

ISMAIL INDUSTRIES LIMITED

Exceeding the
Vision



Annual
Report 2015

Company Profile

Board of Directors

Mr. Muhammad M. Ismail
Mr. Maqsood Ismail
Mr. Hamid Maqsood Ismail
Mr. Munsarim Saifullah
Mr. Ahmed Muhammad
Ms. Farzana Muhammad
Ms. Almas Maqsood
Ms. Reema Ismail Ahmed
Mr. Jawed Abdullah

Chairman
Chief Executive
Executive Director
Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director

Company Secretary

Mr. Ghulam Farooq

Chief Financial Officer

Mr. Saad Younus

Auditor

Grant Thornton Anjum Rahman
Chartered Accountants

Audit Committee Members

Mr. Jawed Abdullah
Mr. Muhammad M. Ismail
Mr. Ahmed Muhammad
Ms. Reema Ismail Ahmed

Chairman
Member
Member
Member

Tax Advisor

Munaf Yusuf & Co.
Chartered Accountants

Legal Advisor

Farooq Rasheed & Co.

Human Resource Committee

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

Chairperson
Member
Member
Member

Share Registrar

THK Associates (Pvt.) Limited

Intellectual Property Advisor

Ali Associates

Registered Office

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

Factory – 1

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

Factory – 2

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

Factory – 3

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

Factory – 4

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

Factory – 5

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

Bankers / Institutions

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

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Our Story

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

This journey started from CandyLand, the first division of this group, which is not only a star performer for 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.



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

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



Vision

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





Mission

We strive to deliver, our consumers, consistent quality of products which maximizes our values and customer satisfaction. We are extensively catering to the domestic markets and strengthening our roots 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 and optimally combine our people, technology management system and opportunities to achieve profitable growth, while providing fair returns to our shareholders.

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



MISSION

CandyLand



CandyLand, currently the largest confectionery company in Pakistan started its humble beginning on June 21, 1988. The foundations for the first production plant were laid down on one acre land and the first brand was launched in 1990. From that point onwards, the company has constantly achieved one milestone after the other and today we have expanded our production facilities to over 8 acres.

We are the pioneers in jellies and have launched brands in technically difficult categories such as lollipops and marshmallows. We pride ourselves on delivering the best quality products and our brands strive hard to delight our consumers. Ensuring that we deliver on these values has also helped us to establish export in more than 30 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 and superior company within the industry.

Our customers and consumers are at the core of everything we do. We strive to deliver the best consumer value proposition that we can and ensure that our consumers receive the utmost satisfaction in every bite that they take. To help us achieve this, we have a blend of a highly qualified and experienced technical and business team and a sales force that is one of the largest in the category to ensure that we reach out to our customers even in the most remote areas across the country.

With the passage of time, we have become the largest confectionery company in Pakistan and are the market leaders in seven out of the nine categories that we operate in. We have achieved this position by launching and nurturing some iconic brands that include Chili Mili, ABC, Funny Bunny, Puffs, Candyland Éclairs, Fanty and a range of chocolates that include Now, Paradise and Sonnet.

The newest addition to our portfolio is silky, smooth milk chocolate Novella, that has shown promising signs of success since its launch last year.

We promise to uphold our values and continue to nurture our existing brands and grow the category by constantly innovating and launching new brands that connect with our consumers, meet their needs and continue to delight them for many years to come.





Bisconni started its journey in 2002 with the philosophy of producing biscuits which meet international Standards of Quality and Food Safety. Bisconni operates from a state-of-the-art facility located in Hub and has increased its production many fold since its inception. The product line is diversified and the factory is capable of producing plain biscuits, sandwich biscuits, cookies and wafers.

Bisconni entered the Pakistan biscuit market with its chocolate filled biscuit Cocomo, which over the years has become one of the iconic brands of Pakistan. All products produced, under the Bisconni brand, have grown to represent a mark of trust and confidence for consumers.

Currently Bisconni is the market leader in Pakistan in the cookies and wafers categories. Bisconni was also the pioneer of the Black Biscuits category in Pakistan with the launch of its sandwich biscuit "Rite". The unrivalled portfolio of brands now also includes favorites such as Treat, Chocolate Chips, Choccolato and Novita.

The customer is at the core of all our activities and in order to cater to evolving market dynamics, we have continuously introduced a number of innovative products in the cookies and biscuits ranges. We have also achieved the distinction of becoming a certified supplier for the World Food Program and producing High Energy biscuits for its different programs.

The vision of Bisconni is to keep innovating and introducing new and value added products in the biscuits category. We have our eyes firmly fixed on the future and will continue to progress with our exciting plans to satisfy our consumers all over Pakistan and around the world.



SNACKCITY



The Snackcity division of Ismail industries was established in June 2006 when the company set up its manufacturing facility at Hub and began production of its potato chips - Kurleez. The manufacturing facility at Hub is a purpose built building. Having met great success in a short span of time, the foundation for a second production facility was laid down in Lahore in March 2010. The Lahore factory is operational and caters to demand for our potato chips in the North and Central regions of Pakistan.

Customer satisfaction has always been at the heart of the company's values and the company has invested in the world's best machinery, employed the best technicians, food experts, and adopted the best practices to ensure that the consumers feel the goodness of Snackcity products in each bite.

Since its inception Snackcity's Kurleez has grown to become the market leader in the crinkle chips category. The company has also successfully ventured into other categories. Chillz which is Snackcity's brand of potato sticks has also grown to become the market leader in its category while the newly launched Snackcity's Peanut and Nimko are also showing promising signs of success.

The future is bright. Snackcity plans to work through continuous development and consumer involvement to enter newer avenues within the packaged snacks industry. Snackcity will step into the future headfirst with an undying resolve to be the best producer of snacks in Pakistan.





