Note	2017 Local	2017 Export	2017 Common expenses	2017 Total
		---Rupees---			
Selling and distribution expenses	28	1,588,304,415	74,739,282	-	1,663,043,697
Administrative expenses	29	-	-	259,776,786	259,776,786
Finance cost	32	658,323,053	12,919,224	-	671,242,277

35 TAXATION

	2018	2017
	--------- Rupees ---------	
Current	**300,581,354**	108,289,855
Prior year	**(40,378,406)**	-
Deferred	**165,619,215**	368,918,025
	425,822,163	477,207,880

35.1 The relationship between accounting profit and tax expense

The relationship between tax expense and accounting profit has not been presented in these unconsolidated financial statements as the current year's income of the Company attracts minimum tax under section 113 of Income Tax Ordinance, 2001.

35.2 The Company computes tax based on the generally accepted interpretations of the tax laws to ensures that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

	2017	2016	2015
Income tax provision for the year (as per accounts)	108,289,855	167,131,422	113,533,286
Income tax as per tax return	80,464,023	133,367,345	84,957,663

36 EARNING PER SHARES - basic and diluted

	2018	2017
	--------- Rupees ---------	
Basic earnings per share		
Profit for the year	**1,412,191,491**	1,166,014,445
	Number of shares	
Weighted average number of shares outstanding as at year end	**63,804,750**	63,804,750
Basic earnings per share	**22.13**	18.27

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

37 NUMBER OF EMPLOYEES

	2018	2017
Number of employees as at the year end	**2,242**	1,972
Average number of employees during the year	**2,172**	1,889
Number of factory employees as at the year end	**992**	887
Average number of factory employees during the year	**965**	845

38 CASH GENERATED FROM OPERATIONS

	Note	2018	2017
		--------- Rupees ---------	
Profit before taxation		**1,838,013,654**	1,643,222,325
Adjustments for non-cash and other items:			
Depreciation	5.1	**987,514,066**	778,672,190
Gain on disposal of property, plant and equipment - net	5.2	**(27,681,904)**	(14,417,716)
Provision for staff gratuity scheme - unfunded	20.1.5	**62,641,057**	42,493,795
Finance cost	32	**617,813,622**	671,242,277
Share of profit from associated undertaking	6.2.3	**(393,211,150)**	(468,289,213)
Provision for slow moving - stores and spares		**540,000**	540,000
Provision for slow moving - stock in trade		**10,518,762**	5,500,000
Provision for doubtful trade debts		**9,650,000**	3,600,000
Exchange loss		**-**	(2,096,636)
		3,105,798,107	2,660,467,022
Increase / (decrease) in working capital			
(Increase) / Decrease in current assets			
Stores and spares		**(26,936,536)**	(17,600,076)
Stock in trade		**(116,533,577)**	880,894,407
Trade debts		**(132,983,496)**	(262,529,008)
Advances - considered good		**(365,521,200)**	(226,169,441)
Trade deposits and short term prepayments		**8,518,337**	10,658,249
Other receivables		**81,231,164**	221,599,647
		(552,225,308)	606,853,778
(Decrease) / Increase in current liabilities			
Trade and other payables		**388,528,140**	(545,605,288)
Short term finances		**(753,052,137)**	236,362,577
Advance from customers		**52,229,685**	(24,748,849)
		(312,294,312)	(333,991,560)
Net (decrease) / increase increase in working capital		**(864,519,620)**	272,862,218
Cash generated from operations		**2,241,278,487**	2,933,329,240

	Note	2018	2017
39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES		**--------- Rupees**	**---------**
39.1 Financial instruments by category			
Financial assets			
Available for sale			
Long term investments	6.3	**195,107,650**	308,840,000
Loans and receivables at amortized cost			
Long term deposits	7	**39,318,639**	33,358,415
Trade debts	10	**1,566,186,261**	1,442,852,765
Loan and Advances	11	**51,162,075**	18,011,731
Trade deposits	12	**9,668,000**	9,656,762
Bank balances	15	**44,871,934**	30,853,353
Total financial assets		**1,906,314,559**	1,850,081,538
Financial liabilities			
Financial liabilities at amortized cost			
Sponsors' loan - subordinated (interest-free)	17	**902,151,770**	902,151,770
Long term finances	18	**7,163,785,036**	8,602,902,294
Liabilities against assets subject to finance lease	19	**499,065,487**	248,553,707
Trade and other payables	21	**1,405,214,819**	1,036,085,216
Accrued mark-up	22	**101,440,953**	93,598,715
Short term finances	23	**4,191,428,798**	3,783,293,527
Total financial liabilities		14,263,086,863	14,666,585,229

39.2 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Company's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.
The valuation techniques used are as follows:
Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on market value of shares at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2018:

Financial assets	2018 Level 1	Level 2	Level 3	Total
	--------------------Rupees--------------------			
Financial investments: Available for sale	**195,107,650**	**-**	**-**	**195,107,650**

Financial assets	2017 Level 1	Level 2	Level 3	Total
	--------------------Rupees--------------------			
Financial investments: Available for sale	308,840,000	-	-	308,840,000

39.3 Financial risk management

The board of directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

39.3.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises principally from the trade debts, loans and advances, trade deposits, other receivables and deposits with banks and financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Trade debts

Trade debts are essentially due from local and foreign companies and the Company does not expect that these companies will fail to meet their obligations.

The Company establishes an allowance for the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts.

Bank balances

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Short- term Ratings	2018 Rupees	2017 Rupees
Al Baraka Bank Pakistan Ltd	A1	**26,444**	24,444
Allied Bank Limited	A1+	**-**	49,951
Askari Bank Ltd	A1+	**-**	70,827
Bank Al Habib	A1+	**383,849**	390,664
Bank Al Falah	A1+	**-**	2,056,298
BankIslami Pakistan Ltd	A1	**103,350**	380,765
Dubai Islamic Bank Pakistan Limited	A1	**1,972,299**	585,509
Habib Bank Limited	A1+	**150,227**	4,211,771
Carried Forward		**2,636,169**	7,770,229

	Short- term Ratings	2018 Rupees	2017 Rupees
Brought Forward		**2,636,169**	7,770,229
Habib Metropolitan Bank Limited	A1+	**3,289,888**	952,725
Industrial & Commercial Bank of China	P-1	**-**	559,157
JS Bank Limited	A1+	**13,156,284**	10,679,791
MCB Bank Limited	A1+	**23,143**	1,488,037
MCB Islamic Bank Limited	A1	**1,067,959**	1,194,783
Meezan Bank Limited	A1+	**23,649,934**	1,580,456
National Bank Of Pakistan	A1+	**612,767**	25,307
Samba Bank Ltd	A-1	**1,685**	56,185
Soneri Bank Ltd	A1+	**53,611**	51,611
Standard Chartered Bank (Pakistan) Limited	A1+	**122,117**	6,035,898
The Bank Of Khyber	A1+	**59,091**	59,543
The Bank of Punjab	A1+	**199,286**	399,631
		44,871,934	30,853,353

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2018	2017
		--------- **Rupees** ---------	
Trade debts	10	**1,566,186,261**	1,442,852,765
Advances to suppliers	11	**684,129,530**	351,758,674
Trade deposits	12	**9,668,000**	9,656,762
Bank balances	15	**44,871,934**	30,853,353
		2,304,855,725	1,835,121,554

The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Loans recoverable from employees are secured against their retirement benefits.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

As at June 30 the Company has certain trade debts that are past due but are not considered to be impaired. The amounts as at June 30 are as follows:

	2018	2017
	--------- **Rupees** ---------	
More than 45 days but not more than 3 months	**211,695,973**	175,470,806
More than 3 months but not more than 6 months	**169,183,306**	169,115,819
More than 6 months but not more than 1 year	**114,968,493**	86,790,557
More than 1 year	**51,963,694**	42,313,694
	547,811,466	473,690,876

In respect of trade debts, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade debts consists of a large number of customers.

39.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Based on the above, management believes the liquidity risk is insignificant.

As at reporting date the Company's financial liabilities have contractual maturities as summarized below:

Effective rates of return/mark-up on financial liabilities are as follows:

		2018			
	Note	**Effective rate of interest**	**Carrying amount**	**Maturity upto one year**	**Maturity after one year**
		---------------------------------**Rupees**----------------------------			
Financial liabilities					
Interest bearing					
Long term finances - secured (Conventional)	18	**6%**	**4,629,479,472**	**1,203,850,907**	**3,425,628,565**
Long term finances - secured (Islamic)		**5%**	**2,534,305,564**	**1,229,166,659**	**1,305,138,905**
Liabilities against assets subject to finance lease-conventional	19	**6.70% to 7.21%**	**159,557,941**	**68,375,379**	**91,182,562**
Liabilities against assets subject to finance lease-Islamic		**6.38% to 6.72%**	**339,507,546**	**27,031,857**	**312,475,689**
Short term finances - secured-conventional	23	**5.98% to 6.24%**	**3,341,428,798**	**3,341,428,798**	**-**
Short term finances - secured-Islamic	23	**6.26% to 7.13%**	**850,000,000**	**850,000,000**	**-**
Non - interest bearing					
Sponsors' loan - subordinated	17	**-**	**902,151,770**	**-**	**902,151,770**
Trade and other payables	21	**-**	**1,405,214,819**	**1,405,214,819**	**-**
Accrued mark-up	22	**-**	**101,440,953**	**101,440,953**	**-**
			14,263,086,863	**8,226,509,372**	**6,036,577,491**

		2017			
	Note	Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		---------------------------------Rupees----------------------------			
Financial liabilities					
Interest bearing					
Long term finances - secured-conventional	18	6%	5,204,568,967	1,441,857,599	3,762,711,368
Long term finances - secured-Islamic		5%	3,398,333,327	636,249,986	2,762,083,341
Liabilities against assets subject to finance lease-conventional	19	6.84% to 7.28%	144,574,108	65,905,246	78,668,862
Liabilities against assets subject to finance lease-Islamic		6.57% to 6.88%	103,979,599	14,472,049	89,507,550
Short term finances - secured-conventional	23	5.98% to 7.30%	2,353,291,366	2,353,291,366	-
Short term finances - secured-Islamic	23	6.22% to 6.30%	1,430,002,161	1,430,002,161	-
Non - interest bearing					
Sponsors' loan - subordinated	17	-	902,151,770	-	902,151,770
Trade and other payables	21	-	1,036,085,216	1,036,085,216	-
Accrued mark-up	22	-	93,598,715	93,598,715	-
			14,666,585,229	7,071,462,338	7,595,122,891

	2018	2017
Financial liabilities	--------- **Rupees** ---------	
Long term finances - secured	**7,163,785,036**	8,602,902,294
Short term borrowings	**4,191,428,798**	3,783,293,527

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2018, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been affected by Rs. 71.63 million (2017: Rs. 86.03 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2018, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been affected by Rs. 41.91 million (2016: Rs. 37.83 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

39.3.3 Market risk

Market risk is the risk that fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market prices. Market prices comprise of three types of risks namely currency risk, interest rate risk and other price risk, such as equity risk.

a) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of financial asset or a liability will fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars.

Exposure to Foreign currency risk

The Company is exposed to foreign exchange risk arising from currency value fluctuations due to the following:

	2018	2017
	---------- Amount in USD ----------	
Trade debts	**2,564,352**	592,986
Cash and bank balances	**98,351**	98,195
Advance from customer	**(388,743)**	(249,709)
	2,273,960	441,472
Off balance sheet exposures		
Letter of credit	**(337,266)**	(937,630)
Net Exposure	**1,936,694**	(496,158)

The following significant exchange rates were applied during the year.

	Rupee per USD	
Average rate	**113.25**	104.85
Reporting date rate	**121.50**	105.00

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2018 would have effect on the equity and profit and loss of the company as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2018.

	2018	2017
	--------- Rupees ---------	
Strengthening of PKR against respective currencies	**(23,530,832)**	5,209,659
Weakening of PKR against respective currencies	**23,530,832**	(5,209,659)

As at 30 June 2018, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar with all other variables being constant, profit before tax for the year would have been lower / higher by Rs. 23.53 million (2017: Rs. 5.21 million) mainly as a result of foreign exchange gains / losses on translation of dollar denominated financial assets.

The maximum exposure to foreign currency risk in Pakistani rupee at the reporting date is as follows:

	Note	**2018**	2017
		--------- Rupees ---------	
Export debtors	10	**311,568,772**	124,849,742
Import creditors		**510,977,433**	294,738,978
		822,546,205	419,588,720

b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument may fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks, running finance facilities and finance leases. At the balance sheet date the interest rate profile of the Company's mark-up bearing financial instruments is as follows:

	Carrying amount	
	2018	2017
	--------- Rupees ---------	
Variable rate instruments		
Financial assets	-	-
Financial liabilities	**11,854,279,321**	12,634,749,528
	11,854,279,321	12,634,749,528

As at 30 June 2018, if KIBOR had been 100 bps lower/higher with all other variables held constant, profit before tax for the year would have been higher/lower by Rs. 118.54 million. (2017: Rs. 126.35 million) mainly because of higher/lower interest expense on variable rate instruments.

c) Equity risk

It is the risk that the listed equity securities are susceptible to market price risk, arising from uncertainties about future values of the investment securities. Currently, the Company has securities of BankIslami Pakistan Limited having a carrying value of Rs. 195.11 million.

40 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue bonus / right shares. There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

The Company's capital includes share capital, unappropriated profit and reserves. As at balance sheet date the capital of the Company is as follows:

	2018	2017
	--------- Rupees ---------	
Share capital	**638,047,500**	638,047,500
Reserves	**6,581,983,812**	5,633,601,413
	7,220,031,312	6,271,648,913

The Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectations of the shareholders. Debt is calculated as total borrowings (long term finances). The Company's capital signifies equity as reported in balance sheet and includes share capital and accumulated losses.

During 2018 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2018 and 2017 were as follows:

	2018	2017
	------------ Rupees ------------	
Total borrowings	**8,065,936,806**	9,505,054,064
Less: Cash and bank	**51,160,091**	32,655,755
Net debt	**8,117,096,897**	9,537,709,819
Total equity	**7,220,031,312**	6,271,648,913
Total equity and debt	**15,337,128,209**	15,809,358,732
Gearing ratio (%)	**52.9%**	60.33%

The Company finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

41 PLANT CAPACITY AND ACTUAL PRODUCTION

	2018 Metric Ton		2017 Metric Ton	
	Rated Capacity	**Actual Production**	Rated Capacity	Actual Production
Food processing	**115,350**	**81,628**	107,290	71,133
Plastic film	**33,000**	**26,726**	33,000	25,139

42 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the Company and key management personnel. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these unconsolidated financial statements, are as follows:

	2018	2017
	--------- Rupees ---------	
Associated Company - Plastiflex Films (Private) Limited (Common Directorship)		
- Purchase of raw & packing Materials	**54,332,436**	44,302,195
- Metallization of raw material	**(6,753,099)**	-
- Sales of raw and packing material	**(2,165,352)**	-
- Payment against purchases	**(55,009,525)**	(46,742,412)
Balances		
Plastiflex Films (Private) Limited		
- Payable to associate	**5,497,115**	15,092,655
Director's subordinated - loan		
- Payable to directors'	**902,151,770**	902,151,770

43 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparision in accordance with the accounting and reporting standards and fourth schedule of Companies Act 2017.

44 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET

44.1 The board of directors in its meeting held on September 24, 2018 has proposed dividend in respect of the year ended June 30, 2018 of Rs. 4.50/- per share (2017: Rs. 2.75/- per share) for approval of the members at the annual general meeting. The unconsolidated financial statements for the year ended June 30, 2018 do not include the effect of proposed dividend, which will be accounted for in the unconsolidated financial statements for the year ending June 30, 2019.

45 DATE OF AUTHORIZATION

These unconsolidated financial statements were authorized for issue on September 24, 2018 by the board of directors of the Company.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISMAIL INDUSTRIES LIMITED

To the members of Ismail Industries Limited

Opinion

We have audited the annexed consolidated financial statements of **Ismail Industries Limited** and its **subsidiaries (the Group)**, which comprise the consolidated statement of financial position as at **June 30, 2018**, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matters were addressed in our audit
1.	**Valuation of Stock in Trade** As at June 30, 2018 the Group's total stock in trade balance amounting to Rs. 5.01 billion as disclosed in note 10 represents 58.20% of the total current assets of the Group. The value of stock in trade is based on the moving weighted average cost method for raw materials and packing materials, weighted average cost method for work in process and finished goods, and invoice value plus other charges for stock in transit. The Group is required to measure its stock in trade at the lower of cost and net realizable value. There is an element of judgement involved relating to the valuation, which is required for the estimation of the net realizable value and allowance for slow-moving and obsolete stock in trades. Such estimation is made after taking into consideration factors such as movement in prices, current and expected future market demands and pricing competitions. This was the key audit matter because of its materiality and significance in terms of judgements involved in estimating the NRV of underlying inventories.	In response to this matter, our audit procedures included the following: • Attending the stock counts at locations to observe the stock count process and evaluate the condition of stock in trade. • Testing the valuation method used by the management in valuation of stock in trade. • Comparing on sample basis specific purchases with underlying supporting documents. • Evaluating the appropriateness of the basis and processes used by the management in determining the net realizable value of stock in trade. • Performing testing on a sample of items to assess the NRV of the inventories held and evaluating the adequacy of provision for slow moving and obsolete stock. • Reviewing the adequacy of the disclosures of stock in trade in the consolidated financial statements.
2.	**First time application of Companies Act, 2017** As referred to in note 3.4.1 to the annexed consolidated financial statements, the third and fourth schedules to the Companies Act, 2017 became applicable for the first time for the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2018. The Companies Act, 2017 (including third and fourth schedules) forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. As part of this transition to the requirements of the said third and fourth schedules, the management performed a gap analysis to identify differences between the previous reporting framework and the current reporting framework and as a result assessed the amendments (as specified in the said note 3.4.1) relating to disclosures required in the Group's consolidated financial statements. We consider it as a key audit matter in view of the extensive impacts in the consolidated financial statements due to the Companies Act, 2017.	**How the matters were addressed in our audit** In response to this matter, our audit procedures included the following: • Considering the management's process to identify the necessary amendments required in the Group's consolidated financial statements. • Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the third and fourth schedules to the Companies Act, 2017 and our understanding of the Group's operations and business. • Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed consolidated financial statements based on the new requirements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
¬

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Khaliq-ur-Rahman.