Astro Films is a renowned manufacturer of CPP, BOPP and BOPET films, owned and operated by Ismail Industries Limited. Astro Films is a family comprising of three brands: Astro Pack, Plastiflex Films Pvt. Limited, and Astro Plastics Pvt. Limited. We are not only well recognized locally but globally as well. While being located in the southern region of Pakistan, we are the only packaging film maker in Pakistan, which can provide its customers total solutions in flexible packaging with in-house manufacturing of CPP, PET film along with metalized and twistable PET and, BOPP films and chemical-coated films in different thickness grades.

ASTRO PACK

Astro Pack, with its operations at Hub / Baluchistan, owns a three layer CPP Plant manufactured by a renowned Italian Company "Gruppo Colines" having a capacity of producing 5,000 tons of CPP film annually.

While continuing to be a strong believer of acquiring distinction, Astro Films has come up with a plan of enhancing its current production capacity of CPP Film by adding a new production line of 12000MTA.

ASTRO PLASTICS

In 2011, the company embarked in further expansion of its packaging film production capacity by ordering the first ever in Pakistan BOPET film line to Bruckner. With an annual capacity of 18000 tons per annum, this film line ensures a highly efficient production of flexible BOPET packaging film ranging from 12 to 150 microns.

While selecting plant and equipment, due care was taken to ensure that the new production line would be based on the latest technology available. The enhanced features in the new line of BOPET will further improve the operational efficiency and provide with the technical capabilities to meet the expectations of the customers.

This film line ensures a highly efficient production of flexible BOPET packaging film ranging from 12 to 150 microns. Supplemented with the most superior technology, this manufacturing facility can produce BOPET films for high speeds with fine optical and mechanical properties.

PLASTIFLEX

In order to meet the rising demand of the country and to cater to customers' needs on time, the group decided to go into expansion in 2010 and established a new company with the name of Plastiflex Films Pvt. Ltd. to produce BOPP films. A Bruckner line having the capacity to produce 5,000 tons annually is functioning at Gadani (very close to Hub) / Baluchistan.

ASTRO'S GLOBAL PRESENCE

Astro Films is one of those few privileged manufacturers of BOPET films, which have supplied products to 6 continents of the world while fulfilling a portion of the flexible packaging needs of the US market.

One of our unmatched strengths, which make Astro Films so much 'reliable', is its ability to deliver nothing but the best to its customers. This practice has made us recognized as an international player, which is committed to not only meet but exceed the expectations of our esteemed customers.

We are a quality facility with ISO 9001:2008, ISO 22000:2005, and PAS 223 certifications and experts in flexible packaging films. We are proud of our accomplishments and recognition of our manufacturing capabilities. More importantly we are one of the most competitive suppliers of CPP and BOPET films. Being an Asian Flexible Packaging Manufacturer with 70% of our films being exported to Middle East, Africa and Europe and we offer one of the fastest lead times in the BOPET film industry.





Teamwork

Nobody can get there unless everybody gets there.
We focus on leveraging collective efforts and nurture a culture of appreciating every job, big or small.

Fairness

Fairness is a professional skill that must be developed and exercised.
We keep fairness paramount, we do what we say.

Belief

Keep dreams alive.
Achieving something requires belief in oneself, anything is possible for those who believe.
We believe in our products, our processes, our partners and above all, we believe in each other.

Leadership

Business performance is driven by effective leaders, who can truly inspire people to unleash their personal and collective potential.
We provide leadership as a company and as individuals with vision, communication and passion.

Excellence

Excellence is not an exception, it is a prevailing attitude.
We view excellence as a continuous process of raising the bar in everything we do.



Notice of Annual General Meeting

Notice is hereby given that the 27th 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 Wednesday, October 28, 2015 at 11:30 am to transact the following business.

Ordinary Business

1. To confirm the minutes of the Extra Ordinary General Meeting of the Company held on December 23, 2014.
2. To receive, consider and approve the Annual Audited Financial Statements of the Company for the year ended June 30, 2015 together with the Directors' and Auditors' report thereon.
3. To approve and declare the cash dividend @ 60% (Rs. 6/- per share) on the Ordinary Shares of the Company as recommended by the Directors for the year ended June 30, 2015.
4. To appoint Auditors for the year ending June 30, 2016 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.
5. To transact any other business with permission of the Chair.

By order of the Board

Karachi: September 21, 2015

Ghulam Farooq
Company Secretary

Notes

1. The shares transfer book of the Company shall remain closed with effect from October 23, 2015 to October 29, 2015 (both days inclusive). Transfers received at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi, Phone # 021-111-000-322 at the close of business on Thursday, October 22, 2015 will be considered in time to attend and vote at the meeting and for the purpose of above entitlement to the transferees.
2. 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 Registrar Office not less than 48 hours before the time of the meeting during working hours.
3. The shareholders are advised to notify the Registrar of any change in their addresses.

Submission of copies of CNIC and NTN Certificate (Mandatory)

Pursuant to the Securities and Exchange Commission of Pakistan (SECP) Notifications dated:

January 10, 2014, July 05, 2012 and August 18, 2011, made it mandatory that dividend warrants should bear Computerized National Identity Card (CNIC) number of the registered member or the authorized person except in case of minor(s) and corporate members. With reference to our various advertisements in daily newspapers and letters sent to individual members/ shareholders at their registered addresses, it is hereby informed that the individual members who have not yet submitted photocopy of their valid CNIC to the Company are once again advised to send the same at their earliest directly to The Company Secretary, Ismail Industries Limited, 17-Bangalore Town, Shahra-e-Faisal, Karachi. The Corporate entities are requested to provide their National Tax Number (NTN). Failure to provide the same would constraint the Company to withhold dispatch of dividend warrants.

Payment of Cash Dividend Electronically (Optional)

As directed by SECP vide Circular No. 18 of 2012 dated: June 5, 2012 we are giving the opportunity to shareholders to authorize the Company to directly credit in his/her bank account with cash dividend, if any declared by the Company in future, if you wish that the cash dividend if declared by the Company be directly, credited into your Bank Account, instead of issuing a dividend warrant, please provide the following details.

Title of Bank Account	Branch Name and Address
Bank Account Number	Cell number of Shareholder
Bank's Name	Landline number of Shareholder, if any

Guidelines for CDC Account Holders

CDC Accounts holders will further have to follow the guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.

A. For Attending the Meeting

- i. In the case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate their identity by showing their original Computerized National Identity Card ("CNIC") or original Passport at the time of attending the meeting.
- ii. In the case of corporate entities, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless provided earlier).

B. For Appointing Proxies

- i. In the case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations shall submit the proxy form as per the above mentioned requirements.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In the case of corporate entities, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Company.

Withholding Tax on Dividend

Government of Pakistan through Finance Act, 2015 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates prescribed for deduction of withholding Tax on the Amount of dividend paid by the companies. These tax rates are as under:

- (a) For filers of Income tax returns 12.5%
- (b) For non-filers of Income tax return 17.5%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 17.5% instead of 12.5%.

Withholding Tax on Dividend in case of Joint Account Holders

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 Shareholders) 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 Shareholders(s)	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

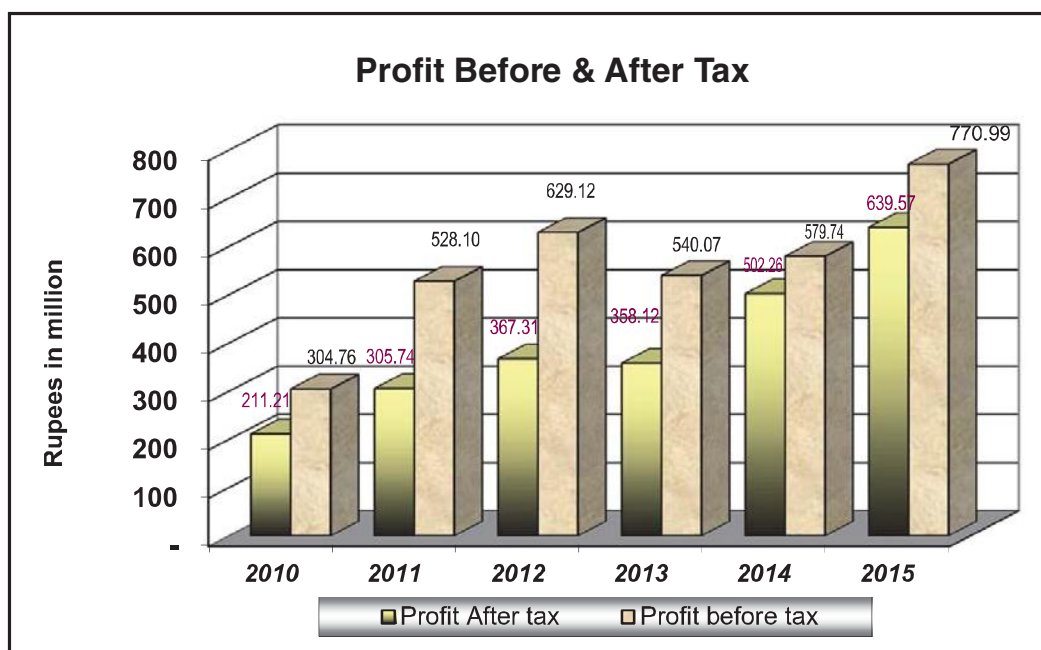
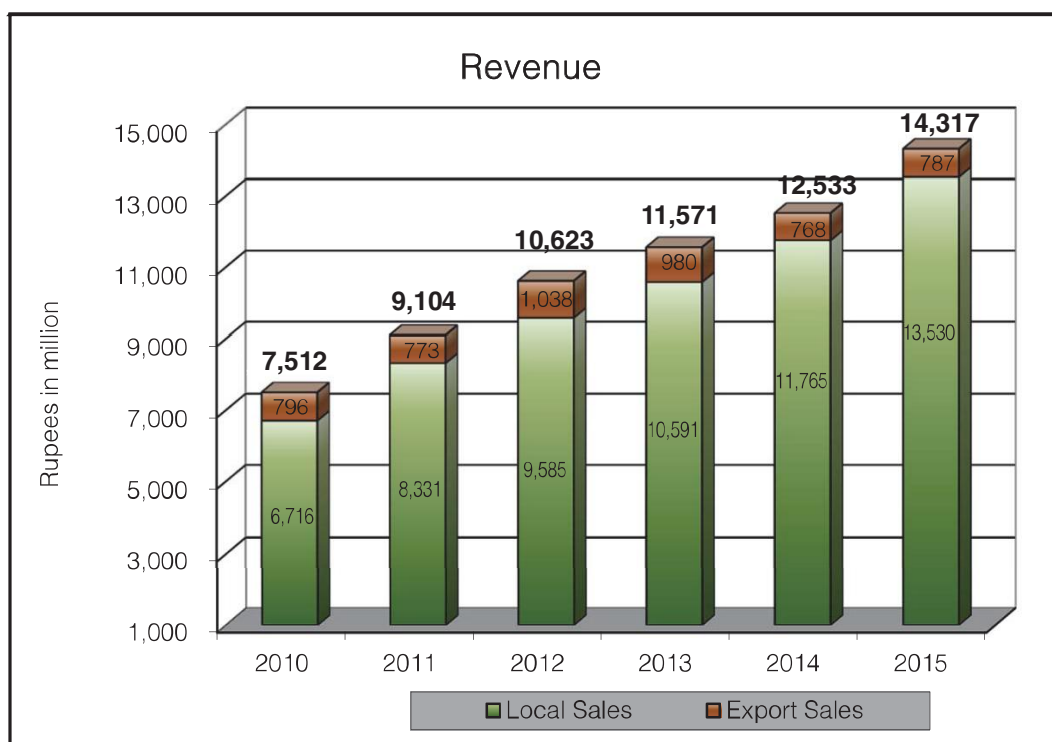
The required information must reach our Share Registrar within 10 days of this notice, otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