Grant Thornton Anjum Rahman
Chartered Accountants

Karachi
Date: September 24, 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		------------ Rupees ------------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**12,238,386,373**	11,362,732,876
Goodwill	6	**11,959,187**	11,959,187
Long term investments	7	**2,954,477,082**	3,319,693,319
Long term deposits	8	**42,996,197**	35,635,973
Total non-current assets		**15,247,818,839**	14,730,021,355
Current assets			
Stores and spares	9	**195,891,564**	169,495,028
Stock-in-trade	10	**5,007,426,291**	4,863,525,805
Trade debts	11	**1,569,862,225**	1,442,852,765
Loans and advances	12	**738,012,983**	376,350,875
Trade deposits and short term prepayments	13	**13,170,300**	21,688,637
Other receivables	14	**136,230,676**	217,475,557
Taxation-net	15	**861,475,370**	774,157,713
Cash and bank balances	16	**81,115,556**	34,125,833
Total current assets		**8,603,184,965**	7,899,672,213
Total assets		**23,851,003,804**	22,629,693,568

The annexed notes 1 to 46 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018	2017
		------------ Rupees ------------	
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorized capital			
250,000,000 (2017: 250,000,000) ordinary shares			
of Rs. 10 each		**2,500,000,000**	2,500,000,000
Issued, subscribed and paid-up capital		**638,047,500**	638,047,500
Non-controlling interest		**220,543,953**	231,091,188
Reserves	17	**6,535,653,031**	5,613,640,729
Total shareholders' equity		**7,394,244,484**	6,482,779,417
Non-current liabilities			
Sponsors' loan-subordinated	18	**915,357,737**	902,151,770
Long term finances-secured	19	**5,230,767,470**	6,674,794,709
Liabilities against assets subject to finance lease	20	**403,658,251**	168,176,412
Deferred liabilities	21	**1,439,275,898**	1,215,829,176
Total non-current liabilities		**7,989,059,356**	8,960,952,067
Current liabilities			
Trade and other payables	22	**1,454,810,499**	1,063,476,922
Accrued mark-up	23	**103,908,088**	93,598,715
Short term finances-secured	24	**4,191,428,798**	3,783,293,527
Current portion of:			
- long term finances	19	**2,483,017,566**	2,078,107,585
- liabilities against assets subject to finance lease	20	**95,407,236**	80,377,295
Unclaimed Dividend		**1,818,498**	2,028,446
Advances from customers		**137,309,279**	85,079,594
Total current liabilities		**8,467,699,964**	7,185,962,084
Total liabilities		**16,456,759,320**	16,146,914,151
Contingencies and commitments	25		
Total equity and liabilities		**23,851,003,804**	22,629,693,568

The annexed notes 1 to 46 form an integral part of these financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		------------ Rupees	------------
Sales - gross	26	**29,970,991,048**	24,294,533,717
Sales returns and discounts		**(1,928,254,279)**	(1,291,471,429)
Export Rebate		**12,529,204**	11,333,299
		(1,915,725,075)	(1,280,138,130)
		28,055,265,973	23,014,395,587
Sales tax		**(4,149,047,950)**	(3,409,534,324)
Sales - net		**23,906,218,023**	19,604,861,263
Cost of sales	28	**(18,544,995,038)**	(15,883,600,917)
Gross profit		**5,361,222,985**	3,721,260,346
Selling and distribution expenses	29	**(2,896,266,866)**	(1,663,043,697)
Administrative expenses	30	**(413,888,986)**	(287,688,879)
Operating profit		**2,051,067,133**	1,770,527,770
Other operating expenses	31	**(254,651,191)**	(147,686,289)
Other income	32	**232,816,026**	195,266,876
		2,029,231,968	1,818,108,357
Finance cost	33	**(618,097,025)**	(671,271,174)
		1,411,134,943	1,146,837,183
Share of profit from associated undertaking	7.1.2	**393,211,150**	468,289,213
Profit before taxation		**1,804,346,093**	1,615,126,396
Taxation	36	**(425,822,163)**	(477,207,880)
Profit after taxation		**1,378,523,930**	1,137,918,516
Profit for the year attributable to:			
Shareholders of the Holding Company		**1,388,138,228**	1,146,053,761
Non-controlling interest		**(9,614,298)**	(8,135,245)
		1,378,523,930	1,137,918,516
Earnings per share - basic and diluted	37	**21.60**	17.83

The annexed notes 1 to 46 form an integral part of these financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		------------ Rupees ------------	
Profit after taxation		**1,378,523,930**	1,137,918,516
Other comprehensive income:			
Items that will not be reclassified to statement of profit or loss in subsequent periods:			
Loss on remeasurements of post employment benefit obligations-net of tax	21.1.7	**(11,982,254)**	(22,323,525)
Items that may be reclassified to profit or loss in subsequent periods:			
Unrealized appreciation during the year on re-measurement of investment classified as available for sale-net of tax	7.2.1	**13,143,235**	10,395,000
Realized gain during the year on disposal of investment classified as available for sale-net of tax		**(10,520,291)**	-
Share of other comprehensive income from associate-net of tax	7.1.3	**(282,236,490)**	(466,590,987)
Other comprehensive loss - net of tax		**(291,595,800)**	(478,519,512)
Total comprehensive income for the year		**1,086,928,130**	659,399,004
Total comprehensive income for the year attributable to :			
Shareholders of the Holding Company		**1,087,861,067**	659,399,004
Non-controlling interest		**(932,937)**	-
		1,086,928,130	659,399,004

The annexed notes 1 to 46 form an integral part of these financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Capital to be issued pursuant to amalgamation	Total Reserves						Non-controlling Interest	Total shareholders' equity
			Capital reserve		Revenue reserve			Total reserves		
			Share premium	Amalgamation reserves	Share of AFS remeasurement from associate	Remeasurement of investment classified as 'available for sale'	Unappropriated profit			
	--------------------------- Rupees ---------------------------									
Balance as at July 01, 2016	505,207,500	132,840,000	579,265,000	916,862,067	382,805,697	13,074,613	3,468,829,978	5,360,837,355	239,226,433	6,238,111,288
Capital to be issued pursuant to amalgamation	132,840,000	(132,840,000)	-	-	-	-	-	-	-	-
Profit after taxation	-	-	-	-	-	-	1,146,053,761	1,146,053,761	(8,135,245)	1,137,918,516
Other comprehensive loss:										
Remeasurement of defined benefit	-	-	-	-	-	-	(22,323,525)	(22,323,525)	-	(22,323,525)
Share of other comprehensive income from associate - net of tax	-	-	-	-	(466,590,987)	-	-	(466,590,987)	-	(466,590,987)
Unrealized appreciation on revaluation of investment - net of tax	-	-	-	-	-	10,395,000	-	10,395,000	-	10,395,000
Total comprehensive income for the year	-	-	-	-	(466,590,987)	10,395,000	1,123,730,236	667,534,249	(8,135,245)	659,399,004
Transactions with owners recognized directly in equity:		-	-	-	-		-	-	-	-
Final dividend for the year ended June 30, 2016 @ Rs. 6.00 per share	-	-	-	-	-		(414,730,875)	(414,730,875)	-	(414,730,875)
Balance as at June 30, 2017	638,047,500	-	579,265,000	916,862,067	(83,785,290)	23,469,613	4,177,829,339	5,613,640,729	231,091,188	6,482,779,417
Profit after taxation	**-**	**-**	**-**	**-**	**-**	**-**	**1,388,138,228**	**1,388,138,228**	**(9,614,298)**	**1,378,523,930**
Other comprehensive loss:										
Remeasurement of defined benefit liability - net of tax - note 20.1.7	**-**	**-**	**-**	**-**	**-**	**-**	**(11,049,317)**	**(11,049,317)**	**(932,937)**	**(11,982,254)**
Share of other comprehensive income from associate-net of tax	**-**	**-**	**-**	**-**	**(282,236,490)**	**-**	**-**	**(282,236,490)**	**-**	**(282,236,490)**
Unrealized appreciation on revaluation of investment - net of tax	**-**	**-**	**-**	**-**	**-**	**13,143,235**	**-**	**13,143,235**	**-**	**13,143,235**
Realized gain on disposal of investments-net of tax	**-**	**-**	**-**	**-**	**-**	**(10,520,291)**	**-**	**(10,520,291)**	**-**	**(10,520,291)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(282,236,490)**	**2,622,944**	**1,377,088,911**	**1,097,475,365**	**(10,547,235)**	**1,086,928,130**
Transactions with owners recognized directly in equity:										
Final dividend for the year ended June 30, 2017 @ Rs.2.75 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(175,463,063)**	**(175,463,063)**	**-**	**(175,463,063)**
Balance as at June 30, 2018	**638,047,500**	**-**	**579,265,000**	**916,862,067**	**(366,021,780)**	**26,092,557**	**5,379,455,187**	**6,535,653,031**	**220,543,953**	**7,394,244,484**

The annexed notes 1 to 46 form an integral part of these financial statements.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018	2017
		------------ Rupees ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	**2,249,313,757**	2,910,827,468
Gratuity paid	21.1.3	**(20,020,925)**	(24,202,370)
Income tax paid (net of refund)		**(347,520,604)**	(377,088,466)
Long term deposits (paid) / received		**(7,360,224)**	22,958,561
Net cash generated from operating activities		**1,874,412,004**	2,532,495,193
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		**(1,972,894,543)**	(3,335,273,091)
Long term investment		**116,730,000**	
Short term investment		**-**	37,447,999
Dividend received		**362,458,547**	362,458,547
Proceeds from disposal of property, plant and equipment	5.2	**77,162,448**	28,297,579
Net cash used in investing activities		**(1,416,543,548)**	(2,907,068,966)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of) / Receipts from long term financing-net		**(1,039,117,258)**	2,333,122,375
Lease repayments net of sale and lease back /(lease repayments)		**250,511,780**	(12,135,207)
Interest / mark-up paid		**(607,787,652)**	(658,669,089)
Dividend paid		**(175,673,011)**	(414,228,450)
Net cash (used in) / generated from financing activities		**(1,572,066,141)**	1,248,089,629
Net (decrease) / increase in cash and cash equivalents		**(1,114,197,685)**	873,515,856
Cash and cash equivalents at beginning of the year		**(772,090,557)**	(1,645,606,413)
Cash and cash equivalents as at end of the year		**(1,886,288,242)**	(772,090,557)
Cash and cash equivalents as at end of the year comprise of:			
Cash and bank balances	16	**81,115,556**	34,125,833
Running finance utilized under mark-up arrangements	24	**(1,967,403,798)**	(806,216,390)
		(1,886,288,242)	(772,090,557)

The annexed notes 1 to 46 form an integral part of these financial statements.

Munsarim Saifullah
Chief Executive Officer

Maqsood Ismail
Director

Abdul Qadir
Chief Financial Officer

1 LEGAL STATUS AND OPERATIONS

1.1 The Group consisit of:
Holding company: Ismail Industries Limited
Subsidiary company: 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.

Geographical location and addresses of business units including manufacturing units of the Holding Company are as under:

Head Office:
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.

Factories:

Unit-1	**Unit-5**
C-230, Hub H.I.T.E., Balochistan.	38-C, Sundar Industrial Estate, Raiwind Road, Lahore.
Unit-2	**Unit-6**
B-140, Hub H.I.T.E., Balochistan.	D-91, D-92 & D-94 North Western Zone, Port Qasim.
Unit-3	**Unit-7**
G-1, Hub H.I.T.E., Balochistan.	E164-168, North Western Zone, Port Qasim.
Unit-4	**Unit-8**
G-22, Hub H.I.T.E., Balochistan.	E154-157, North Western Zone, Port Qasim.

b) Hudson Pharma (Private) Limited

The Subsidiary was incorporated in Pakistan as a private limited company on May 5, 2010, under the repealed Companies Ordinance, 1984 (now Companies Act 2017). The registered office of the company is located at 17, Bangalore Town, Main Shahrah-e-Faisal, Karachi, Principal activities of the company are manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing, wholesale and retail, trading and selling of all kinds of pharmaceutical, animal health, allied consumer products, drugs and medicines.

Geographical location and addresses of business units including manufacturing units of the Company are as under:

Head Office:	**Factory:**
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.	D-93, North Western Industrial Zone, Port Qasim

2 SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE GROUP'S FINANCIAL POSITION AND PERFORMANCE

a) The Holding Company has completed the construction of cake plant named "FLO" at E-154-157, North Westtern Zone, Port Qasim, Karachi;

b) The Holding Company has decided to enhance its existing Biaxially Oriented Polyethylene Terephthalate (BOPET) films producing capacity by 200% in view of growing demand in Pakistan.

c) The exchange rate of USD to PKR has increased from PKR 105 as at June 30, 2017 to PKR 121.5 as at June 30, 2018 which resulted in exchange loss of Rs. 40.64 million;

d) During the year, the subsidiary was successfully able to secured the product licenses from Drug Regulatory Authority of Pakistan and was able to initiate the first trial production of four of its products i.e; Easehale, Torason 10 mg, Torason 30 mg and Ferris 100 mg.

e) For a detailed discussion about The Holding Company's performance, please refer to the Directors' report.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except as otherwise disclosed in the respective accounting policies' note and cash flow information.

3.3 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional currency and presentation currency.

3.4 New Standards, Amendments and Interpretations to Approved Accounting Standards

3.4.1 Promulgation of Companies Act, 2017

The third and fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Group (refer note 5.3.2), management assessment of sufficiency of tax provision in the financial statements (refer note 36.2), change in threshold for identification of executives (refer note 34.1), additional disclosure requirements for related parties (refer note 43).

3.4.2 Standards, amendments and interpretations to the published standards that are relevant to the group and adopted in the current year

The Group has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2017 and 2018.

3.4.3 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

3.4.4 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Group

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRS 15 - Revenue from Contracts with Customers	July 1, 2018
IFRS 9 - Financial Instruments	July 1, 2018

IFRS 16 - Leases	January 1, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019

The Group is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Group.

3.4.5 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 17 - Insurance Contracts	January 1, 2021

3.5 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following accounting estimates and judgments which are significant to the financial statements:

		Note
a)	Property, plant and equipment	3.5.1
b)	Stock-in-trade, stores and spares	3.5.2
c)	Trade debts and other receivables	3.5.3
d)	Income taxes	3.5.4
e)	Staff retirement benefits	3.5.5
f)	Impairment	3.5.6

3.5.1 Property, plant and equipment

The Group reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

3.5.2 Stock-in-trade, stores and spares

The Group's management reviews the net realizable value (NRV) of stock-in-trade and stores and spares to assess any diminution in the respective carrying values and wherever required, provision for NRV/impairment is made.

3.5.3 Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgmental basis, where provision may differ in the future years based on the actual experience.

3.5.4 Income taxes

In making the estimate for income taxes currently payable by the Group, the management refer to the current income tax law and the decisions of appellate authorities on certain issues in the past.

3.5.5 Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in note 20.1.1 to the financial statements for valuation of present value of defined benefit obligations. Any changes in these assumptions in future years might affect the amounts recognized in those years.

3.5.6 Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If such evidence exists, the recoverable amount of the asset is estimated and impairment losses are recognized as an expense in the statement of profit or loss.

Impairment of non-financial assets

Assets that are subject to depreciation/amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

4.1 Property, plant and equipment

4.1.1 Owned

Property, plant and equipment including leasehold land and all additions except capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses. Capital work-in-progress is stated at cost. Cost of property, plant and equipment comprises acquisition cost and directly attributable cost of bringing the assets to its working condition. Borrowing cost including the exchange risk fee (if any) that are directly attributable to the acquisition, construction and production of a qualifying asset is capitalized as part of the cost during the period in which activities that are necessary to prepare the asset for its intended use are carried out.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal repairs and maintenance are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized.

Depreciation on assets other than leasehold land is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 5 to the financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note 5 to the financial statements whereby the cost is written off over the lease term. Depreciation on additions is charged from the month in which they are put to use and on disposals up to the month of disposal.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as other income or expense.

4.1.2 Leased

Leased assets in terms of which the Group assumes substantially all the risks and rewards incidental to ownership are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments.

The outstanding obligations under the lease excluding finance charges allocated to future periods are shown as liability. Financial charges are allocated to the accounting periods in a manner so as to provide a constant rate of charge on the outstanding obligation.

Depreciation on leased assets is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 5 to the financial statements. Depreciation on additions is charged from the month in which they are put to use and on disposals up to the month of disposal.

4.1.3 Capital work-in-progress

Capital work-in-progress is stated at cost. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

4.2 Investment

The Group determines the classification of its investments at the time of acquisition of investment and re-evaluate this classification on a regular basis. The existing investment portfolio of the Group has been categorized as follows.

Classification of investments

4.2.1 Investments in subsidiaries

Investment in subsidiaries are recognized and carried at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is the higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

4.2.2 Investments in associates

Associates are all entities over which the Holding Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights or common directorship. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Holding Company's share of the profit or loss and other comprehensive income of the associate after the date of acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

4.2.3 Investment - Available for sale

These are investments that are intended to be held for an indefinite period of time which may be sold in response to need for liquidity or changes to interest rates, exchange rates or equity prices.

Available for sale investments are initially recognized at fair value plus transaction costs, and are subsequently carried at fair value. Changes in the fair value are recognized in other comprehensive income.

At the time of disposal, respective surplus or deficit is transferred to the statement of profit and loss.

4.3 Financial instruments

All financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument, These are initially measured at fair value, and subsequently re-measured at fair value or amortized cost as the case may be.