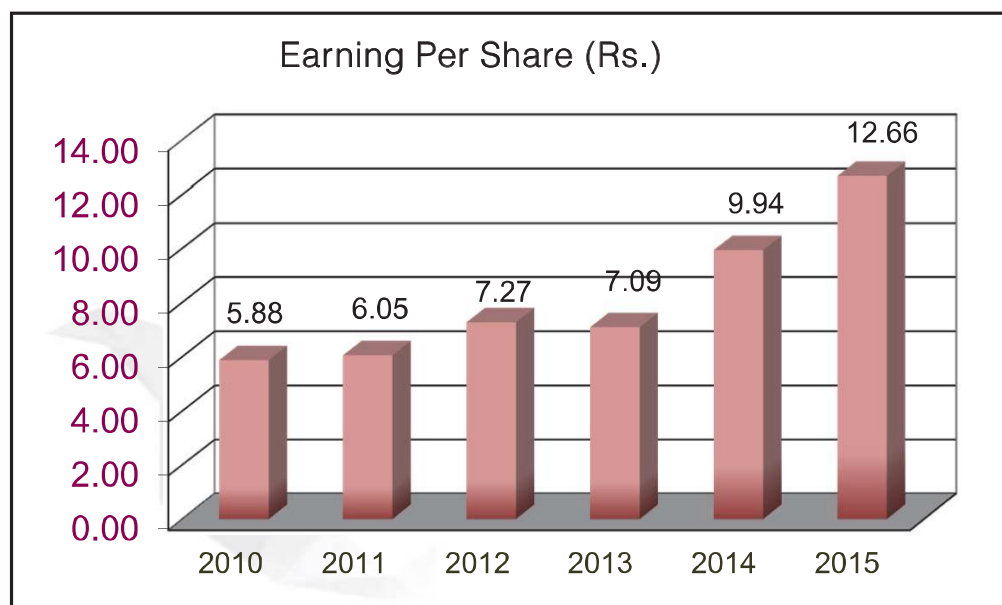
Distribution of Annual Report through Email

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") alongwith the notice of annual general meeting ("Notice"), to its shareholders by email. Shareholders of the Company who wish to receive the Company's Annual Report and notices of annual general meeting by email are requested to provide the completed Electronic Communication along with notice of Annual General Meeting.

Financial Statistical Highlights

	2015	2014	2013	2012	2011	2010
Profit and Loss Account	(Rs. in millions)					
Sales - gross	14,317	12,533	11,571	10,623	9,104	7,512
Gross profit	2,476	2,136	1,975	1,831	1,441	1,128
Profit before tax	771	580	540	629	528	305
Taxation expense	131	77	182	262	222	94
Profit for the year	640	502	358	367	306	211
Balance Sheet						
Share holders' equity	3,975	3,253	2,790	2,409	2,033	1,728
Capital reserves	688	593	623	579	579	579
Unappropriated profit	2,782	2,155	1,661	1,325	948	643
Current liabilities	6,230	5,541	4,714	5,135	4,560	3,551
Total liabilities	10,301	8,346	6,874	6,687	6,299	4,757
Current assets	6,678	6,388	5,477	5,290	4,867	3,626
Total assets	14,276	11,599	9,664	9,097	8,332	6,485
Ratios						
Earning per share - basic & diluted (Rs.)	12.66	9.94	7.09	7.27	6.05	5.88
Break up value (Rs.)	78.68	64.39	55.22	47.69	40.23	34.20
Return on equity (%)	18.48	14.50	14.01	15.71	15.04	12.23
Price to earning ratio	20.53	17.70	24.26	13.59	12.34	10.53





Directors' Report

Directors of Ismail Industries Limited take pleasure in presenting their Annual Report along with the Audited Financial Statements of the Company for the year ended June 30, 2015

Business Performance

We are very pleased to share with you that your Company has continued to deliver a strong performance in financial year ended June 2015. Despite ongoing macroeconomic challenges and continuing energy crises, our business has outperformed and grown ahead of the overall sector. This ensures that we are well on track to achieve our ambitious growth rate and, as always, aspiring to become a leader in all emerging markets.

We want to become more agile and future ready in order to delight our consumers with innovative, superior quality products at affordable prices. We are therefore, strengthening our market leadership position, consolidating our international presence and investing in our back-end making our sales system, supply chain and people policies more robust. We believe that these efforts will help us create great value overall for all our stakeholders. We have set up a strategic sourcing team to take advantage of our scale to reduce procurement costs. We have implemented advanced technology within our current software systems to improve our planning and execution capabilities.

We continue to fortify our leadership position as one of the largest Company of the Country in our sector. Innovation has been key driver of our growth strategy. We have re-architected our approach over the last couple of years. Our focus has been on accelerating our innovation pipeline, ramping up our internal capabilities and investing significantly in Research & Development. The Company's focus has been to accelerate innovation and back new products with strong marketing investments. With several new launches, we are expected to further enhance the company's competitiveness and improve the equity of its brands. We conduct marketing efforts through three principal sets of activities. Firstly, consumer marketing and advertising including on-air, print, outdoor, digital and social media and other product promotions. Secondly, consumer sales incentives such as rebates and coupons and thirdly, trade promotions to support price features, displays and other merchandising of our products by our customers.

Financial Performance

	Jun-30 2015	Jun-30 2014	Change in %
	PKR Million		
Gross Sales	14,317	12,533	14.23%
Net Sales	12,242	10,777	13.59%
Gross Profit	2,476	2,136	15.92%
% of Net Sales	20.23%	19.82%	2.07%
Profit before tax	771	580	32.93%
% of Net Sales	6.30%	5.38%	17.10%
Profit after tax	640	502	27.49%
% of Net Sales	5.23%	4.66%	12.23%
Earnings per share – Rupees	12.66	9.94	27.36%

Company has delivered growth in gross sales by 14%, profit after tax improved by 27% and earnings per share increased by 27% compared to last year, based on a positive change in the mix and better cost absorption and savings initiatives. We are investing in our sales force to build profitable distribution and shelf assortment. We are investing in a more agile, flexible and faster distribution network to reduce out-of-stocks in order to optimize inventory. We have renewed our manufacturing operations to improve quality and to accelerate innovation at lower cash, capital and operating costs which reflects in our financial results for the year under review.

Food Segment Operations

This segment consists of three divisions, which are Candyland, Bisconni and SnackCity, producing confectionery, biscuit and savory snack products respectively. Overall performance of this segment has been very healthy, with 18% increase in turnover. The impact of rising raw material and energy prices however, has been felt, but consistent efforts to protect profitability have ensured that the impact of price shocks has been minimized.

Candyland continued to deliver growth in 2014-15, both in terms of baseline as well as with new launches. Your company has successfully launched its latest brand, Novella, in the pure chocolate segment, which has been positively received by consumers. This entry into the pure chocolate segment, one of the fastest-growing segments of the confectionery industry, has been made possible with the help of state-of-the-art equipment and innovative marketing and sales strategies. In addition, the categories of jellies, candies, candy bars and chews continue to show growth and remain the mainstay of the business.

In Bisconni, this year has seen increased efficiency in both manufacturing and selling, resulting in strong growth in both revenues and profitability. Bisconni's flagship brands, Cocomo, Chocolate Chip Cookies, Rite, Choccolato and Novita, continue to lead their respective market segments, inspite of increased competition. Further plans include additional investment behind sales and distribution to increase our reach to more consumers in both urban and rural markets of Pakistan. In addition, your company is working towards introducing unique new offerings to consumers to consolidate its market position. In-house manufacturing capacity of chocolate chips has proven to a wise investment, providing significant bottom-line savings for your company in its first full year of operations.

SnackCity's performance this year has been affected due to significant price shock in base raw material. However, your Company has taken measures to minimize the impact by focusing on building efficiency in both production and selling. Plans are in place for further enhancement of capacity, allowing the snacks division to reap benefits of economies of scale.

Toll manufacturing operations and ready-to-use supplementary food operations (under the guidance of World Food Program) continued to show steady growth. Your Company shows the same dedication to quality and efficiency in these smaller operations that it does for the core business, leading to satisfied customers and excellent market reputation.

The food segment has posted healthy growth this year due to a renewed focus on innovation, which remains the main growth driver of this business. Your Company recognizes that innovation must go hand in hand with appropriate value proposition for all stakeholders in order to deliver sustainable profits. In such circumstances, your Company is making every effort to launch new and improved products. Emphasis on sales and marketing has also helped to push availability

of our range of products in hitherto unexplored markets in strata 4 and 5 towns. Your company intends to focus on this strategy of optimum coverage, so that we are able to further improve capacity utilization and develop potential of new markets.

Plastic Film Segment Operations

The plastic films segment has been under pressure due to rapid fluctuations in raw material prices and availability throughout the year. These fluctuations were driven by the steep drop in oil prices, leading to force majeure closure of various resin production units, which is the primary raw material for this segment. Profitability of the segment has been affected as a consequence of inventory losses. To mitigate this challenging situation, your Company's decision has been to maintain customer service as its main priority. Emphasis has been on fulfilling customer demand, which has in turn driven volumes and better utilization of capacity, resulting in improved efficiency and margins.

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.

Risk Management Framework

The businesses mandate assessment of their strategy and quantum of risk that the entity is willing to accept by adequately assigning responsibilities throughout the organization. Risks are identified from across the organization and are ranked based on their impact and probability. While we believe we have identified and discussed below the key risk factors affecting our business, there may be additional risks and uncertainties that we do not presently know or that we do not currently believe to be significant that may adversely affect our business, performance or financial condition in the future. Risks are broadly categorized between Strategic, Commercial, Operational and Financial risks. Upon identification of risks, a strategy is devised to mitigate its impact which is regularly monitored by the senior management.

Further Equity Investment in Associated Company – The Bank of Khyber

With the intention to participate in growing banking industry of the Country, your Company has made further long term equity investments of Rs. 1,516 million in the Bank of Khyber (BOK), an associated Company by way of an additional acquisition of 155,489,228 shares which represents 15.55% of total paid-up capital of the BOK, prior to this, Company holds 86,149,803 shares 8.61%. Now, the Company has 24.16% shareholding in the BOK. The BOK has shown remarkable increase in profitability over the past three years and is expected to increase in the forth coming years thereby increasing the profitability of the Company as well, which resultantly enhance the capability to pay better return to our shareholders. Presently, the BOK has paid 10% cash dividend for the year ended December 31, 2014.

Research & Development

We pursue four objectives in research and development, product safety and quality, growth through new products, superior consumer satisfaction and reduced costs. The Company has

progressed well in implementing its long term manufacturing strategy, with efficient capacity creation and introducing new technologies to support volume growth. Research & Development has further contributed to the Company's sustainability agenda by enabling significant reduction in packaging material consumption through several material efficiency initiatives.