Financial assets carried on the statement of financial position include long term investments (note 7), long term deposits (note 8), trade debts (note 11), loan and advances (note 12), trade deposits (note 13), other receivables (note 14), cash and bank balances (note 16).

Financial liabilities carried on the statement of financial position include Sponsors' loans (note 18), long term finances (note 19), liabilities against assets subject to finance lease (note 20), unclaimed dividend, trade and other payables (note 22), accrued mark-up (note 23) and short term finances (note 24).

Financial assets or a part thereof is derecognized when the Group loses control of the contractual rights that comprise the financial asset or part thereof. Financial liabilities or a part thereof is removed when it is extinguished, i.e. the obligation specified in contract is discharged, cancelled or expired.

4.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.5 Long term deposits

These are stated at amortized cost which represents the fair value of consideration given.

4.6 Stores and spare parts

All stores, spares and loose tools either imported or purchased locally are charged to statement of profit or loss when consumed and are valued at lower of moving weighted average cost and estimated NRV except for items-in-transit which are stated at invoice value plus other incidental charges paid thereon up to the statement of financial position date. Provision is made for obsolete and slow moving items where necessary and is recognized in the statement of profit or loss.

4.7 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is determined as follows:

	Types of stock	Valuation method
a)	Raw and packing materials	moving weighted average cost method
b)	Work-in-process	weighted average cost method
c)	Finished goods	lower of weighted average cost and net realizable value
d)	Items in-transit	invoice value plus other charges incurred thereon

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

4.8 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method, if applicable, less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade debts and other receivables are written off when considered irrecoverable.

4.9 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balances, short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and running finances under mark up arrangements.

4.10 Interest / Mark-up bearing loans and borrowings

All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

Loans and borrowings are subsequently stated at amortized cost with any difference between the proceeds (net of transaction cost) and the redemption value recognized in the statement of profit or loss except for any amount included in the cost of property, plant and equipment over the period of the borrowing using the effective interest method.

4.11 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those that take a substantial period of time to get ready for their intended use) are capitalized as part of the cost of the relevant asset. All other borrowing costs are charged to statement of profit or loss in the period in which they are incurred.

4.12 Staff retirement benefits - gratuity

The Group operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Group. Provision for gratuity is made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. Provision has been made in accordance with actuarial recommendations summarized in note 20.1, using the projected unit credit method.

4.13 Taxation

4.13.1 Current

The charge for current tax is based on taxable income at current rates of taxation after taking into account tax credits, rebates and exemptions available, if any, or in accordance with the final tax regime, where applicable, of the Income Tax Ordinance, 2001 (the Ordinance) or the minimum tax under section 113 of the Ordinance or Alternate Corporate Tax (ACT) under section 113C of the Ordinance, whichever is higher.

4.13.2 Deferred

Deferred tax is recognized using the statement of financial position liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

Deferred tax liabilities are recognized for all major taxable temporary differences.

Deferred tax assets are recognized for all major deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

The carrying amount of the deferred tax asset is reviewed at each statement of financial position date and is recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognized deferred income tax assets are reassessed at each statement of financial position date and are recognized to the extent that it becomes probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the statement of financial position date.

4.14 Provisions

Provisions are recognized in the statement of financial position when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

4.15 Ijarah

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as Ijarah. Payments made under Ijarah contracts are charged to statement of profit or loss on a straight-line basis over the period of the Ijarah.

4.16 Trade and other payables

Liabilities for trade and other payables are measured at cost which is the fair value of the consideration to be paid in future for goods and services.

4.17 Revenue recognition

Revenue is recognized when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. It is measured at the fair value of the consideration received or receivable and is reduced for customer returns, rebates / discounts, sales tax and other similar allowances. Revenue is recognized on the following basis:

a) Revenue from local sale of goods is recognized when the goods are dispatched and in case of export sales, when the goods are shipped.
b) Processing income is recognized when services are rendered.
c) Gain and loss on sale of investments is taken to income in the period in which it arises.
d) Interest income is recognized on an accrual basis using the effective interest method.
e) Dividend income, other than those from investments in associates, are recognized at the time the right to receive payment is established.

4.18 Foreign currency translation

Transactions in foreign currencies are accounted for in rupee at the rate of exchange prevailing at the date of transaction. Monetary assets and monetary liabilities in foreign currencies as at the statement of financial position date are expressed in rupee at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Exchange differences are taken to the statement of profit or loss.

4.19 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates. The financial statements are presented in Pakistani rupee, which is the Group's functional and presentation currency. The figures have been rounded of to the nearest rupee.

4.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker for allocating resources and assessing performance of the operating segments.

4.21 Dividend distribution

Dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

4.22 Related parties transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the Group to do so.

4.23 Share Capital

Ordinarily shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.24 Contingent liabilities

Contingent liability is disclosed when:

a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b) a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

4.25 Operating, administrative and selling expenses

These expenses are recognized in statement of profit or loss upon utilization of the services or as incurred except for specifically stated in the financial statements.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		----------- Rupees -----------	
Operating assets		12,039,726,243	9,254,678,590
Capital work in progress - at cost	5.3	198,660,130	2,108,054,286
		12,238,386,373	11,362,732,876

2018	Owned assets									Leased assets			Grand total
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment's	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	
	------	------	------	------	------	------	Rupees	------	------	------	------	------	
As at June 30, 2017													
Cost	561,053,489	5,774,050	2,384,187,266	10,043,697,210	61,747,345	129,991,629	23,478,113	210,787,354	13,420,716,456	165,527,276	146,075,455	311,602,731	13,732,319,187
Accumulated depreciation	(29,167,314)	-	(666,382,618)	(3,536,397,350)	(28,622,885)	(40,814,777)	(12,965,699)	(91,335,243)	(4,405,685,886)	(39,372,018)	(32,582,693)	(71,954,711)	(4,477,640,597)
Net book amount	**531,886,175**	**5,774,050**	**1,717,804,648**	**6,507,299,860**	**33,124,460**	**89,176,852**	**10,512,414**	**119,452,111**	**9,015,030,570**	**126,155,258**	**113,492,762**	**239,648,020**	**9,254,678,590**
June 30, 2017													
Opening net book amount	531,886,175	5,774,050	1,717,804,648	6,507,299,860	33,124,460	89,176,852	10,512,414	119,452,111	9,015,030,570	126,155,258	113,492,762	239,648,020	9,254,678,590
Additions / Transfers from CWIP	198,903,280	81,810,197	1,093,141,347	1,780,830,520	15,620,992	207,615,593	10,075,677	79,563,335	3,467,560,941	-	145,066,688	145,066,688	3,612,627,629
Trial production costs	-	-	102,687,065	166,974,008	-	-	-	-	269,661,072	-	-	-	269,661,072
Transfer From / To leased assets to owned assets													
Cost	-	-	-	(251,731,063)	-	-	-	50,937,742	(200,793,321)	251,731,063	(50,937,742)	200,793,321	-
Accumulated depreciation	-	-	-	8,473,470	-	-	-	(18,531,793)	(10,058,323)	(8,473,470)	18,531,793	10,058,323	-
	-	-	-	(243,257,593)	-	-	-	32,405,949	(210,851,644)	243,257,593	(32,405,949)	210,851,644	-
Disposal													
Cost	-	-	-	-	-	-	(107,756)	(98,364,418)	(98,472,174)	-	-	-	(98,472,174)
Accumulated depreciation	-	-	-	-	-	-	28,154	49,298,351	49,326,505	-	-	-	49,326,505
	-	-	-	-	-	-	(79,602)	(49,066,067)	(49,145,669)	-	-	-	(49,145,669)
Deprecation charge	(9,383,412)	-	(227,862,965)	(703,623,982)	(4,153,268)	(20,824,972)	(3,058,250)	(29,539,642)	(998,446,490)	(12,053,078)	(37,595,811)	(49,648,889)	(1,048,095,379)
Closing net book amount	**721,406,043**	**87,584,247**	**2,685,770,095**	**7,508,222,813**	**44,592,184**	**275,967,473**	**17,450,239**	**152,815,686**	**11,493,808,780**	**357,359,773**	**188,557,690**	**545,917,463**	**12,039,726,243**
As at June 30, 2018													
Cost	759,956,769	87,584,247	3,580,015,678	11,739,770,675	77,368,337	337,607,222	33,446,034	242,924,013	16,858,672,975	417,258,339	240,204,401	657,462,740	17,516,135,715
Accumulated depreciation	(38,550,726)	-	(894,245,583)	(4,231,547,862)	(32,776,153)	(61,639,749)	(15,995,795)	(90,108,327)	(5,364,864,195)	(59,898,566)	(51,646,711)	(111,545,277)	(5,476,409,472)
Net book amount	**721,406,043**	**87,584,247**	**2,685,770,095**	**7,508,222,813**	**44,592,184**	**275,967,473**	**17,450,239**	**152,815,686**	**11,493,808,780**	**357,359,773**	**188,557,690**	**545,917,463**	**12,039,726,243**
Depreciation rate (%)	**1 to 5**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**		

5.1 The depreciation expense has been allocated as follows:

	Note	2018	2017
		----------- Rupees -----------	
Cost of sales	28	927,529,209	739,506,605
Selling and distribution expenses	29	27,755,052	15,625,840
Administrative expenses	30	33,610,628	26,855,094
Charge to trial production		59,200,491	-
		1,048,095,380	781,987,539

The following is a statement of operating assets:

2017	Owned assets									Leased assets			Grand total
	Leasehold land	Freehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment's	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	
	Rupees												
As at June 30, 2016													
Cost	434,058,848	5,774,050	1,634,121,717	8,307,013,010	57,700,630	87,820,315	19,861,581	169,772,997	10,716,123,148	216,206,031	95,907,657	312,113,688	11,028,236,836
Accumulated depreciation	(21,837,984)	-	(542,615,836)	(2,934,282,365)	(25,374,004)	(34,180,080)	(10,914,978)	(91,445,228)	(3,660,650,475)	(44,484,333)	(21,997,927)	(66,482,260)	(3,727,132,735)
Net book amount	**412,220,864**	**5,774,050**	**1,091,505,881**	**5,372,730,645**	**32,326,626**	**53,640,235**	**8,946,603**	**78,327,769**	**7,055,472,673**	**171,721,698**	**73,909,730**	**245,631,428**	**7,301,104,101**
June 30, 2016													
Opening net book amount	412,220,864	5,774,050	1,091,505,881	5,372,730,645	32,326,626	53,640,235	8,946,603	78,327,769	7,055,472,673	171,721,698	73,909,730	245,631,428	7,301,104,101
Additions / Transfers from CWIP	126,994,641	-	750,065,549	1,634,547,123	4,046,715	42,331,014	3,664,532	62,333,653	2,623,983,227	51,458,322	73,955,285	125,413,607	2,749,396,834
Transfer from leased assets to owned assets													
Cost	-	-	-	102,137,077	-	-	-	23,787,487	125,924,564	(102,137,077)	(23,787,487)	(125,924,564)	-
Accumulated depreciation	-	-	-	(18,953,735)	-	-	-	(9,661,025)	(28,614,760)	18,953,735	9,661,025	28,614,760	-
	-	-	-	83,183,342	-	-	-	14,126,462	97,309,804	(83,183,342)	(14,126,462)	(97,309,804)	-
Disposal													
Cost	-	-	-	-	-	(159,700)	(48,000)	(45,106,783)	(45,314,483)	-	-	-	(45,314,483)
Accumulated depreciation	-	-	-	-	-	105,762	4,604	31,369,311	31,479,677	-	-	-	31,479,677
	-	-	-	-	-	(53,938)	(43,396)	(13,737,472)	(13,834,806)	-	-	-	(13,834,806)
Deprecation charge for the year	(7,329,330)	-	(123,766,782)	(583,161,250)	(3,248,881)	(6,740,459)	(2,055,325)	(21,598,301)	(747,900,328)	(13,841,420)	(20,245,791)	(34,087,211)	(781,987,539)
Closing net book amount	**531,886,175**	**5,774,050**	**1,717,804,648**	**6,507,299,860**	**33,124,460**	**89,176,852**	**10,512,414**	**119,452,111**	**9,015,030,570**	**126,155,258**	**113,492,762**	**239,648,020**	**9,254,678,590**
As at June 30, 2017													
Cost	561,053,489	5,774,050	2,384,187,266	10,043,697,210	61,747,345	129,991,629	23,478,113	210,787,354	13,420,716,456	165,527,276	146,075,455	311,602,731	13,732,319,187
Accumulated depreciation	(29,167,314)	-	(666,382,618)	(3,536,397,350)	(28,622,885)	(40,814,777)	(12,965,699)	(91,335,243)	(4,405,685,886)	(39,372,018)	(32,582,693)	(71,954,711)	(4,477,640,597)
Net book amount	**531,886,175**	**5,774,050**	**1,717,804,648**	**6,507,299,860**	**33,124,460**	**89,176,852**	**10,512,414**	**119,452,111**	**9,015,030,570**	**126,155,258**	**113,492,762**	**239,648,020**	**9,254,678,590**
Depreciation rate (%)	**1 to 5**		**10**	**10 to 15**	**10**	**10**	**20**	**20**		**10**	**20**		

5.2 Following items of property, plant and equipment were disposed off during the year:

Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain/ (loss)	Particulars of buyer	Relationship
.... Rupees						
Mode of disposal - negotiation						
Vehicles						
Honda City						
1,922,180	1,092,650	829,530	1,471,000	641,470	Mr. Munsarim Saif	Management personnel
1,542,000	853,790	688,210	1,200,000	511,790	Noman Hassan Khan	Independent party
1,542,000	909,261	632,739	1,255,000	622,261	Ali Raza Kazmi	Independent party
1,522,000	647,943	874,057	1,330,000	455,943	Ali Raza Kazmi	Independent party
1,522,000	587,161	934,839	1,385,000	450,161	Ali Raza Kazmi	Independent party
1,542,855	579,145	963,710	1,355,000	391,290	Ali Raza Kazmi	Independent party
1,524,424	488,749	1,035,675	1,380,000	344,325	Mr. Waqar Ahmed	Independent party
Toyota Corolla						
1,772,500	1,225,938	546,562	1,330,000	783,438	Ali Raza Kazmi	Independent party
1,986,990	186,254	1,800,736	2,025,000	224,264	Faisal Aheed	Management personnel
1,702,500	1,186,273	516,227	1,232,357	716,130	Noman Hassan Khan	Independent party
2,000,760	641,469	1,359,291	1,603,608	244,317	Muhammad Azeem ul Shan	Employee
2,052,910	535,917	1,516,993	1,925,000	408,007	Umer Ali	Independent party
2,554,000	166,057	2,387,943	2,660,000	272,057	Waqar Ahmed	Independent party
1,732,500	1,180,009	552,491	1,205,250	652,759	Noman Hassan Khan	Independent party
1,864,000	150,241	1,713,759	1,875,000	161,241	Waqar Ahmed	Independent party
1,772,500	1,269,992	502,508	1,330,000	827,492	Ali Raza Kazmi	Independent party
1,827,500	1,214,576	612,924	1,380,000	767,076	Ali Raza Kazmi	Independent party
1,767,000	525,483	1,241,517	1,730,928	489,411	Muhammad Rashid	Independent party
1,571,500	926,656	644,844	1,205,000	560,156	Ali Raza Kazmi	Independent party
1,772,500	1,225,938	546,562	1,300,000	753,438	Jawwad Ali Tipu	Management personnel
Suzuki Cultus						
1,059,910	536,670	523,240	857,257	334,017	Noman Hassan Khan	Independent party
1,140,790	268,988	871,802	1,025,000	153,198	Ali Raza Kazmi	Independent party
1,073,597	561,120	512,477	775,000	262,523	Ali Raza Kazmi	Independent party
1,039,000	160,740	878,260	840,000	(38,260)	Umer Ali	Independent party
1,112,200	356,585	755,615	975,000	219,385	Ali Raza Kazmi	Independent party
1,112,200	356,585	755,615	1,010,000	254,385	Umer Ali	Independent party
1,112,200	356,585	755,615	975,000	219,385	Ali Raza Kazmi	Independent party
1,099,000	313,741	785,259	1,000,000	214,741	Abdul Rasheed Ibrahim	Management personnel
1,099,000	352,353	746,647	955,000	208,353	Ali Raza Kazmi	Independent party
1,099,000	326,829	772,171	1,020,000	247,829	Umer Ali	Independent party
1,099,000	326,829	772,171	965,000	192,829	Ali Raza Kazmi	Independent party
1,111,290	276,186	835,104	995,000	159,896	Ali Raza Kazmi	Independent party
1,115,500	277,233	838,267	995,000	156,733	Ali Raza Kazmi	Independent party
1,110,500	275,990	834,510	1,030,000	195,490	Umer Ali	Independent party
1,124,000	220,608	903,392	1,095,000	191,608	Ali Raza Kazmi	Independent party
1,129,000	221,589	907,411	1,065,000	157,589	Ali Raza Kazmi	Independent party
Suzuki Mehran						
720,530	151,071	569,459	595,000	25,541	Umer Ali	Independent party
688,000	170,987	517,013	645,000	127,987	Umer Ali	Independent party
700,290	174,041	526,249	645,000	118,751	Ali Raza Kazmi	Independent party
719,980	187,952	532,028	640,000	107,972	Umer Ali	Independent party
55,959,606	**21,466,184**	**34,493,422**	**48,280,400**	**13,786,978**		

Aggregate of assets disposed off having net book amount below Rs. 500,000 each

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain/ (loss)
Vehicles	42,404,812	27,832,169	14,572,643	28,804,808	14,232,165
Computer	107,756	28,154	79,602	77,240	(2,362)
Sub-total	**42,512,568**	**27,860,323**	**14,652,245**	**28,882,048**	**14,229,803**
2018 - total	**98,472,174**	**49,326,507**	**49,145,667**	**77,162,448**	**28,016,781**
2017 - total	45,314,483	31,479,677	13,834,806	28,297,579	14,462,774