Information Technology

We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic and financial information, to manage a variety of business processes and activities, and to comply with regulatory, legal and tax requirements. We also depend on our information technology infrastructure for electronic communications among our personnel, customers and suppliers. We continue to invest in IT, leveraging it as a source of competitive advantage. The enterprise wide ERP platform, the backbone of IT, encompasses all core business processes in your Company. It also provides a comprehensive data warehouse with analytical capability that facilitates better and faster decisions.

Audit Committee

The Board Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to share-holders, systems of internal control and risk management and the audit process. It has the autonomy to call for information from management and to consult directly with the external auditors or their advisors as considered appropriate.

Audit Committee comprises of four members, including three nonexecutive directors. The Chairman of the Committee is an Independent. During the year, Audit Committee held four meetings, each before the Board of Directors meeting to review the financial statements, internal audit reports and compliance with the best practices of the Corporate Governance requirements. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the financial statements of the Company. After each meeting, the Chairman of the Committee reports to the Board.

Human Resource & Remuneration Committee

The Human Resource & Remuneration Committee meets to review and recommend all elements of the compensation, organization and employee development policies relating to the senior executives remuneration and to approve all matters relating to the remunerations of the executive directors and members of the management committee. It comprises of four members, two of whom are Non-Executive Directors, One Executive Director and one is an Independent Director. The committee met twice during the year 2015.

Our People & Us

Being recognized as a great place to work is an important part of our overall ambition of being a leading player. We take much pride in fostering an outstanding workplace and are fully committed to providing our team members with great careers, great rewards and a great work environment. We are fortunate to be able to build on the strong Ismail Industries Limited legacy of trust,

integrity and respect for others. At the same time, our exciting and ambitious growth plans translate into us being able to offer unparalleled career opportunities relatively early on in one's career.

We expect a lot from our team members, differentiate on the basis of performance and potential through career opportunities and rewards, and lay particular emphasis on developing, mentoring and training. Our values of trust, integrity and respect for others continue to hold us in every good stead and are core to who we are as a Company. Our aim is to continue to provide better value to consumers. Our strength lies in strong brandequities, innovative products, research and development capability and expertise. To achieve this, we will continue to attract, develop and retain the best talent in the Company.

Compliance with Code of Corporate Governance

The Company is committed to high standards of Corporate Governance. There is no departure from the best practices of Corporate Governance. The Company has been and remains committed to the conduct of its business in line with the Code of Corporate Governance and Listing Regulations of Stock Exchanges in Pakistan.

- Financial statements prepared by the management of the Company for the year ended June 30, 2015 present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts as required by the Companies Ordinance, 1984.
- The Company has followed consistent and appropriate accounting policies in the preparation of the financial statements. Changes wherever made have been adequately disclosed. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from these has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and continuously monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- The summary of key operating and financial data of the Company of last six years is annexed in this report.

Board of Directors Meetings

During the last business year nine (9) meetings of the Board of Directors were held to cover its complete cycle of activities. Attendance by each Director was as follows:-

Name of Director	Meetings Attended
Mr. Muhammad M. Ismail	9
Mr. Maqsood Ismail	9
Mr. Miftah Ismail*	4
Mr. Munsarim Saif	8
Ms. Rashida Iqbal*	2
Ms. Anisa Naviwala*	2
Ms. Nafisa Yousuf Palla*	2
Ms. Uzma Arif*	2
Mr. Jawed Abdullah	8
Mr. Ahmed Muhammad**	6
Ms. Farzana Muhammad**	5
Ms. Almas Maqsood**	6
Ms. Reema Ismail Ahmed**	5
Mr. Hamid Maqsood Ismail**	1

Leave of absence was granted to Directors who could not attend board meetings.

*Due to resignation on April 8, 2015 by Mr. Miftah Ismail from the Directorship of the Company, have attended only 4 meetings and Ms. Rashida Iqbal, Ms. Anisa Naviwala, Ms. Nafisa Yousuf Palla and Ms. Uzma Arif have also resigned on October 9, 2014 from the Directorship of the Company, they each have attended only 2 meetings.

**Ms. Farzana Muhammad has attended 5 meetings, Ms. Almas Maqsood has attended 6 meetings, Ms. Reema Ismail Ahmed has attended 5 meetings and Mr. Ahmed Muhammad has attended 6 meetings because they have been appointed on October 17, 2015 and Mr. Hamid Maqsood Ismail has attended only 1 meeting as he has been appointed on April 27, 2015. All these board members are appointed in order to fill the casual vacancies occurred on the Board.

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.

Dividend

The Directors of the Company are pleased to recommend a cash dividend of 60% (Rs. 6/- 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 auditors M/s. Grant Thornton Anjum Rahman, Chartered Accountants are retiring, and being eligible, have offered themselves for re-appointment. The Audit Committee has also recommended their re-appointment as the auditors of the Company for the year 2015-2016.

Future Outlook

Business environment will continue to remain challenging and competitive intensity is likely to remain high in coming year. However, our approach overall, is whole brained, we are doing a lot more experimentation and employing design driven thinking to come up with faster and better innovations. So, we are building on the strong leadership positions of our brands, investing heavily in innovation, looking for ways to capitalize the potential of our businesses and ramping up our sales, supply chain, marketing and manufacturing systems. We are also equipping our manufacturing systems to become more flexible, with adequate capacity buffers, to support this agility in responding to changes in demand.

We are confident that clear strategic focus, differentiated product portfolio, superior execution and top-notch team, we will continue to deliver industry-leading results in the future.

Acknowledgement

We take this opportunity on behalf of the Board of Directors of your Company that our people are the key driver of sustained growth and we acknowledge their devotion and sincere services in all cadres of the Company. To all our stakeholders, for their continued interest, faith and encouragement through the years, a special thank you. We look forward to your continued partnership and support.