5.2.1 All Disposal are made through negotiation.

5.2.1 All Disposal are made through negotiation.

	Note	2018	2017
		------------Rupees---------	
5.3 Capital work-in-progress			
Civil works		**39,475,190**	913,617,393
Plant and machinery		**109,433,166**	1,022,354,253
Software development		**41,739,258**	5,662,440
Equipment and fittings		**8,012,515**	154,674,314
	5.3.1	**198,660,130**	2,096,308,400
Advances		**-**	11,745,886
		198,660,130	2,108,054,286

5.3.1 Movement of capital work in progress:

	Civil works	Plant and machinery	Software Development	Equipment and fittings	Total
		-----------------------------Rupees-----------------------------			
Balance as at July 1, 2016	968,594,689	405,563,125	-	128,473,216	1,502,631,030
Capital expenditure incurred during the year	695,088,253	2,250,940,451	5,662,440	36,901,147	2,988,592,291
Transferred to operating fixed assets	(750,065,549)	(1,634,149,323)	-	(10,700,049)	(2,394,914,921)
Balance as at June 30, 2017	**913,617,393**	**1,022,354,253**	**5,662,440**	**154,674,314**	**2,096,308,400**
Capital expenditure incurred during the year	**320,315,443**	**765,014,080**	**36,076,818**	**71,841,375**	**1,193,247,717**
Trial production costs incurred	**66,261,587**	**107,744,463**	**-**		**174,006,050**
Transferred to operating fixed	**(1,158,032,168)**	**(1,700,692,764)**	**-**	**(136,516,032)**	**(2,995,240,964)**
Trial production costs transferred t	**(102,687,065)**	**(166,974,008)**	**-**	**-**	**(269,661,073)**
Balance as at June 30, 2018	**39,475,190**	**109,433,166**	**41,739,258**	**8,012,515**	**198,660,130**

5.3.2 Particulars of immovable property (i.e. land and building) in the name of Group are as follows:

Locations	Usage of Immovable Property	Total Area in Acres
17 - Bangalore Town, Shahrah-e-Faisal, Karachi.	Head Office	0.21 acres
C-230, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 1	7.54 acres
B-140, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 2	4.59 acres
G-1, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 3	6.67 acres
G-22, Hub H.I.T.E., Balochistan.	Manufacturing facility - Unit 4	9.00 acres
38-C, Sundar Industrial Estate, Raiwind Road, Lahore.	Manufacturing facility - Unit 5	4.02 acres
D-91, D-92 & D-94 North Western Zone, Port Qasim.	Manufacturing facility - Unit 6	7.50 acres
E164-168, North Western Zone, Port Qasim.	Manufacturing facility - Unit 7	5.47 acres
E154-157, North Western Zone, Port Qasim.	Manufacturing facility - Unit 8	5.51 acres
D-93, North Western Industrial Zone, Port Qasim.	Manufacturing facility	2.5 acres

		Note	2018	2017
			------------Rupees---------	
6	**GOODWILL**	6.1	**11,959,187**	11,959,187
6.1	This represnts amount recognized on acquisition of subsidiary			
7	**LONG TERM INVESTMENTS**			
7.1	**Investment in associated undertakings**			
	Novelty Enterprises (Private) Limited	7.1.1	**228,727,912**	228,737,812
	The Bank of Khyber	7.1.2	**2,530,641,520**	2,782,115,507
			2,759,369,432	3,010,853,319
7.2	**Other investment - Available for sale**			
	BankIslami Pakistan Limited	7.2.1	**195,107,650**	308,840,000
			2,954,477,082	3,319,693,319

7.1.1 Novelty Enterprises (Private) Limited

The Holding Company holds 33% (2017: 33%) voting and equity interest in Novelty Enterprises (Private) Limited (NEL). The shares of NEL are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of NEL is June 30.

Total equity / net assets of NEL as at June 30, 2018 based on un-audited financial statements amounted to Rs. 561.487 million (2017: Rs. 561.518 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated December 31, 2015 fair value of fixed assets of NEL amounted to Rs. 1,016.32 million resulting in surplus on fixed assets of Rs. 483.607 million. Revised net assets after the revaluation surplus amounted to Rs. 1,045.094 million (2017: Rs. 1,045.125 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

NEL has not commenced operations as of the reporting date and hence the investment is stated at cost.

7.1.2 The Bank of Khyber

The total shareholding of the Holding Company in the Bank of Khyber (the Bank) is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (2017: 24.16%). In addition to this, the Holding Company also has representation on the board of directors of the Bank. The Bank concludes its annual financial results on December 31 as required by the State Bank of Pakistan for financial institutions. Amounts in these financial statements have been taken from annual audited financial results for the period ended December 31, 2017 and December 31, 2016 and from reviewed condensed interim financial information of the Bank for the six-month periods ended June 30, 2018 and June 30, 2017. Adjustment to confirm to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances.

The market value of holding in the Bank as on June 30, 2018 was Rs. 3,298.373 million (June 30, 2017: Rs. 3,805.825 million)

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

7.1.3	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2018	2017	**2018**	2017
	------------Rupees---------			
Balance as at July 1	**2,782,115,507**	3,142,849,649	**228,737,812**	228,763,991
Purchase during the year	**-**	-	**-**	-
Share of profit/(loss) relating to profit and loss account	**393,221,050**	468,315,392	**(9,900)**	(26,179)
Dividend received	**(362,458,547)**	(362,458,547)	**-**	-
Share of other comprehensive (loss)	**(322,555,988)**	(539,704,283)	**-**	-
Related deferred tax on OCI	**40,319,498**	73,113,296	**-**	-
	(282,236,490)	(466,590,987)	**-**	-
Balance as at June 30	**2,530,641,520**	2,782,115,507	**228,727,912**	228,737,812

Summarized financial information in respect of the Holding Company’s associates as at June 30 is set out below:

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2018	2017	**2018**	2017
	------------Rupees---------			
Assets	**213,686,803,000**	261,873,963,000	**561,487,351**	561,518,132
Liabilities	**199,566,458,000**	246,545,562,000	**28,000**	28,000
Revenue	**5,363,311,000**	4,393,471,000	**-**	-
Profit / (loss)	**1,627,705,000**	1,938,581,000	**(30,781)**	(30,000)

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 received cash dividend from Bank of Khyber during the year amounting to Rs. 1.50 per shares (2017: Rs. 1.50)

	Note	**2018**	2017
		------------Rupees---------	
7.2.1 BankIslami Pakistan Limited			
Carrying value of investment		**308,840,000**	294,840,000
Less: Sale of investment at carrying value		**(128,753,190)**	-
Unrealized appreciation in value of investments		**15,020,840**	14,000,000
Fair value of investments		**195,107,650**	308,840,000

7.3 All investments have been made in accordance with the provision of the section 199 of the Act and the rules promulgated for this purpose.

	Note	**2018**	2017
		------------Rupees---------	
8 LONG TERM DEPOSITS			
Lease - Conventional		**23,765,098**	24,139,798
Less: Current maturity - Conventional	13	**(3,502,300)**	(9,739,348)
		20,262,798	14,400,450
Utilities		**13,336,451**	12,889,451
Others		**9,396,948**	8,346,072
		42,996,197	35,635,973
9 STORES AND SPARES			
Stores	9.1	**84,310,776**	86,632,438
Spare parts	9.1	**111,164,468**	81,633,521
Diesel and liquefied petroleum gas (LPG)	9.1	**416,320**	1,167,269
Others	9.1	**-**	61,800
		195,891,564	169,495,028

9.1 Reconciliation of provision for slow moving spare parts

	Note	**2018**			
		Stores	**Spare parts**	**Diesel and LPG**	**Others**
		-------------------- Rupees --------------------			
Stores and spares - gross		**92,902,196**	**111,164,468**	**416,320**	**-**
Provision for slow moving					
- opening		**(8,051,420)**	**-**	**-**	**-**
- charge for the year	28.3	**(540,000)**	**-**	**-**	**-**
- closing		**(8,591,420)**	**-**	**-**	**-**
Stores and spares - net		**84,310,776**	**111,164,468**	**416,320**	**-**

	Note	2017			
		Stores	Spare parts	Diesel and LPG	Others
		-------------------- Rupees --------------------			
Stores and spares - gross		94,683,858	81,633,521	1,167,269	61,800
Provision for slow moving					
- opening		(7,511,420)	-	-	-
- charge for the year	27.3	(540,000)	-	-	-
- closing		(8,051,420)	-	-	-
Stores and spares - net		86,632,438	81,633,521	1,167,269	61,800

	Note	2018	2017
		------------Rupees---------	

10 STOCK-IN-TRADE

	Note	2018	2017
Raw materials	10.1 & 10.2	**3,194,941,766**	3,112,825,860
Packing materials	10.1	**312,061,635**	351,355,736
Work-in-process		**129,522,333**	151,165,802
Finished goods	10.1	**1,370,900,558**	1,248,178,407
		5,007,426,291	4,863,525,805

10.1 Reconciliation of provision for stock-in-trade

	Note	2018 Raw materials	2018 Packing materials	2018 Finished goods
		---------------------- Rupees --------------------		
Stock-in-trade (gross)		**3,208,326,349**	**440,796,673**	**1,370,900,558**
Provision for slow moving				
- opening		**(13,404,278)**	**(118,216,276)**	**-**
- charge for the year		**-**	**(10,518,762)**	**-**
- written off	28.1	**19,695**	**-**	**-**
- closing		**(13,384,583)**	**(128,735,038)**	**-**
Stock-in-trade (net)		**3,194,941,766**	**312,061,635**	**1,370,900,558**

	2017 Raw materials	2017 Packing materials	2017 Finished goods
	---------------------- Rupees --------------------		
Stock-in-trade (gross)	3,126,230,138	469,572,012	1,248,178,407
Provision for slow moving			
- opening	(13,404,278)	(150,332,105)	-
- charge for the year	-	(5,500,000)	-
- written off	-	37,615,829	-
- closing	(13,404,278)	(118,216,276)	-
Stock-in-trade (net)	3,112,825,860	351,355,736	1,248,178,407

10.2 This includes raw materials in transit amounting to Rs. 115,492,023 (June 30, 2017: Rs. 67,652,982).

11 TRADE DEBTS

	Note	2018	2017
		------------Rupees---------	
Considered good			
-export-secured	11.1	**311,568,772**	124,849,742
-local- unsecured		**1,258,293,453**	1,318,003,023
		1,569,862,225	1,442,852,765
Considered doubtful	11.2	**51,963,694**	42,313,694
Trade debts - gross		**1,621,825,919**	1,485,166,459
Provision for doubtful debts - opening balance		**(42,313,694)**	(38,713,694)
Charge for the year	29	**(9,650,000)**	(3,600,000)
Provision for doubtful debts - closing balance		**(51,963,694)**	(42,313,694)
Trade debts - net		**1,569,862,225**	1,442,852,765

11.1 Certain trade debts were found to be doubtful and provision has been recorded accordingly. The doubtful trade debts are mostly due from customers in the business-to-business market.

11.2 Following are the details of debtors in relation to export sales;

Jurisdiction	**Category**	**2018**	2017
		------------Rupees---------	
Asia	Letter of Credit	**261,751**	667,616
	Contract	**37,822,585**	26,662,840
Europe	Letter of Credit	**-**	4,720,032
	Contract	**18,420,247**	85,113,508
Africa	Contract	**245,015,053**	3,085,869
Australia	Contract	**877,882**	1,288,983
North America	Contract	**9,171,254**	3,310,894
Sub Total	Letter of Credit	**261,751**	5,387,648
	Contract	**311,307,021**	119,462,094
Grand Total		**311,568,772**	124,849,742

11.3 Age analysis

Not Due	**1,070,338,489**	1,011,475,583
More than 45 days but not more than 3 months	**213,039,102**	175,470,806
More than 3 months but not more than 6 months	**171,373,560**	169,115,819
More than 6 months but not more than 1 year	**115,111,074**	86,790,557
More than 1 year	**51,963,694**	42,313,694
	1,621,825,919	1,485,166,459

12 LOANS AND ADVANCES		2018	2017
		------------Rupees---------	
Loans - secured			
- employees	12.1	**51,601,075**	18,026,731
Advances - unsecured			
- suppliers		**672,080,260**	351,815,632
- others		**14,331,648**	6,508,512
		738,012,983	376,350,875

12.1 These include loans to employees exceeding Rs. 1 million to Mr. Ghulam Farooq, Mr. Abdul Rasheed, Mr. Aqeel Abbas & Mr. Khalid Ahmed. These loans are interest free and have been given to employees of the Holding Company for personal use. These loans are to be repaid within a period of one year in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Holding Company is adjustable against final settlement of staff gratuity fund.

	Note	2018	2017
		------------Rupees---------	
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits - unsecured		**9,668,000**	9,656,762
Short term prepayments		**-**	2,292,527
Current maturity of lease deposits- *Conventional*	8	**3,502,300**	9,739,348
		13,170,300	21,688,637
14 OTHER RECEIVABLES			
Export rebate		**32,742,859**	34,945,161
Sales tax receivable		**-**	36,398,025
Federal excise duty		**2,407,465**	3,021,564
Other receivables	14.2	**101,080,352**	143,110,807
		136,230,676	217,475,557

14.1 Other receivables have been reviewed for impairment and none have been found to be impaired.

14.2 This amounts includes Rs. 100.217 million (June 30 2017 Rs.143.017 million) due from Nazir of the High court as refer in note 25.1.3 & 25.1.8.

	Note	2018	2017
		------------Rupees---------	
15 TAXATION - net			
Advance income tax		**1,162,056,724**	882,447,568
Provision for taxation	36	**(300,581,354)**	(108,289,855)
		861,475,370	774,157,713
16 CASH AND BANK BALANCES			
Cash in hand		**6,906,185**	1,928,660
Cash with banks in:			
- current accounts - conventional		**47,327,427**	28,431,216
- current accounts - Islamic		**26,881,944**	3,765,957
		81,115,556	34,125,833

17 RESERVES

	Note	2018	2017
		------------Rupees---------	
Capital Reserve			
- Share premium	17.1	**579,265,000**	579,265,000
- Share of AFS re-measurement from associate		**(366,021,780)**	(83,785,290)
- Reserve arising due to amalgamation		**916,862,067**	916,862,067
Revenue Reserve			
- Unappropriated profit		**5,379,455,187**	4,177,829,339
- Remeasurement of investment classified as 'available for sale'		**26,092,557**	23,469,613
		6,535,653,031	5,613,640,729

17.1 This represents share premium on right shares issued @ Rs. 20 per share. This reserve can be utilized by the Holding Company for the purpose specified in section 81(2) of the Companies Act, 2017.

18 SPONSORS' LOAN - subordinated

	Note	2018	2017
		------------Rupees---------	
Opening balance		**902,151,770**	902,151,770
Reclassification from advances from directors		**13,205,967**	
Additions received during the year		**-**	-
Closing balance		**915,357,737**	902,151,770

18.1 The Group has obtained interest free loan from its sponsors. The sponsors have entered into agreements with the Group and various banks in which they have undertaken to sub-ordinate their loans and their claims over the Group's assets. Subsequent to the year end June 30, 2018 these loans will be converted into ordinary shares under special resolution to its existing sponsors with the special approval of the Securities Exchange Commission of Pakistan.

19 LONG TERM FINANCES - secured

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2018	2017
					--------- Rupees ---------	
<u>Loans from banking companies and financial institutions</u>						
CONVENTIONAL						
Habib Bank Limited						
- Term finance	Monthly	2017-2019	1 month KIBOR + 0.25%	36	**100,000,000**	202,486,665
- SBP-LTFF	Quarterly	2018-2028	SBP + 0.25%	36	**462,509,250**	462,886,200
- Term finance	Monthly	2017-2022	1 month KIBOR + 0.25%	60	**383,333,336**	483,333,334
Bank Al-Habib Limited						
- Term finance	Monthly	2018-2021	3 months KIBOR + 0.25%	42	**117,857,143**	150,000,000
- SBP-LTFF	Quarterly	2019-2028	SBP + 0.75%	32	**400,000,000**	282,135,000
- SBP-LTFF	Quarterly	2020-2028	SBP + 0.5%	32	**56,727,000**	-
MCB Bank Limited						
- SBP-LTFF	Quarterly	2018-2027	SBP + 0.75%	36	**313,484,618**	341,677,343
Allied Bank Limited						
- Term finance	Monthly	2015-2020	3 months KIBOR + 0.25%	60	**174,259,346**	269,309,690
- Term finance	Monthly	2018-2021	3 months KIBOR + 0.25%	36	**275,000,001**	300,000,000
- Term finance	Monthly	2016-2021	3 months KIBOR + 0.25%	60	**186,550,000**	250,510,000
Carried forward					**2,469,720,694**	**2,742,338,232**

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2018	2017
					--------- Rupees ---------	
Brought forward					**2,469,720,694**	2,742,338,232
Pak Brunei Investment Company Limited						
- SBP-LTFF	Quarterly	2020-2028	SBP + 0.5%	32	**423,141,000**	-
- Term finance	Quarterly	2017-2020	3 months KIBOR + 0.5%	12	**99,999,998**	166,666,666
Pak Oman Investment Company Limited						
- Term finance	Quarterly	2014-2019	3 months KIBOR + 0.5%	20	**6,550,000**	46,554,000
- Term finance	Monthly	2016-2021	1 month KIBOR + 0.5%	60	**155,000,000**	215,000,000
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.5%	60	**36,666,683**	76,666,679
Bank Al falah Limited						
- SBP-LTFF	Quarterly	2017-2028	SBP+0.25%	40	**452,987,544**	479,004,000
JS Bank Limited						
- Term finance	Monthly	2016-2020	1 month KIBOR + 0.25%	42	**80,053,207**	136,561,352
- Term finance	Monthly	2018 - 2021	3 months KIBOR + 0.3%	36	**150,000,000**	150,000,000
- Term finance	Monthly	2020-2023	1 month KIBOR + 0.3%	36	**200,000,000**	-
Faysal Bank Limited						
- Term finance	Monthly	2017-2021	3 months KIBOR + 0.25%	48	**312,500,000**	437,500,000
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	13	**81,405,846**	244,217,538
National Bank of Pakistan						
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	14	**111,454,500**	260,060,500
- Term finance	Monthly	2019-2022	1 month KIBOR + 0.25%	48	**400,000,000**	400,000,000
Carried forward					**4,979,479,472**	5,354,568,967

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2018	2017
					--------- Rupees ---------	
Brought forward					**4,979,479,472**	5,354,568,967
ISLAMIC						
Habib Bank Limited						
- Islamic finance	Monthly	2014-2018	1 month KIBOR + 0.25%	48	**-**	49,999,988
- Islamic finance	Monthly	2016-2021	1 month KIBOR + 0.25%	60	**300,000,008**	400,000,004
MCB Islamic Bank ltd						
- Islamic finance	Quarterly	2018-2022	3 months KIBOR + 0.25%	20	**280,000,000**	350,000,000
Dubai Islamic Bank Pakistan Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.25%	60	**55,000,000**	115,000,000
- Term finance	Monthly	2015-2019	1 month KIBOR + 0.25%	48	**104,166,667**	229,166,669
- Term finance	Quarterly	2017-2021	3 months KIBOR + 0.25%	16	**137,500,000**	187,500,000
Meezan Bank Limited						
- Term finance	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**375,000,001**	500,000,000
- Term finance	Monthly	2019-2021	3 months KIBOR + 0.25%	36	**400,000,000**	400,000,000
- Term finance	Monthly	2020-2023	3 months KIBOR + 0.25%	20	**200,000,000**	-
Bank Islami Pakistan Limited						
- Term finance	Monthly	2018-2020	3 months KIBOR + 0.25%	24	**393,750,000**	450,000,000
Faysal Bank Limited						
- Term finance	Quarterly	2018-2021	3 months KIBOR + 0.25%	16	**225,000,000**	300,000,000
Carried forward					**7,449,896,148**	8,336,235,628

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2018	2017
					--------- Rupees ---------	
Brought forward					**7,449,896,148**	8,336,235,628
Summit Bank Limited						
- Term finance	Monthly	2017-2020	1 month KIBOR + 0.2%	36	**263,888,888**	416,666,666
					7,713,785,036	8,752,902,294
Less: Current portion of long term finances shown under current liabilities - conventional					**(1,253,850,907)**	(1,441,857,599)
Less: Current portion of long term finances shown under current liabilities - Islamic					**(1,229,166,659)**	(636,249,986)
					5,230,767,470	6,674,794,709

19.1 These represent financings for property, plant, and equipment. The above mentioned facilities are secured by way of creation of equitable mortgage and first pari-passu charge over present and future fixed assets of the Group and personal guarantees of sponsors.

19.2 The Group total limit for long term loan amounting to Rs. 12,920 million.

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Under the agreements, lease rentals are payable in 36 equal monthly and 16 equal quarterly installments. Taxes, repairs, replacement and insurance costs, if any, are borne by the Holding Company. The financings from conventional banks carry mark-up at rates ranging from 6.70% to 7.21% (2017: 6.84% to 7.28%) per annum and financing from islamic banks carry mark-up at rates ranging from 6.38% to 6.72% (2017: 6.57% to 6.88%) approximately which have been used as a discounting factor. The Holding Company has the option to purchase the asset upon completion of the lease period.

The net carrying amount of the assets held under finance lease arrangement is Rs. 545.917 million (2017: Rs. 239.648 million) (refer note 5).

These are secured against deposits of Rs. 23.77 million (2017: Rs 24.14 million), title of ownership of leased assets and personal guarantees of the directors of the Holding Company.

The minimum lease payments for which the Holding Company has committed to pay in future under the lease agreements are due as follows:

	2018			2017		
	Minimum lease payments	**Financial charges allocated**	**Present value of minimum lease payments**	Minimum lease payments	Financial charges allocated	Present value of minimum lease payments
	---------- Rupees ----------					
Conventional						
Up to one year	**75,469,532**	**7,094,153**	**68,375,379**	72,582,536	6,677,290	65,905,246
Later than one year but not later than five years	**94,274,118**	**3,091,556**	**91,182,562**	81,417,928	2,749,066	78,668,862
	169,743,650	**10,185,709**	**159,557,941**	154,000,464	9,426,356	144,574,108
Islamic						
Up to one year	**32,146,551**	**5,114,694**	**27,031,857**	17,709,245	3,237,196	14,472,049
Later than one year but not later than five years	**356,029,372**	**43,553,683**	**312,475,689**	99,961,698	10,454,148	89,507,550
	388,175,923	**48,668,377**	**339,507,546**	117,670,943	13,691,344	103,979,599
	557,919,573	**58,854,086**	**499,065,487**	271,671,407	23,117,700	248,553,707

	Note	2018	2017
		--------- Rupees ---------	

21 DEFERRED LIABILITIES

	Note	2018	2017
Provision for staff gratuity scheme - unfunded	21.1	239,551,893	178,356,600
Deferred tax liability	21.2	1,199,724,005	1,037,472,576
		1,439,275,898	1,215,829,176

21.1 Provision for staff gratuity scheme - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2018, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned schemes are as follows:

21.1.1 Significant actuarial assumptions

	2018	2017
Financial assumptions		
Discount rate (per annum)	10.00%	9.25%
Expected rate of increase in salaries (per annum)	10.00%	9.25%
Demographic assumptions		
Mortality rates (for death in service)	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Retirement assumption	60 years	60 years

	Note	2018	2017
		--------- Rupees ---------	

21.1.2 Balance sheet reconciliation

	Note	2018	2017
Present value of defined benefit obligation	21.1.3	239,551,893	178,356,600
Fair value of plan assets		-	-
Net liability in balance sheet		239,551,893	178,356,600

21.1.3 Movement in the defined benefit obligation

	Note	2018	2017
Present value of defined benefit obligation as at July 1		178,356,600	126,680,882
Current service cost		49,826,680	33,760,637
Interest cost		15,664,791	10,226,701
Re-measurement on obligation	21.1.7	15,724,747	31,890,750
Payments during the year		(20,020,925)	(24,202,370)
Present value of defined benefit obligation as at June 30		239,551,893	178,356,600

21.1.4 Movement in the net liability in the balance sheet is as follows:

	Note	2018	2017
Opening balance of net liability		178,356,600	126,680,882
Charge for the year	21.1.5	65,491,471	43,987,338
Re-measurements recognized in 'Other Comprehensive income'	21.1.7	15,724,747	31,890,750
Payments during the year		(20,020,925)	(24,202,370)
Closing balance of net liability		239,551,893	178,356,600

21.1.5 The amounts recognized in the profit and loss account against defined benefit scheme are as follows:

	2018	2017
Current service cost	49,826,680	33,760,637
Interest cost	15,664,791	10,226,701
Expected return on plan assets	-	-
Charge for the year	65,491,471	43,987,338

21.1.6 For the year ended June 30, 2019, expected provisions to the staff retirement benefit scheme is Rs.73.57

	2018	2017
	--------- Rupees ---------	
21.1.7 Re-measurement recognized in 'other comprehensive income'		
Experience losses - net of tax	**11,982,254**	22,323,525
Re-measurement of fair value of plan assets	**-**	-
	11,982,254	22,323,525

21.1.8 Amounts for the current and previous four years are as follows:

Comparison for five years	2018	2017	2016	2015	2014
	---Rupees---				
Present value of defined benefit obligation	**239,551,893**	178,356,600	125,731,191	93,334,560	60,300,119

21.1.9 The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Impact on defined benefit obligation		
	Change in assumptions	**Increase in assumption**	**Decrease in assumption**
		---Rupees---	
Discount rate	1%	264,161,770	(218,934,915)
Salary growth rate	1%	264,608,971	(217,848,493)

21.1.10 The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the staff retirement gratuity recognized within the balance sheet.

	2018	2017
	--------- Rupees ---------	
21.2 Deferred taxation		
The details of temporary differences are as follow:		
- accelerated tax depreciation allowances	**1,259,672,650**	1,191,182,633
- provision for gratuity	**(73,066,546)**	(55,090,883)
- provision for doubtful debts	**(15,589,108)**	(12,694,108)
- investment in associates	**69,940,615**	124,419,176
- investment in AFS	**3,979,706**	3,605,000
- unabsorbed depreciation loss	**-**	(172,047,650)
- provision for stock in trade	**(45,213,312)**	(41,901,592)
Deferred tax liability	**1,199,724,005**	1,037,472,576

21.2.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2016	Recognized in profit and loss account	Recognized in other comprehensive income	Balance as at June 30, 2017	**Recognized in profit and loss account**	**Recognized in other comprehensive income**	**Balance as at June 30, 2018**
	----------	----------	----------	Rupees	----------	----------	----------
Provision for gratuity	(38,848,276)	6,675,382	9,567,225	(55,090,883)	**14,233,170**	**3,742,493**	**(73,066,546)**
Provision for doubtful debts	(12,389,114)	304,994	-	(12,694,108)	**2,895,000**	**-**	**(15,589,108)**
Investment in associates	76,753,668	(47,665,508)	-	124,419,176	**54,478,561**	**-**	**69,940,615**
Investment in AFS	1,967,802	1,967,802	(3,605,000)	3,605,000	**-**	**(374,706)**	**3,979,706**
Unabsorbed depreciation loss	(339,108,763)	(167,061,113)	-	(172,047,650)	**(172,047,650)**	**-**	**-**
Provision for stock in trade	(53,086,819)	(11,185,227)	-	(41,901,592)	**3,311,721**	**-**	**(45,213,312)**
Accelerated tax depreciation allowances	1,039,228,278	(151,954,355)	-	1,191,182,633	**(68,490,017)**	**-**	**1,259,672,650**
	674,516,776	(368,918,025)	5,962,225	1,037,472,576	**(165,619,215)**	**3,367,787**	**1,199,724,005**

	Note	**2018**	2017
		--------- Rupees ---------	
22 TRADE AND OTHER PAYABLES			
Trade creditors	22.1	**1,015,598,798**	660,542,576
Advance from directors		**-**	13,205,967
Accrued liabilities		**240,871,454**	169,317,118
Workers' profit participation fund	22.2	**91,008,126**	92,931,532
Workers' welfare fund		**38,323,405**	75,978,320
Sales tax payable		**19,398,537**	-
Other liabilities		**49,610,179**	51,501,409
		1,454,810,499	1,063,476,922

22.1 This includes payable to related party amounting to Rs. 5.50 million (2017: 15.09 million)

22.2 Workers' profit participation fund

	Note	**2018**	2017
Balance at beginning of the year		**92,931,532**	73,917,434
Contribution for the year	31	**100,851,067**	88,250,393
Interest on funds utilized in the Holding Company's	33	**3,554,059**	5,801,139
		197,336,658	167,968,966
Less: Payments made during the year		**(106,328,532)**	(75,037,434)
Balance at end of the year		**91,008,126**	92,931,532

23 ACCRUED MARK-UP

	2018	2017
Accrued mark-up on:		
Conventional		
- long term finances - secured	**34,107,720**	34,174,012
- short term finances - secured	**46,736,714**	59,424,703
Islamic		
- long term finances - secured	**10,226,324**	-
- short term finances - secured	**12,837,330**	-
	103,908,088	93,598,715

		Note	2018	2017
			--------- Rupees ---------	
24	**SHORT TERM FINANCES - Secured**			
	From banking companies			
	Term finances - Conventional	24.1	**939,675,000**	1,096,074,976
	Term finances - Islamic	24.2	**850,000,000**	1,430,002,161
	Export refinances	24.3	**434,350,000**	451,000,000
	Running finance utilized under mark-up arrangement	24.4	**1,967,403,798**	806,216,390
			4,191,428,798	3,783,293,527

24.1 These represent facilities for term finances arranged from various banks aggregating to Rs. 1,200 million (2017: Rs. 2,100 million). These are secured against pari-passu hypothecation over stocks and book debts of the Holding Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 5.98% to 6.24% per annum (2017: 5.98% to 7.05% per annum).

24.2 These represent facilities for term finances arranged from various banks aggregating to Rs. 2,100 million (2017: Rs. 2,400 million). These are secured against pari-passu hypothecation over stocks and book debts of the Holding Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 6.26% to 7.13% per annum (2017: 6.22% to 6.31% per annum).

24.3 These represented facilities for export refinance arranged from various banks aggregating to Rs. 614.35 million (2017: Rs. 631 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 0.25% to 0.5% above the State Bank of Pakistan (SBP) rate per annum (2017: 0.25 to 0.50% above SBP rate per annum).

24.4 These facilities for running finances available from various banks aggregated to Rs. 4,525.65 million (2017: Rs. 3,509 million). These are secured against pari-passu hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 6.27% to 7.17% per annum (2017: 6.27% to 7.30 % per annum).

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

25.1.1 The Holding Company has filed an appeal before the Commissioner (Appeals), LTU, Karachi against certain add-backs out of expenses claimed and short tax credit allowed during the proceeding u/s 122 5A of the Ordinance for the tax year 2014. As per the legal counsel of the Holding Company the order of the commissioner will not have any impact on the tax liability of the Holding Company as its falls under minimum tax.

25.1.2 As the Ministry of Industries has declared BOPET film manufacturing project of the Holding Company as Pioneer Industry, after which imports of capital goods shall be duty free. The Holding Company approached Board of Investment (BOI) for the permission of imports who entertained the request and is in the process of evaluating the permission of import vide SRO 41(I)/2009. In the meantime, the Holding Company imported some capital goods and as per section 81 of The Customs Act, 1969, issued post dated cheques amounting to Rs. 557.403 million (2017: Rs. 557.403 million) for provisional clearance in favor of Collector of Custom. However, due to delay on the part of Federal Board of Revenue, the formal SRO to endorse the decision of Ministry of Industries is still awaited. The Holding Company had filed the subject Constitutional Petition D-2666 on May 13, 2015 to refrain FBR and Pakistan Customs to encash the securities submitted against the provisional release of the plant and machineries, and also to issue formal notification to endorse the earlier decision of the Ministry of Industries dated August 15, 2012. The High Court vide order dated May 13, 2015, has passed interim orders in favor of the 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 retrospective.

25.1.3 The Holding Company has filed Constitutional Petition 620-K of 2015 on November 27, 2015 against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in Sindh High Court against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% import duty on import of Poly Ethylene Terephthalate (PET). In this connection Sindh High Court vide order dated March 12, 2013 directed that custom duties at the rate of 3% to be paid by the Holding Company and insofar as differential amount is concerned 2.5% shall be deposited in cash and 2.5% shall be paid through post dated cheques to the Nazir of the High Court. In this connection the Holding Company has deposited pay orders amounting to Rs. 100.217 million (2017: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2017: Rs. 100.217 million) in favor of Nazir of High Court as directed. Further, the Holding Company has filed petition for rationalization of duty structure on PET Resin. Subsequent to the year end, the main grievance of the Holding Company for classifying the Pet Resin (Film Grade) and Pet Resin (Yarn Grade) under the same PCT Heading has already been redresses in Fiscal Budget (2015-16) and from 01st July, 2015, the major raw material for BOPET film manufacturing i.e. PET Resin – Film Grade is being imported on the same rate as applicable to PET Resin – Yarn Grade. However, the retrospective relief on the previous consignments has been regretted by the High Court which has been challenged in the Honorable Supreme Court of Pakistan. As per legal Counsel, there is no immediate financial liability against the Holding Company in the abovementioned matter and has a good prima facie case.

25.1.4 The Holding Company has filed various suits in 2016 and 2017 in the High Court of Sindh against the Federation of Pakistan and others in order to obtain the benefit of exemption of advance tax on import of plant and machinery on the basis of SRO 947 of 2008. The Commissioner (Inland Revenue) refused to issue exemption certificate in respect of withholding tax at import stage in respect of plant and machinery in terms of SRO 947 of 2008. The Holding Company has imported various plant and machinery against the irrevocable letter of credit which were not released by the custom authorities. The intention of the Holding Company to install this plant and machinery to extend and expand its existing business operations. Furthermore, the Holding Company is not going to pay any tax on income from business under the ordinance on account of brought forward assessed losses available to the Holding Company for the tax year 2017. However, the High Court ordered to release the goods after the Holding Company provides bank guarantee of Rs. 91.115 million with the Nazir of the High Court against all the consignments which are released under similar circumstances. The case is still pending in the High Court while the legal advisor is of the opinion that the Holding Company has a good prima facie case.

25.1.5 In 2017, Federal Board of Revenue has issued a show cause notice (SCN) on the basis of scrutiny of sales tax returns for the various tax periods which revealed that the Holding Company has claimed input tax of Astro Plastics (Private) Limited (APL) amounting to Rs. 477,804,698 in the sales tax return of the Ismail Industries Limited (IIL). In response of the SCN, the Holding Company has given the reference of the letter (Dated: October 2016) sent to Federal Board of Revenue in which it was mentioned that High Court of Sindh, at Karachi, has sanctioned the petition no. J.Misc. 13/ 2016 for amalgamation by way of merger of APL and its members with and into IIL and its members. However, the Holding Company has filed Suit No.1539/2017 on June 13, 2017 and obtained the stay order from the Court and the case is still pending in the High Court. As per legal advisor the Holding Company has good arguable case on merits with chance of favourable outcome.

25.1.6 The Holding Company has filed sale tax reference A .823 of 2015 on August 28, 2015 with the High Court of Sindh upon the dismissal of appeal filed by the Holding Company before the Appellate Tribunal for tax year 2013. The High Court of Sindh has restrained the Commissioner Inland Revenue from initiating the proceeding on the basis of the order passed by the Appellate Tribunal as well as operation of the Order / Judgement passed by the Tribunal has also been suspended. As per the opinion of legal advisor, there is no immediate financial liability against the Holding Company and has good arguable case on merits.