On behalf of the Board of Directors

(Maqsood Ismail)
Chief Executive

Karachi: September 21, 2015

Statement of Compliance with the Code of corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code), set out in the listing regulations of Stock Exchanges in Pakistan for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code, in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

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

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to Banking Company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year casual vacancies occurred on the Board on dated: October 09, 2014 and dated: April 08, 2015 which was duly filled up by the Board within the prescribed time.
5. The Company has adopted 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.
6. The Company has developed a Vision/Mission Statement and traditionally, maintains and follows the overall corporate strategy and significant policies designed to best practices. The Board considers any significant amendments to the policies, as and when required. Howev-

er, a complete record of particulars of significant policies along with the dates on which these were enacted has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, based on the significance of the matters involved, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other Executive Directors, have been taken by the Board.
8. All 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least 7 days before the meetings except for meetings held on short notice to discuss the urgent matters. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange; the Company's Memorandum and Articles of Association and the Code of Corporate Governance and are well conversant with their duties and responsibilities. An in-house orientation course was also arranged to acquaint the Board with their duties and responsibilities including the Code and applicable laws. Further, in accordance with the criteria specified in clause (xi) of the Code, three Directors of the Company are exempt from the requirements of Director's Training Program on the basis of 15 years experience on the Board of a Listed Company, one Independent Director who has been elected in the Annual General Meeting of the Company on October 21, 2013 and five other Directors who have been appointed during the year to fulfill the Code requirement an occurrence of casual vacancies. The Company would ensure the said Directors obtain the certificate by June 2016.
10. The Chief Financial Officer, including his remuneration and terms and conditions of employment were duly approved by the Board. Whereas Company Secretary and Head of Internal Audit were appointed prior to the implementation of the Code. The remuneration and terms and conditions in case of future appointments on these positions will be approved by the Board.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of four members, three of whom are Non-Executive Directors and one is an Independent Director who is Chairman of the Committee.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises of four members, two of whom are Non-Executive Directors, One Executive Director and one is an Independent Director. The Chairperson of the Committee is a Non-Executive Director.
18. The Board has set-up an effective Internal Audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and involved in the Internal Audit function on a full time basis.
19. 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 (ICAP), 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 guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed International Federation of Accountants guidelines in this regard.
21. The “closed period”, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's Securities, was determined and intimated to Directors, employees and Stock Exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchanges.
23. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.
24. We confirm that all material principles enshrined in the Code have been complied with except for any exception already disclosed hereinabove.

On behalf of the Board of Directors

(Maqsood Ismail)
Chief Executive

Karachi: September 21, 2015

Review report to the Members on statements of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the board of directors of Ismail Industries Limited (the Company) for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi and Lahore Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code is that of the board of directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As a part of our audit of 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's statement on internal controls 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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the board of directors upon recommendation of the audit committee. We have not carried out any procedures to determine 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Karachi
Date: September 21, 2015

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq ur Rahman

Auditors' Report to the Members

We have audited the annexed balance sheet of Ismail Industries Limited (the Company) as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a. in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b. in our opinion-
 - i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- d. in our opinion 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.

Karachi

Date: September 21, 2015

Grant Thornton Anjum Rahman

Chartered Accountants

Khaliq ur Rahman

Balance Sheet

as at June 30, 2015

	Note	2015	2014
		----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	4,372,072,916	3,842,814,891
Long term investments	5	3,178,355,067	1,315,371,870
Long term deposits	6	47,687,783	52,788,247
Total non-current assets		7,598,115,766	5,210,975,008
Current assets			
Stores and spares	7	84,765,314	71,759,076
Stock-in-trade	8	5,196,389,762	4,998,983,520
Trade debts	9	778,548,491	889,717,175
Advances - considered good	10	115,953,099	101,205,657
Trade deposits and short term prepayments	11	30,276,202	8,036,058
Other receivables	12	34,482,045	30,840,582
Taxation - net	13	408,344,617	263,935,133
Cash and bank balances	14	29,092,389	23,598,944
Total current assets		6,677,851,919	6,388,076,145
Total assets		14,275,967,685	11,599,051,153

Maqsood Ismail
Chief Executive

Munsarim Saifullah
Director

Balance Sheet

as at June 30, 2015

	Note	2015 ----- Rupees -----	2014
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorized capital 100,000,000 (2014: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	15	505,207,500	505,207,500
Reserves	16	3,469,954,968	2,747,926,763
Total shareholders' equity		3,975,162,468	3,253,134,263
Non-current liabilities			
Sponsors' loan - subordinated	17	602,151,770	352,151,770
Long term finances - secured	18	2,736,454,358	1,766,548,890
Liabilities against assets subject to finance lease	19	84,436,492	105,548,893
Deferred liabilities	20	647,740,169	580,263,850
Total non-current liabilities		4,070,782,789	2,804,513,403
Current liabilities			
Trade and other payables	21	820,336,751	508,752,407
Accrued mark-up	22	92,907,394	108,807,792
Short term finances - secured	23	4,039,905,924	4,069,767,289
Current portion of:			
- long term finances	18	1,098,327,169	729,765,756
- liabilities against assets subject to finance lease	19	41,597,336	56,078,661
Advances from customers		136,947,854	68,231,582
Total current liabilities		6,230,022,428	5,541,403,487
Total liabilities		10,300,805,217	8,345,916,890
Contingencies and commitments	24		
Total equity and liabilities		14,275,967,685	11,599,051,153

The annexed notes 1 to 44 form an integral part of these financial statements.