25.1.7 The Holding Company has filed the Constitutional Petition 2752/2011on August 09, 2011 in High Court against the Excise and Taxation Department in respect of infrastructure cess / fee being charged by the Government of Sindh on Imports and prayed to declare that Sindh Finance (Amendment) Act, 2009 and / or rules made thereunder to be unconstitutional, illegal, void ab initio, and of no legal effect. In all the five versions of the law i.e Sindh Finance Act / Ordinance, the incidence of tax arise upon ensuring of goods entering or leaving the province and such goods enter or leave the country through air or sea. Furthermore, import and export are within the exclusive domain of the federal legislature i.e. the Sindh legislature throughout lacked the jurisdiction to impose the levy. The imported goods were not released by the custom authorities without paying the infrastructure cess / fee charged by the Government of Sindh. In order to release the goods from the custom authority. Subsequently, the High Court ordered to release the goods upon furnishing Bank Guarantee amounting to Rs. 90,469,505 which is equivalent to 50 % of amount of cess. The case is still pending in High Court.

25.1.8 In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the subject, where it had up held that the earlier introduction of GIDC Act 2011 was unconstitutional and ultra vires on the ground, amongst others, that GIDC was a 'Fee' and not a 'Tax' and the same suit was also filed against Federation of Pakistan, OGRA , SSGC and SNGPL in different Honorable High Courts of Pakistan by Industry at Large. In May 2015, the Government passed the GIDC Act, 2015 and the Holding Company has challenged the GIDC Act 2015 and filed writ petition in the Sindh High Court (SHC) including retrospective treatment of the provisions of the GIDC Act, 2015. On October 2015, SHC decided this suit in favor of Holding Company with the instructions to refund the GIDC collected so far by the Federation. However, the Government filed an appeal in SHC, where the Holding Company was not party to such litigation. Since this issue is being faced by industry at large, management is of the view that there is no need to maintain any provision against this liability. The legal counsel of the Holding Company is confident that decision of the case will be in favor of the Holding Company.

25.1.9 The Holding Company filed a Constitutional Petition D-6143/2017 on September 14 ,2017 before the Sindh High Court challenging the vires of Section 5A of the Income Tax Ordinance, 2001 which was amended through Finance Act 2017 that every public Holding Company shall pay tax @ 7.5% of its accounting profit before tax for the year in which such Holding Company does not distribute at least 40% of its after tax profits within six (6) months of the end of the tax year through cash or bonus shares. The Sindh High Court has accepted the Constitutional Petition and granted stay against the newly amended section 5A. Further, the Board of Directors of the Holding Company in their meeting dated September 22, 2017 has proposed cash dividend in respect of the year ended June 30, 2017 of Rs. 2.75/- per share which amounts to Rs. 175.463 million (i.e. 15.05% of after tax profits) for the financial and tax year 2017, which is lower than the minimum prescribed distribution rate. In case the Sindh High Court's decision is not in favor of the Holding Company; the Holding Company will either be required to declare dividend to the extent of 40% of after tax profits or it will be liable to pay additional tax at the rate of 7.5% of the accounting profit before tax of the Holding Company for the financial year ended June 30, 2017. The legal advisor of the company is confident that decision of the case will be in favor of the company.

	2018	2017
	--------- Rupees	**---------**
25.2 Commitments		
Outstanding letters of guarantee	**717,831,941**	481,662,420
Outstanding letters of credit for:		
- capital expenditure	**1,368,181,418**	313,270,182
- others	**999,649,684**	653,704,383

26 OPERATING RESULTS

	Note	Food segment 2018	Food segment 2017	Plastic segment 2018	Plastic segment 2017	Pharmaceutical segment 2018	Pharmaceutical segment 2017	Total 2018	Total 2017
		---------------Rupees---------------							
Sales									
Local sales		**22,446,922,974**	18,039,453,755	**6,221,602,669**	5,384,567,009	**-**	-	**28,668,525,643**	23,424,020,764
Export sales		**1,195,022,822**	627,782,124	**107,442,583**	242,730,829	**-**	-	**1,302,465,405**	870,512,953
		23,641,945,796	18,667,235,879	**6,329,045,252**	5,627,297,838	**-**	-	**29,970,991,048**	24,294,533,717
Sales returns and discounts		**(1,685,585,098)**	(1,259,599,504)	**(242,669,181)**	(31,871,925)	**-**	-	**(1,928,254,279)**	(1,291,471,429)
		21,956,360,698	17,407,636,375	**6,086,376,071**	5,595,425,913	**-**	-	**28,042,736,769**	23,003,062,288
Add: Export rebate		**12,494,844**	11,333,299	**34,360**	-	**-**	-	**12,529,204**	11,333,299
		21,968,855,542	17,418,969,674	**6,086,410,431**	5,595,425,913	**-**	-	**28,055,265,973**	23,014,395,587
Sales tax		**(3,244,115,996)**	(2,599,143,032)	**(904,931,954)**	(810,391,292)	**-**	-	**(4,149,047,950)**	(3,409,534,324)
		18,724,739,546	14,819,826,642	**5,181,478,477**	4,785,034,621	**-**	-	**23,906,218,023**	19,604,861,263
Cost of sales	28	**13,950,916,691**	11,531,344,623	**4,594,078,347**	4,352,256,294	**-**	-	**18,544,995,038**	15,883,600,917
Gross profit		**4,773,822,855**	3,288,482,019	**587,400,130**	432,778,327	**-**	-	**5,361,222,985**	3,721,260,346
Selling and distribution expenses	29	**(2,766,142,590)**	(1,521,989,546)	**(130,124,276)**	(141,054,151)	**-**	-	**(2,896,266,866)**	(1,663,043,697)
Administrative expenses	30	**(375,969,926)**	(246,443,839)	**(5,025,024)**	(13,332,947)	**(32,894,036)**	(27,912,093)	**(413,888,986)**	(287,688,879)
		(3,142,112,516)	(1,768,433,385)	**(135,149,300)**	(154,387,098)	**(32,894,036)**	(27,912,093)	**(3,310,155,852)**	(1,950,732,576)
Operating profit		**1,631,710,339**	1,520,048,634	**452,250,830**	278,391,229	**(32,894,036)**	(27,912,093)	**2,051,067,133**	1,770,527,770
Other operating expense	31							**(254,651,191)**	(147,686,289)
Other income	32							**232,816,026**	195,266,876
Finance cost	33							**(618,097,025)**	(671,271,174)
Share of profit from associate	7.1.3							**393,211,150**	468,289,213
Profit before tax								**1,804,346,093**	1,615,126,396
Taxation	36							**(425,822,163)**	(477,207,880)
Profit for the year								**1,378,523,930**	1,137,918,516

		Note	Food segment 2018	Food segment 2017	Plastic segment 2018	Plastic segment 2017	Pharmaceutical segment 2018	Pharmaceutical segment 2017	Total 2018	Total 2017
			---Rupees---							
26.1	Segment assets		12,929,945,715	11,985,334,104	6,343,832,820	6,166,762,839	1,372,579,947	984,990,257	20,646,358,482	19,137,087,200
26.2	Unallocated assets		-	-	-	-	-	-	3,204,645,332	3,492,606,368
			12,929,945,715	11,985,334,104	6,343,832,820	6,166,762,839	1,372,579,947	984,990,257	23,851,003,804	22,629,693,568
26.3	Segment liabilities		2,217,367,490	1,391,716,778	3,140,064,911	3,784,282,086	531,842,761	179,834,940	5,889,275,162	5,355,833,804
26.4	Unallocated liabilities		-	-	-	-	-	-	10,567,484,158	10,791,080,347
			2,217,367,490	1,391,716,778	3,140,064,911	3,784,282,086	531,842,761	179,834,940	16,456,759,320	16,146,914,151
26.5	Non-cash items									
	-depreciation		684,967,640	490,678,195	302,546,426	287,993,995	1,380,823	3,315,349	988,894,889	781,987,539
	-others		57,197,633	32,386,296	7,910,464	10,107,499	7,910,464	1,493,545	73,018,561	43,987,340
			742,165,273	523,064,491	310,456,890	298,101,494	9,291,287	4,808,894	1,061,913,450	825,974,879
26.6	Capital expenditure		1,684,177,137	2,601,531,575	288,717,406	608,442,256	379,022,580	125,299,263	1,972,894,543	3,335,273,091

26.7 The Holding Company's export sales have been primarily made to continents in the Asia, Africa, Europe, North America and Australia.

26.8 There were no major customers of the Holding Company which constituted 10 percent or more of the Holding Company's revenue.

26.9 There were no intersegment sales and purchases during the year.

27 RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES

		Note	2018	2017
			--------- Rupees ---------	
27.1	**Assets**			
	Total assets for reportable segments	26.1	20,646,358,482	19,137,087,200
	Administrative capital assets		238,209,053	160,953,862
	Good will		11,959,187	11,959,187
	Long term investments	7	2,954,477,082	3,319,693,319
	Total assets		23,851,003,804	22,629,693,568
27.2	**Liabilities**			
	Total liabilities for reportable segments	26.3	5,889,275,162	5,355,833,804
	Sponsors' loan - subordinated		915,357,737	902,151,770
	Deferred liabilities		1,439,275,898	1,037,472,576
	Long term finance		7,713,785,036	8,602,902,294
	Liabilities against assets subject to finance lease		499,065,487	248,553,707
	Total liabilities		16,456,759,320	16,146,914,151

28 COST OF SALES

	Note	Food segment 2018	Food segment 2017	Plastic segment 2018	Plastic segment 2017	Pharmaceutical segment 2018	Pharmaceutical segment 2017	Total 2018	Total 2017
		-----------	-----------	-----------	-----------	Rupees	-----------	-----------	-----------
Raw materials consumed	28.1	**7,725,351,344**	6,902,295,972	**3,535,745,714**	3,582,213,620	**-**	-	**11,261,097,058**	10,484,509,592
Packing materials consumed	28.2	**3,497,284,302**	2,590,628,965	**134,575,484**	128,573,164	**-**	-	**3,631,859,786**	2,719,202,129
Stores and spares consumed	28.3	**213,334,186**	209,614,446	**102,774,399**	62,568,920	**-**	-	**316,108,585**	272,183,366
Salaries, wages and other benefits		**1,395,630,382**	714,080,339	**207,271,239**	184,358,183	**-**	-	**1,602,901,621**	898,438,522
Electricity, gas, fuel and lubricants		**361,400,539**	306,076,580	**207,863,879**	196,067,315	**-**	-	**569,264,418**	502,143,895
Repairs and maintenance		**84,539,033**	46,126,258	**17,993,849**	12,277,758	**-**	-	**102,532,882**	58,404,016
Cold storage - rent & maintenance		**11,831,925**	16,105,037	**-**	-	**-**	-	**11,831,925**	16,105,037
Printing and stationery		**1,407,946**	587,556	**199,440**	280,184	**-**	-	**1,607,386**	867,740
Insurance		**17,606,573**	18,083,733	**8,163,934**	11,866,556	**-**	-	**25,770,507**	29,950,289
Rent, rates and taxes		**2,890,181**	16,208,465	**2,488,082**	1,045,289	**-**	-	**5,378,263**	17,253,754
Water charges		**23,815,117**	15,118,736	**9,338,720**	7,628,428	**-**	-	**33,153,837**	22,747,164
Postage and telephone		**3,155,358**	2,944,137	**962,917**	1,101,373	**-**	-	**4,118,275**	4,045,510
Travelling and conveyance		**2,378,791**	690,189	**240,690**	1,319,174	**-**	-	**2,619,481**	2,009,363
Vehicle running and maintenance		**9,459,142**	8,753,102	**5,112,894**	2,925,559	**-**	-	**14,572,036**	11,678,661
Depreciation	5.1	**625,459,664**	451,920,563	**302,069,545**	287,586,042	**-**	-	**927,529,209**	739,506,605
Laboratory expenses		**4,629,925**	2,863,960	**201,375**	-	**-**	-	**4,831,300**	2,863,960
Fees and subscription		**3,425,634**	2,103,536	**762,622**	478,614	**-**	-	**4,188,256**	2,582,150
Cartage		**9,665,128**	5,846,704	**7,803,008**	105,243	**-**	-	**17,468,136**	5,951,947
Procurement expenses		**12,394,744**	9,137,317	**3,000**	15,000	**-**	-	**12,397,744**	9,152,317
Other manufacturing expenses		**16,344,744**	1,652,227	**779,686**	971,048	**-**	-	**17,124,430**	2,623,275
		14,022,004,658	11,320,837,822	**4,544,350,477**	4,481,381,470	**-**	-	**18,566,355,135**	15,802,219,292
Work-in-process at the beginning		**25,549,994**	9,354,573	**125,615,809**	56,572,878	**-**	-	**151,165,803**	65,927,451
Work-in-process at the end		**(12,103,493)**	(25,549,994)	**(105,622,473)**	(125,615,809)	**-**	-	**(117,725,966)**	(151,165,803)
		13,446,501	(16,195,421)	**19,993,336**	(69,042,931)	**-**	-	**33,439,837**	(85,238,352)
Cost of goods manufactured		**14,035,451,159**	11,304,642,401	**4,564,343,813**	4,412,338,539	**-**	-	**18,599,794,972**	15,716,980,940
Stock of finished goods at beginning of the year		**1,141,365,251**	1,331,306,923	**106,813,156**	46,730,911	**-**	-	**1,248,178,407**	1,378,037,834
Purchase of finished goods		**55,986,313**	36,760,550	**-**	-	**-**	-	**55,986,313**	36,760,550
Stock of finished goods at end of the year		**(1,281,886,032)**	(1,141,365,251)	**(77,078,622)**	(106,813,156)	**-**	-	**(1,358,964,654)**	(1,248,178,407)
		(84,534,468)	226,702,222	**29,734,534**	(60,082,245)	**-**	-	**(54,799,934)**	166,619,977
		13,950,916,691	11,531,344,623	**4,594,078,347**	4,352,256,294	**-**	-	**18,544,995,038**	15,883,600,917

	Note	Food segment 2018	Food segment 2017	Plastic segment 2018	Plastic segment 2017	Pharmaceutical segment 2018	Pharmaceutical segment 2017	Total 2018	Total 2017
		-------	-------	-------	----Rupees----	-------	-------	-------	-------
28.1 Raw materials consumed									
Stock of raw materials at beginning of the year	10.1	**1,533,542,963**	1,764,105,953	**1,592,687,175**	2,200,550,215	**-**	-	**3,126,230,138**	3,964,656,168
Purchases		**7,508,184,701**	6,634,304,630	**3,778,343,196**	2,974,018,330	**-**	-	**11,286,527,897**	9,608,322,960
Cartage inward		**57,281,251**	37,645,770	**-**	332,250	**-**	-	**57,281,251**	37,978,020
Purchase discount		**(598,875)**	(217,418)	**(12,051,377)**	-	**-**	-	**(12,650,252)**	(217,418)
		9,098,410,040	8,435,838,935	**5,358,978,994**	5,174,900,795	**-**	-	**14,457,389,034**	13,610,739,730
Provision for the year	10.1	**-**						**-**	-
Stock of raw materials at end of the year	10.1	**(1,373,058,696)**	(1,533,542,963)	**(1,823,233,280)**	(1,592,687,175)	**-**	-	**(3,196,291,976)**	(3,126,230,138)
		7,725,351,344	6,902,295,972	**3,535,745,714**	3,582,213,620	**-**	-	**11,261,097,058**	10,484,509,592
28.2 Packing materials consumed									
Stock of packing materials at beginning of the year	10.1	**459,067,630**	497,054,866	**10,504,382**	7,980,275	**-**	-	**469,572,012**	505,035,141
Purchases		**3,447,712,452**	2,586,095,151	**143,490,489**	130,266,777	**-**	-	**3,591,202,941**	2,716,361,928
Cartage inward		**1,570**	-	**952,200**	907,600	**-**	-	**953,770**	907,600
Purchase discount		**(1,710,054)**	(1,337,593)	**-**	(77,106)	**-**	-	**(1,710,054)**	(1,414,699)
		3,905,071,598	3,081,812,424	**154,947,071**	139,077,546	**-**	-	**4,060,018,669**	3,220,889,970
Provision for the year	10.1	**10,518,762**	(32,115,829)	**-**	-	**-**	-	**10,518,762**	(32,115,829)
Stock of packing materials at end of the year	10.1	**(418,306,058)**	(459,067,630)	**(20,371,587)**	(10,504,382)	**-**	-	**(438,677,645)**	(469,572,012)
		3,497,284,302	2,590,628,965	**134,575,484**	128,573,164	**-**	-	**3,631,859,786**	2,719,202,129
28.3 Stores and spares consumed									
Stock of stores and spares at beginning of the year	9	**105,131,734**	96,887,932	**71,185,645**	52,305,948	**-**	-	**176,317,379**	149,193,880
Purchases		**250,350,475**	216,630,802	**92,718,981**	81,415,540	**-**	-	**343,069,456**	298,046,342
Cartage inward		**381,703**	693,823	**59,000**	40,351	**-**	-	**440,703**	734,174
Purchase discounts		**(167,149)**	(6,377)	**(25,140)**	(7,274)	**-**	-	**(192,289)**	(13,651)
		355,696,763	314,206,180	**163,938,486**	133,754,565	**-**	-	**519,635,249**	447,960,745
Provision for the year	9.1	**540,000**	540,000	**-**	-	**-**	-	**540,000**	540,000
Stock of stores and spares at end of the year	9.1	**(142,902,577)**	(105,131,734)	**(61,164,087)**	(71,185,645)	**-**	-	**(204,066,664)**	(176,317,379)
		213,334,186	209,614,446	**102,774,399**	62,568,920	**-**	-	**316,108,585**	272,183,366

	Note	Food segment 2018	2017	Plastic segment 2018	2017	Pharmaceutical segment 2018	2017	Total 2018	2017
		--------	--------	--------	--------	Rupees	--------	--------	--------
29 SELLING AND DISTRIBUTION EXPENSES									
Salaries and other benefits		**811,056,539**	433,368,509	**26,394,993**	19,538,821	**-**	-	**837,451,532**	452,907,330
Cartage outward		**677,634,974**	415,402,949	**76,205,905**	91,549,447	**-**	-	**753,840,879**	506,952,396
Export expenses		**79,554,849**	38,013,986	**10,219,224**	21,112,232	**-**	-	**89,774,073**	59,126,218
Advertisements		**873,591,715**	430,611,084	**8,215**	15,000	**-**	-	**873,599,930**	430,626,084
Entertainment		**4,433,925**	3,307,879	**207,517**	180,300	**-**	-	**4,641,442**	3,488,179
Vehicle running and maintenance		**165,548,382**	99,854,011	**563,185**	1,028,348	**-**	-	**166,111,567**	100,882,359
Printing and stationery		**7,437,115**	4,101,000	**280,676**	1,131,001	**-**	-	**7,717,791**	5,232,001
Postage and telephone		**26,219,932**	15,952,811	**542,198**	711,860	**-**	-	**26,762,130**	16,664,671
Conveyance and travelling		**25,924,032**	18,862,791	**913,783**	1,081,923	**-**	-	**26,837,815**	19,944,714
Samples		**696,457**	1,898,662	**8,300**	248,757	**-**	-	**704,757**	2,147,419
Utilities		**3,093,159**	3,717,719	**456,817**	394,194	**-**	-	**3,549,976**	4,111,913
Repairs and maintenance		**3,708,375**	2,333,572	**873,721**	134,422	**-**	-	**4,582,096**	2,467,994
Rent		**47,659,713**	28,451,608	**3,520,460**	2,956,250	**-**	-	**51,180,173**	31,407,858
Depreciation	5.1	**27,677,993**	15,570,408	**77,059**	55,432	**-**	-	**27,755,052**	15,625,840
Fee and subscription		**582,327**	211,863	**-**	-	**-**	-	**582,327**	211,863
Insurance		**7,832,035**	4,647,612	**1,102,223**	914,564	**-**	-	**8,934,258**	5,562,176
Provision for doubtful trade debts	11	**900,000**	3,600,000	**8,750,000**	-	**-**	-	**9,650,000**	3,600,000
Miscellaneous		**2,591,068**	2,083,082	**-**	1,600	**-**	-	**2,591,068**	2,084,682
		2,766,142,590	1,521,989,546	**130,124,276**	141,054,151	**-**	-	**2,896,266,866**	1,663,043,697
30 ADMINISTRATIVE EXPENSES									
Salaries and other benefits including director's remuneration		**237,769,431**	152,339,117	**3,331,473**	11,400,310	**19,409,476**	5,921,017	**260,510,380**	169,660,444
Conveyance and travelling		**19,821,495**	11,822,712	**52,290**	-	**319,795**	577,434	**20,193,580**	12,400,146
Postage and telephone		**10,452,764**	10,703,049	**309,253**	219,020	**712,934**	597,466	**11,474,951**	11,519,535
Printing and stationery		**10,857,995**	6,548,835	**2,820**	3,830	**582,451**	864,001	**11,443,266**	7,416,666
Repairs and maintenance		**7,882,597**	9,327,025	**-**	-	**2,309,996**	2,984,898	**10,192,593**	12,311,923
Electricity and utilities		**10,031,955**	5,362,083	**-**	-	**-**	-	**10,031,955**	5,362,083
Insurance		**6,194,119**	5,224,896	**137,548**	171,497	**573,003**	1,563,021	**6,904,670**	6,959,414
Laboratory expenses		**-**	-	**-**	-	**2,121,398**	562,505	**2,121,398**	562,505
Advertisement		**499,064**	205,300	**-**	-	**-**	2,209,950	**499,064**	2,415,250
Entertainment		**4,342,813**	1,323,234	**-**	3,960	**122,318**	-	**4,465,131**	1,327,194
Vehicle running and maintenance		**15,809,128**	8,670,338	**33,578**	101,104	**1,150,432**	1,106,489	**16,993,138**	9,877,931
Rent, rates and taxes		**964,966**	348,000	**-**	-	**351,840**	546,504	**1,316,806**	894,504
Fee and subscription		**2,587,819**	3,763,570	**708,240**	709,705	**2,814,366**	7,068,299	**6,110,425**	11,541,574
Legal and professional charges		**13,974,756**	7,504,510	**50,000**	371,000	**459,130**	125,740	**14,483,886**	8,001,250
Depreciation	5.1	**31,829,983**	23,187,224	**399,822**	352,521	**1,380,823**	3,315,349	**33,610,628**	26,855,094
Miscellaneous						**586,074**	469,420	**586,074**	469,420
General meeting expenses		**2,951,041**	113,946	**-**	-	**-**	-	**2,951,041**	113,946
		375,969,926	246,443,839	**5,025,024**	13,332,947	**32,894,036**	27,912,093	**413,888,986**	287,688,879

	Note	2018	2017
		--------- Rupees ---------	

31 OTHER OPERATING EXPENSES

	Note	2018	2017
Contribution to:			
- workers' profits participation fund		**100,851,067**	88,250,393
- workers' welfare fund		**38,323,405**	33,535,150
Auditors' remuneration	**31.1**	**3,865,226**	3,307,897
Exchange loss		**39,833,207**	-
Donations	**31.2**	**71,519,522**	21,747,751
Other		**258,764**	845,098
		254,651,191	147,686,289

31.1 Auditor's remuneration

	2018	2017
Audit fee - unconsolidated	**2,100,000**	1,700,000
Audit fee - consolidated	**500,000**	400,000
Fee for other certification	**85,000**	90,000
Fee for half yearly review	**500,000**	400,000
Out-of-pocket expense	**680,226**	717,897
	3,865,226	3,307,897

31.2 Donation to the following organizations exceed Rs. 500,000

	2018	2017
- Khadija Girls College	**38,943,070**	1,731,438
- Indus Hospital	**12,000,000**	9,500,000
- Ismail Academy	**2,144,702**	5,166,313
- Al Mustufa Welfare Trust	**1,600,000**	-
- Shoukat Khanam Memorial Hospital	**1,000,000**	-
- Dhoraji Association	**2,250,000**	-
- Saylani Welfare Trust	**1,000,000**	-
- Jamia Masjid Habibia	**750,000**	-
- Insaf Community Welfare Society	**1,000,000**	-
- Jamal Noor Hospital	**1,050,000**	-
- Patient Aid Foundation	**1,000,000**	-
- Sindh University of Urology & Transplantation	**1,000,000**	-
- Kidney Centre	**500,000**	-
- Dawat e Islami	**1,000,000**	-
- Kiran Patients Welfare Society	**1,000,000**	-
- Cancer Foundation	**-**	2,500,000
- The Citizen Foundation	**2,500,000**	2,500,000
	68,737,772	21,397,751

31.2.1 None of the donations were made to any donee in which a director or his spouse had any interest at any time during the year.

	Note	2018	2017
		--------- Rupees ---------	

32 OTHER INCOME

	2018	2017
Income from non-financial assets		
Recovery from sale of production scrap	**147,171,837**	154,022,825
Profit on sale of shares	**29,580,016**	635,104
Exchange Gain	**-**	2,096,636
Gain on disposal of property, plant and equipment	**28,016,782**	14,462,777
Processing income	**28,035,097**	21,198,631
Others	**12,294**	2,850,903
	232,816,026	195,266,876

33 FINANCE COST

	2018	2017
Mark up on:		
- long term finances -Conventional	**289,857,686**	331,959,025
- long term finances-Islamic	**179,895,122**	129,067,050
- short term finances-Conventional	**64,400,086**	87,014,383
- short term finances-Islamic	**49,391,432**	93,035,426
Interest on workers' profits participation fund	**3,554,059**	5,801,139
Finance charge on finance leases	**17,031,837**	13,446,887
Bank charges	**13,966,803**	10,947,264
	618,097,025	671,271,174

34 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2018			2017*		
	Chief executive officer	**Directors**	**Executives**	Chief executive officer	Directors	Executives
	---Rupees---					
Managerial remuneration	**12,000,000**	**9,600,000**	**258,805,747**	5,700,000	14,475,000	119,687,455
Other benefits	**-**	**-**	**67,762,374**	-	-	36,221,005
Reimbursement of expenses						
Utilities	**1,000,000**	**1,500,000**	**-**	1,000,000	2,583,328	-
	13,000,000	**11,100,000**	**326,568,121**	6,700,000	17,058,328	155,908,460
Number of persons	**2**	**2**	**76**	2	3	39

*Comparatives have been amended to reflect changes in the definition of executives as per the Companies Act 2017.
In addition to the above, Holding Company maintained cars are provided to the chief executive officer, directors and executives. During the year the Holding Company has paid remunerations to two Non-Executive Directors who were Executive Directors before election.

34.1 The remuneration has been allocated as follows:

	2018			2017*		
	Chief executive officer	**Directors**	**Executives**	Chief executive officer	Directors	Executives
	---Rupees---					
Cost of goods sold	**-**	**-**	**130,352,989**	-	-	67,733,241
Selling and distribution expenses	**-**	**-**	**96,895,701**	-	-	29,769,840
Administrative expenses	**13,000,000**	**11,100,000**	**99,319,431**	6,700,000	17,058,328	58,405,379
	13,000,000	**11,100,000**	**326,568,121**	6,700,000	17,058,328	155,908,460
Number of persons	**2**	**2**	**76**	2	3	39

*Comparatives have been amended to reflect changes in the definition of executives as per the Companies Act 2017.

35 CLASSIFICATION OF EXPENSES

	Note	2018 Local	2018 Export	2018 Common expenses	2018 Total
		-------------------------Rupees-------------------------			
Selling and distribution expenses	29	**2,786,381,003**	**109,885,863**	**-**	**2,896,266,866**
Administrative expenses	30	**-**	**-**	**413,888,986**	**413,888,986**
Finance cost	33	**606,544,862**	**11,552,163**	**-**	**618,097,025**

	Note	2017 Local	2017 Export	2017 Common expenses	2017 Total
		-------------------------Rupees-------------------------			
Selling and distribution expenses	29	1,588,304,415	74,739,282	-	1,663,043,697
Administrative expenses	30	-	-	287,688,879	287,688,879
Finance cost	33	658,323,053	12,919,224	-	671,242,277

36 TAXATION

	2018	2017
	--------- **Rupees** ---------	
Current	**300,581,354**	108,289,855
Prior year	**(40,378,406)**	-
Deferred	**165,619,215**	368,918,025
	425,822,163	477,207,880

36.1 The relationship between accounting profit and tax expense

The relationship between tax expense and accounting profit has not been presented in these financial statements as the current year's income of the Holding attracts minimum tax under section 113 of Income Tax Ordinance, 2001

36.2 The Holding computes tax based on the generally accepted interpretations of the tax laws to ensures that the sufficient provision for the purposes of taxation is available which can be analysed as follows:

36.3 The current year's loss for the subsidiary company attracts minimum tax under section 113 of Income Tax Oridnance, 2001, however, the tax provision differs from the theoritical amount that would arise using the applicable minimum tax rate as follows:

	Note	**2018**	2017
		-------- **Rupees** --------	
Trial produciton turnover		**22,399,558**	-
Minimum tax at the applicable rate of 1.25%		**279,994**	-
Tax effect of:			
- tax credit on BMR under section 65B		**(57,192,244)**	-
Carried forward tax credit		**(56,912,249)**	-

	2017	**2016**	**2015**
Income tax provision for the year (as per accounts)	108,289,855	167,131,422	113,533,286
Income tax as per tax return	80,464,023	133,367,345	84,957,663

		2018	2017
		--------- Rupees ---------	

37 EARNING PER SHARES - basic and diluted

Basic earnings per share

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

	2018	2017
Profit for the year	**1,378,523,930**	1,137,918,516
	Number of shares	
Weighted average number of shares outstanding as at year end	**63,804,750**	63,804,750
Basic earnings per share	**21.61**	17.83

38 NUMBER OF EMPLOYEES

	2018	2017
Number of employees as at the year end	**2,382**	2,005
Average number of employees during the year	**2,274**	1,909
Number of factory employees as at the year end	**992**	887
Average number of factory employees during the year	**965**	845

39 CASH GENERATED FROM OPERATIONS

	Note	2018	2017
		--------- Rupees ---------	
Profit before taxation		**1,804,346,093**	1,615,126,396
Adjustments for non-cash and other items:			
Depreciation	5.1	**1,048,095,380**	781,987,539
Gain on disposal of property, plant and equipment - net	5.2	**(28,016,782)**	(14,462,777)
Provision for staff gratuity scheme - unfunded	21.1.5	**65,491,471**	43,987,340
Finance cost	33	**618,097,025**	671,271,174
Share of profit from associated undertaking	7.1.3	**(393,211,150)**	(468,289,213)
Provision for slow moving - stores and spares		**540,000**	540,000
Provision for slow moving - stock in trade		**10,518,762**	5,500,000
Provision for doubtful trade debts		**9,650,000**	3,600,000
Exchange loss		**-**	(2,096,636)
		3,135,510,799	2,637,163,823
Increase / (decrease) in working capital			
(Increase) / Decrease in current assets			
Stores and spares		**(26,936,536)**	(17,600,076)
Stock in trade		**(154,419,248)**	880,894,407
Trade debts		**(136,659,460)**	(262,529,008)
Advances - considered good		**(361,662,108)**	(228,642,877)
Trade deposits and short term prepayments		**8,518,337**	10,658,249
Other receivables		**81,244,881**	221,572,104
		(589,914,134)	604,352,799
(Decrease) / Increase in current liabilities			
Trade and other payables		**404,539,544**	(542,302,882)
Short term finances		**(753,052,137)**	236,362,577
Advance from customers		**52,229,685**	(24,748,849)
		(296,282,908)	(330,689,154)
Net decrease / (increase) increase in working capital		**(886,197,042)**	273,663,645
Cash generated from operations		**2,249,313,757**	2,910,827,468

		Note	2018	2017
			--------- Rupees ---------	

40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Financial instruments by category

	Note	2018	2017
Financial assets			
Available for sale			
Long term investments	7.2	**195,107,650**	308,840,000
Loans and receivables at amortized cost			
Long term deposits	8	**42,996,197**	35,635,973
Trade debts	11	**1,569,862,225**	1,442,852,765
Loan and Advances	12	**51,601,075**	18,026,731
Trade deposits	13	**9,668,000**	9,656,762
Bank balances	16	**74,209,371**	32,197,173
Total financial assets		**1,943,444,518**	1,853,717,916
Financial liabilities			
Financial liabilities at amortized cost			
Sponsors' loan - subordinated (interest-free)	18	**915,357,737**	902,151,770
Long term finances	19	**7,713,785,036**	8,752,902,294
Liabilities against assets subject to finance lease	20	**499,065,487**	248,553,707
Trade and other payables	22	**1,435,411,962**	1,063,476,922
Accrued mark-up	23	**103,908,088**	93,598,715
Short term finances	24	**4,191,428,798**	3,783,293,527
Total financial liabilities		**14,858,957,108**	14,843,976,935

40.2 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred.

The Group's policy for determining when transfers between levels in the hierarchy have occurred includes monitoring of the following factors:

- changes in market and trading activity (e.g. significant increases / decreases in activity)
- changes in inputs used in valuation techniques (e.g. inputs becoming / ceasing to be observable in the market)

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.
The valuation techniques used are as follows:
Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on market value of shares at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
The following table analysis within the fair value hierarchy of the Group's financial assets (by class) measured at fair value at June 30, 2018:

Financial assets	2018 Level 1	Level 2	Level 3	Total
	--------------------Rupees--------------------			
Financial investments: Available for sale				
	195,107,650	**-**	**-**	**195,107,650**

Financial assets	2017 Level 1	Level 2	Level 3	Total
	--------------------Rupees--------------------			
Financial investments: Available for sale				
	308,840,000	-	-	308,840,000

40.3 Financial risk management

The board of directors of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

40.3.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter-parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Credit risk of the Group arises principally from the trade debts, advances, trade deposits, other receivables and deposits with banks and financial institutions. The carrying amount of financial assets represent the maximum credit exposure.

Trade debts

Trade debts are essentially due from local and foreign companies and the Group does not expect that these companies will fail to meet their obligations.

The Group establishes an allowance for the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts.

Bank balances

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counter-parties that have stable credit rating. Given these high credit ratings, management does not expect that any counter party will fail to meet their obligations.

The bank balances along with the credit ratings are tabulated below:

	Short- term Ratings	2018 Rupees	2017 Rupees
Al Baraka Bank Pakistan Ltd	A1	**26,444**	24,444
Allied Bank Limited	A1+	**-**	49,951
Askari Bank Ltd	A1+	**-**	70,827
Bank Al Habib	A1+	**383,850**	390,664
Bank Al Falah	A1+	**-**	2,056,298
BankIslami Pakistan Ltd	A1	**103,350**	380,765
Dubai Islamic Bank Pakistan Limited	A1	**1,972,299**	585,509
Habib Bank Limited	A1+	**773,091**	4,211,771
Carried Forward		**3,259,034**	7,770,229

	Short- term Ratings	2018 Rupees	2017 Rupees
Brought Forward		**3,259,034**	7,770,229
Habib Metropolitan Bank Limited	A1+	**3,332,353**	1,454,999
Industrial & Commercial Bank of China	P-1	**-**	559,157
JS Bank Limited	A1+	**41,609,595**	10,762,542
MCB Bank Limited	A1+	**65,129**	2,246,832
MCB Islamic Bank Limited	A1	**1,067,959**	1,194,783
Meezan Bank Limited	A1+	**23,711,893**	1,580,456
National Bank Of Pakistan	A1+	**727,619**	25,307
Samba Bank Ltd	A-1	**1,685**	56,185
Soneri Bank Ltd	A1+	**53,611**	51,611
Standard Chartered Bank (Pakistan) Limited	A1+	**122,117**	6,035,898
The Bank Of Khyber	A1+	**59,091**	59,543
The Bank of Punjab	A1+	**199,286**	399,631
		74,209,372	32,197,173

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	2018	2017
		--------- Rupees	---------
Trade debts	11	**1,569,862,225**	1,442,852,765
Advances	12	**686,411,908**	358,324,144
Trade deposits	13	**9,668,000**	9,656,762
Bank balances	16	**74,209,371**	32,197,173
		2,340,151,504	1,843,030,844

To reduce the exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers.

Loans recoverable from employees are secured against their retirement benefits.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

As at June 30 the Group has certain trade debts that are past due but are not considered to be impaired. The amounts as at June 30 are as follows:

	2018	2017
	--------- Rupees	---------
More than 45 days but not more than 3 months	**213,039,102**	175,470,806
More than 3 months but not more than 6 months	**171,373,560**	169,115,819
More than 6 months but not more than 1 year	**115,111,074**	86,790,557
More than 1 year	**51,963,694**	42,313,694
	551,487,430	473,690,876

In respect of trade debts, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade debts consists of a large number of customers.

40.3.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Based on the above, management believes the liquidity risk is insignificant.

As at reporting date the Group's financial liabilities have contractual maturities as summarized below:

Effective rates of return/mark-up on financial liabilities are as follows:

	Note	2018			
		Effective rate of interest	**Carrying amount**	**Maturity upto one year**	**Maturity after one year**
		Rupees			
Financial liabilities					
Interest bearing					
Long term finances - secured (Conventional)	19	**6%**	**4,979,479,472**	**1,253,850,907**	**3,725,628,565**
Long term finances - secured (Islamic)		**5%**	**2,734,305,564**	**1,229,166,659**	**1,505,138,905**
Liabilities against assets subject to finance lease-conventional	20	**6.70% to 7.21%**	**159,557,941**	**68,375,379**	**91,182,562**
Liabilities against assets subject to finance lease-Islamic		**6.38% to 6.72%**	**339,507,546**	**27,031,857**	**312,475,689**
Short term finances - secured-conventional	24	**5.98% to 6.24%**	**3,341,428,798**	**3,341,428,798**	**-**
Short term finances - secured-Islamic	24	**6.26% to 7.13%**	**850,000,000**	**850,000,000**	**-**
Non - interest bearing					
Sponsors' loan - subordinated	18	**-**	**915,357,737**	**-**	**915,357,737**
Trade and other payables	22	**-**	**1,435,411,962**	**1,435,411,962**	**-**
Accrued mark-up	23	**-**	**103,908,088**	**103,908,088**	**-**
			14,858,957,108	**8,309,173,650**	**6,549,783,458**

	Note	2017			
		Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		Rupees			
Financial liabilities					
Interest bearing					
Long term finances - secured-conventional	19	6%	5,354,568,967	1,441,857,599	3,912,711,368
Long term finances - secured-Islamic		5%	3,398,333,327	636,249,986	2,762,083,341
Liabilities against assets subject to finance lease-conventional	20	6.84% to 7.28%	144,574,108	65,905,246	78,668,862
Liabilities against assets subject to finance lease-Islamic		6.57% to 6.88%	103,979,599	14,472,049	89,507,550
Short term finances - secured-conventional	24	5.98% to 7.30%	2,353,291,366	2,353,291,366	-
Short term finances - secured-Islamic	24	6.22% to 6.30%	1,430,002,161	1,430,002,161	-
Non - interest bearing					
Sponsors' loan - subordinated	18	-	915,357,737	-	915,357,737
Trade and other payables	22	-	1,063,476,922	1,063,476,922	-
Accrued mark-up	23	-	93,598,715	93,598,715	-
			14,857,182,902	7,098,854,044	7,758,328,858

Financial liabilities	2018	2017
	--------- Rupees ---------	
Long term finances - secured	7,713,785,036	8,752,902,294
Short term borrowings	4,191,428,798	3,783,293,527

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet would not affect profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2018, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been affected by Rs. 77.14 million (2017: Rs. 87.53 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2018, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been affected by Rs. 41.91 million (2016: Rs. 37.83 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

40.3.3 Market risk

Market risk is the risk that fair value of future cash flows of the financial instrument may fluctuate as a result of changes in market prices. Market prices comprise of three types of risks namely currency risk, interest rate risk and other price risk, such as equity risk.

a) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of financial asset or a liability will fluctuate due to changes in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Group primarily has foreign currency exposures in US Dollars.

Exposure to Foreign currency risk

The Group is exposed to foreign exchange risk arising from currency value fluctuations due to the following:

	2018	2017
	---------- Amount in USD ----------	
Trade debts	2,564,352	592,986
Cash and bank balances	98,351	98,195
Advance from customer	(388,743)	(249,709)
	2,273,960	441,472
Off balance sheet exposures		
Letter of credit	(337,266)	(937,630)
Net Exposure	1,936,694	(496,158)

The following significant exchange rates were applied during the year.

	2018	2017
	Rupee per USD	
Average rate	113.25	104.85
Reporting date rate	121.50	105.00

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2017 would have effect on the equity and profit and loss of the Group as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2018.

	2018	2017
	--------- Rupees ---------	
Strengthening of PKR against respective currencies	(23,530,832)	5,209,659
Weakening of PKR against respective currencies	23,530,832	(5,209,659)

As at 30 June 2018, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollar with all other variables being constant, profit before tax for the year would have been lower / higher by Rs. 23.53 million (2017: Rs. 5.21 million) mainly as a result of foreign exchange gains / losses on translation of dollar denominated financial assets.

The maximum exposure to foreign currency risk in Pakistani rupee at the reporting date is as follows:

	Note	2018	2017
		--------- Rupees ---------	
Export debtors	11	**311,568,772**	124,849,742
Import creditors		**510,977,433**	294,738,978
		822,546,205	419,588,720

b) Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument may fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks, running finance facilities and finance leases. At the balance sheet date the interest rate profile of the Group's mark-up bearing financial instruments is as follows:

	Carrying amount	
	2018	2017
	--------- Rupees ---------	
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**12,404,279,321**	12,784,749,528
	12,404,279,321	12,784,749,528

As at 30 June 2018, if KIBOR had been 100 bps lower/higher with all other variables held constant, profit before tax for the year would have been higher/lower by Rs. 124.04 million. (2017: Rs. 127.85 million) mainly because of higher/lower interest expense on variable rate instruments.

c) Equity risk

It is the risk that the listed equity securities are susceptible to market price risk, arising from uncertainties about future values of the investment securities. Currently, the Group has securities of BankIslami Pakistan Limited having a carrying value of Rs. 195.11 million (2017: Rs. 308.84 million)

41 CAPITAL RISK MANAGEMENT

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to the shareholders or issue bonus / right shares. There were no changes in the Group's approach to capital management during the year and the Group is not subject to externally imposed capital requirements.

The Group's capital includes share capital, unappropriated profit and reserves. As at balance sheet date the capital of the Group is as follows:

	2018	2017
	--------- Rupees ---------	
Share capital	**638,047,500**	638,047,500
Reserves	**6,756,196,984**	5,613,640,729
	7,394,244,484	6,251,688,229

The Group manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investments requirements and expectations of the shareholders. Debt is calculated as total borrowings (long term finances). The Group's capital signifies equity as reported in balance sheet and includes share capital and accumulated losses.

During 2018 the Group's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2018 and 2017 were as follows:

	Note	**2018**	2017
		------------ Rupees ------------	
Total borrowings		**8,629,142,773**	9,655,054,064
Less: Cash and bank		**81,115,556**	34,125,833
Net debt		**8,710,258,329**	9,689,179,897
Total equity		**7,394,244,484**	6,251,688,229
Total equity and debt		**16,104,502,813**	15,940,868,126
Gearing ratio (%)		**54.1%**	60.78%

The Group finances its operations through equity, borrowings and management of working capital with a view to maintain an appropriate mix amongst various sources of finance to minimize risk.

42 PLANT CAPACITY AND ACTUAL PRODUCTION

		2018		2017	
	Unit	**Rated Capacity**	**Actual Production**	Rated Capacity	Actual Production
Food processing	Metric Ton	**115,350**	**81,628**	107,290	71,133
Plastic film	Metric Ton	**33,000**	**26,726**	33,000	25,139
Pharmaceutical	Containers per hours	**18,000**	**-**	18,000	-

43 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the Holding Company and key management personnel. The Holding Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements, are as follows:

	2018	2017
	--------- Rupees ---------	
Associated Company - Plastiflex Films (Private) Limited (Common Directorship)		
- Purchase of raw & packing Materials	**54,332,436**	44,302,195
- Metallization of raw material	**(6,753,099)**	-
- Sales of raw and packing material	**(2,165,352)**	-
- Payment against purchases	**(55,009,525)**	(46,742,412)
Balances		
Plastiflex Films (Private) Limited		
- Payable to associate	**5,497,115**	15,092,655
Director's subordinated - loan		
- Payable to directors'	**915,357,737**	902,151,770

44 CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparision in accordance with the accounting and reporting standards and fourth schedule of Companies Act 2017.

45 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET

45.1 The board of directors in its meeting held on September 24, 2018 has proposed dividend in respect of the year ended June 30, 2018 of Rs. 4.50/- per share (2017: Rs. 2.75/- per share) for approval of the members at the annual general meeting. The consolidated financial statements for the year ended June 30, 2018 do not include the effect of proposed dividend, which will be accounted for in the consolidated financial statements for the year ending June 30, 2019.

46 DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on September 24, 2018 by the board of directors of the Group.

Munsarim Saifullah	**Maqsood Ismail**	**Abdul Qadir**
Chief Executive Officer	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING
SHAREHOLDERS STATISTICS
AS AT JUNE 30, 2018

Number of Shareholders	Shareholdings From		Shareholdings To	Total Number of Shares Held
1398	1	-	100	20,898
156	101	-	500	47,333
38	501	-	1000	31,306
46	1001	-	5000	104,680
6	5001	-	10000	48,393
4	10001	-	15000	49,506
1	20001	-	25000	20,876
1	30001	-	35000	34,500
1	185001	-	190000	190,000
1	420001		425000	425,000
1	435001	-	440000	435,400
1	1000001	-	1005000	1,000,090
1	1270001	-	1275000	1,271,650
1	1380001	-	1385000	1,380,450
1	18655001	-	18660000	18,656,643
1	19720001	-	19725000	19,720,732
1	20365001	-	20370000	20,367,293
Total 1659				**63,804,750**

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
CEO,Directors their Spouses & Children	12	63,030,938	98.79%
Associated Company	1	435,400	0.68%
Foreign Companies	1	3,300	0.01%
Others	10	5,114	0.01%
General Public	1635	329,998	0.52%
Total	**1659**	**63,804,750**	**100.0%**

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2018

Shareholder Category	Number of Folios	Number of Share Held	Percentage
Associated Company:			
Uniron Industries (Private) Limited	1	435,400	0.682
Directors:			
Mr. Maqsood Ismail Ahmed	1	190,000	0.298
Ms. Farzana Muhammad	1	1,380,450	2.164
Ms. Almas Maqsood	2	20,792,293	32.587
Ms. Reema Ismail Ahmed	1	1,271,650	1.993
Mr. Ahmed Muhammad	1	1,000,090	1.567
Mr. Hamid Maqsood	1	10,090	0.016
Mr. Muhammad Zubair Motiwala (Independent)	1	500	0.001
Chief Executive Officer:			
Mr. Munsarim Saifullah	1	590	0.001
Chairman:			
Mr. Muhammad M. Ismail	2	18,664,543	29.253
CEO, Directors their Spouses & Children:			
Mr. Miftah Ismail	1	19,720,732	30.908
Others	1646	338,412	0.530
Total	**1659**	**63,804,750**	**100.000**

Shareholders holding 5% or more voting interest

Mr. Muhammad M. Ismail	2	18,664,543	29.253
Mr. Miftah Ismail	1	19,720,732	30.908
Ms. Almas Maqsood	2	20,792,293	32.587

STATEMENT SHOWING SHARES PRUCHASE, SALE AND GIFT BY DIRECTORS, EXECUTIVES THEIR SPOUSES & CHILDREN

FROM JULY 01, 2017 TO JUNE 30, 2018

S.no.	Name	Designation	Shares Traded		Shares Gifted	
			Purchase	Sale	Received	Given
1	Mr. Muhammad M. Ismail	Director	7,900	-	-	-

ELECTRONIC DIVIDEND MANDATE FORM

To: ____ **Date:**______________

Subject: **Bank account details for payment of Dividend through electronic mode**

Dear Sir,

I/We/Messrs., ____, being at/the shareholder(s) of Ismail Industries Limited (the "Company"), hereby authorize the Company, to directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours sincerely,

____

Signature of Shareholder
(Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

2. This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by the Company from time to time.

PROXY FORM

The Secretary/ Registrar

I/We ______________________ son/ daughter/ wife of ______________________ , shareholder of **Ismail Industries Limited, holding** __________ ordinary shares as per register under Folio No ________ and/or CDC Participant ID _________ and Sub- Account No._________ hereby appoint ______________________(holding __________ ordinary shares in the Company as per register under Folio No _________ and/or CDC Participant ID _________ and Sub- Account No. _________) or failing him/her ____________________, (holding _________ ordinary shares in the Company as per register under Folio No ___________ and/or CDC Participant ID ____________ and Sub- Account No. _________) as my/ our proxy, to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on October 26, 2018 and/ or any adjournment thereof.

Signed this __________ day of ___________ 2018.

(Signature should agree with the specimen signature registered with the Company)

Sign across Rs. 5/- Revenue Stamp

Signature of Member(s)

Witness 1:

Signature ____________________________

Name ____________________________

CNIC # ____________________________

Witness 2:

Signature ____________________________

Name ____________________________

CNIC # ____________________________

Notes:

1. A proxy need be a member of the Company

2. In order to be valid, this Proxy must be received to our Registrar/Transfer Agents, M/s. THK Associates (Pvt) Ltd. 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi 75400 Pakistan at least 48 hours before the time fixed for the Meeting, duly completed in all respects.

3. CDC Shareholders or their Proxies should bring their original Computerized National Identity Card (CNIC) or Original Passport along with the Participant's ID Number and their Account Number to facilitate their identification.

پراکسی فارم (فارم برائے نامزدگی نمائندہ مختار)

سیکریٹری/رجسٹرار

میں/ہم ____________ بیٹا/بیٹی/زوجہ ____________ اسمعیل انڈسٹریز لمیٹڈ کا/کے شیئر ہولڈر (حصص یافتگان)، فولیو نمبر ____________ اور/یا سی ڈی سی کے شراکت دار کی آئی ڈی ____________ اور ذیلی اکاونٹ نمبر ____________ کے تحت رجسٹر ہونے کے مطابق ____________ عام شیئر رکھتا ہوں/رکھتی ہوں/رکھتے ہیں۔ ____________ کو مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں (جو فولیو نمبر ____________ اور/یا سی ڈی سی کے شراکت دار کی آئی ڈی ____________ اور ذیلی اکاونٹ نمبر ____________ کے تحت رجسٹر ہونے کے مطابق ____________ کمپنی میں عام شیئر رکھتا ہے/رکھتی ہے/رکھتے ہیں) یا اس کو ____________ پیش کرتا ہوں/کرتی ہوں/کرتے ہیں (جو فولیو نمبر ____________ اور/یا سی ڈی سی کے شراکت دار کی آئی ڈی ____________ اور ذیلی اکاونٹ نمبر ____________ کے تحت رجسٹر ہونے کے مطابق ____________ کمپنی میں عام شیئر رکھتا ہوں/رکھتی ہوں/رکھتے ہیں) بطور میرا/ہمارا پراکسی (نمائندہ مختار) جو 26 اکتوبر 2018 کو منعقد ہونے والے سالانہ اجلاس عام میں اور/یا ملتوی ہونے پر میری/ہمارے طرف سے شرکت کرنے، ووٹ ڈالنے کا حق رکھتا ہے۔

دستخط ____________ تاریخ ____________ 2018

(دستخط کا کمپنی میں موجود رجسٹر شدہ دستخط کے نمونے سے مطابقت رکھنا ضروری ہے۔)

5 روپے کے ریونیو مہر پر دستخط

ممبر (ممبران) کے دستخط

گواہ 1	گواہ 2
دستخط ____________	دستخط ____________
نام ____________	نام ____________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________

نوٹس:

1۔ پراکسی (نامزد نمائندہ) کو کمپنی کا ممبر ہونا لازمی ہے۔

2۔ درست ہونے کے لئے پراکسی جو کہ ہر لحاظ سے باقاعدہ مکمل ہو، کا ہمارے رجسٹرار/ٹرانسفر ایجنٹس، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، 40-C، بلاک 6، پی ای سی ایچ ایس، کراچی 75400، پاکستان کو اجلاس سے 48 گھنٹے قبل موصول ہونا ضروری ہے۔

3۔ سی ڈی سی شیئر ہولڈرز (حصص یافتگان) یا ان کے پراکسیز اپنی شناختی کارڈ یا اصل پاسپورٹ بمعہ شراکت دار کا آئی ڈی نمبر اور ان کا اکاونٹ نمبر اپنے ہمراہ لائیں۔

ANNUAL REPORT 2017-18

ISMAIL INDUSTRIES LIMITED

HEAD OFFICE
17-Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan.
Tel: (92-21) 34311172-75, Fax: (92-21) 34547843-34541094

FACTORIES
Unit 1: C-230, H.I.T.E, Hub, Balochistan, Pakistan.
Tel: (92-853) 302526-302392, Fax: (92-853) 302527

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

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

Unit 4: G-22-23, H.I.T.E, Hub, Balochistan, Pakistan.
Tel: (92-853) 303193-303177, Fax: (92-853) 302284

Unit 5: 38-C, 39, 39-A, 42-C, Sunder Industrial Estate,
Raiwind Road, Lahore, Pakistan. Tel: (92-42) 35297671-75

Unit 6: D-91, D-92, D-94, North Western Industrial Zone,
Port Qasim Authority, Karachi, Pakistan.
Tel: (92-21) 34154171-73, Fax: (92-21) 34154176

Unit 7: E-164 to E-168, North Western Industrial Zone,
Port Qasim Authority, Karachi, Pakistan.
Tel: (92-21) 34154174-75, Fax: (92-21) 34154176

Unit 8: E-154 to E-157, North Western Industrial Zone,
Port Qasim Authority, Karachi, Pakistan.
Tel: (92-21) 34154255-57, Fax: (92-21) 34154176