Maqsood Ismail
Chief Executive

Munsarim Saifullah
Director

Profit and Loss Account

for the year ended June 30, 2015

	Note	Total ----- Rupees -----	
		2015	2014
Sales	26.1	14,317,046,845	12,532,761,732
Sales tax	25	(2,075,516,907)	(1,755,794,117)
Net Sales		12,241,529,938	10,776,967,615
Cost of sales	26.2	(9,765,721,666)	(8,640,706,279)
Gross profit		2,475,808,272	2,136,261,336
Selling and distribution expenses	28	(1,053,432,207)	(954,653,048)
Administrative expenses	29	(142,082,691)	(115,743,833)
Operating profit		1,280,293,374	1,065,864,455
Other operating expenses	30	(77,856,734)	(44,565,097)
Other income	31	91,216,593	71,186,305
		1,293,653,233	1,092,485,663
Finance cost	32	(730,350,564)	(619,105,437)
		563,302,669	473,380,226
Share of profit from associated undertaking	5.1.3	207,684,856	106,362,483
Profit before tax		770,987,525	579,742,709
Taxation	35	(131,421,060)	(77,478,031)
Profit for the year		639,566,465	502,264,678
Earnings per share - basic and diluted	36	12.66	9.94

The annexed notes 1 to 44 form an integral part of these financial statements.

Maqsood Ismail
Chief Executive

Munsarim Saifullah
Director

Statement of Comprehensive Income

for the year ended June 30, 2015

	Note	2015 ----- Rupees -----	2014
Profit for the year		639,566,465	502,264,678
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Loss on remeasurements of post employment benefit obligations - net of tax	20.1.7	(16,598,100)	(7,279,890)
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Unrealized appreciation during the year on re-measurement of investment classified as available for sale- net of tax	5.2.1	4,900,000	
Share of other comprehensive income from associate - net of tax	5.1.3	95,002,267	(30,691,834)
Other comprehensive income - net of tax		83,304,167	(37,971,724)
Total comprehensive income for the year		<u>722,870,632</u>	<u>464,292,954</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

Maqsood Ismail
Chief Executive

Munsarim Saifullah
Director

Cash Flow Statement

for the year ended June 30, 2015

	Note	2015	2014
		----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	1,737,754,759	1,963,915,040
Gratuity paid	20.1.3	(12,452,794)	(12,599,826)
Income tax paid (net of refund)		(234,277,795)	(187,847,576)
Long term deposits received / (paid)		5,100,464	(25,321,704)
Net cash generated from operating activities		1,496,124,634	1,738,145,934
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure (including CWIP)		(966,555,134)	(1,208,041,208)
Long term investment		(1,796,335,105)	-
Dividend received		241,639,031	-
Proceeds from disposal of property, plant and equipment	4.3	76,940,301	6,899,610
Net cash used in investing activities		(2,444,310,907)	(1,201,141,598)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from long term financing - net		1,338,466,881	848,261,563
Lease repayments net of sale and lease back		(35,593,726)	53,095,786
Sponsors' Loan		250,000,000	-
Interest / mark-up paid		(746,250,962)	(622,533,202)
Dividend paid		(783,732)	(805,163)
Net cash from financing activities		805,838,461	278,018,984
Net (decrease) / increase in cash and cash equivalents		(142,347,812)	815,023,320
Cash and cash equivalents at beginning of the year		(487,994,721)	(1,303,018,041)
Cash and cash equivalents as at end of the year		(630,342,533)	(487,994,721)
Cash and cash equivalents as at end of the year comprise of:			
Cash and bank balances	14	29,092,389	23,598,944
Running finance utilized under mark-up arrangements	23	(659,434,922)	(511,593,665)
		(630,342,533)	(487,994,721)

The annexed notes 1 to 44 form an integral part of these financial statements.

Maqsood Ismail
Chief Executive

Munsarim Saifullah
Director

for the year ended June 30, 2015

		Capital reserve		Revenue reserve	
	Share capital	Share premium	Share of AFS remeasurement from associate	Unappropriated profit	Total shareholders' equity
	----- Rupees -----				
Balance as at July 01 2013 - as restated	505,207,500	579,265,000	43,988,125	1,661,252,811	2,789,713,436
Profit for the year	-	-	-	502,264,678	502,264,678
Remeasurement of defined benefit liability - net of tax - note 20.1.7	-	-	-	(7,279,890)	(7,279,890)
Share of other comprehensive income from associate - net of tax - note 5.1.3	-	-	(30,691,834)	-	(30,691,834)
Transactions with owners recognized directly in equity:					
Final dividend for the year ended June 30, 2013	-	-	-	(872,127)	(872,127)
Balance as at June 30, 2014	505,207,500	579,265,000	13,296,291	2,155,365,472	3,253,134,263
Profit for the year	-	-	-	639,566,465	639,566,465
Remeasurement of defined benefit liability - net of tax - note 20.1.7	-	-	-	(16,598,100)	(16,598,100)
Unrealized appreciation on revaluation of investment - net of tax				4,900,000	4,900,000
Share of other comprehensive income from associate - net of tax - note 5.3	-	-	95,002,267	-	95,002,267
Transactions with owners recognized directly in equity:					
Final dividend for the year ended June 30, 2014	-	-	-	(842,427)	(842,427)
Balance as at June 30, 2015	505,207,500	579,265,000	108,298,558	2,782,391,410	3,975,162,468

The annexed notes 1 to 44 form an integral part of these financial statements.

Maqsood Ismail
Chief Executive

Munsarim Saifullah
Director

Notes to the Financial Statements

for the year ended June 30, 2015

1 LEGAL STATUS AND OPERATIONS

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Standards, interpretations and amendments to published approved accounting standards

2.2.1 Standards, amendments and interpretations to the published standards that are not yet effective:

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Title of Standard or Interpretation	Effective for accounting periods beginning on or after
IFRS 10 - Consolidated Financial Statements	January 01, 2015
IFRS 12 - Disclosure of Interest in Other Entities	January 01, 2015
IAS 27 - Separate Financial Statements	January 01, 2015
IFRS 15 - Fair Value Measurement	January 01, 2015
IFRS 11 - Joint Arrangements	January 01, 2015

- 2.2.2 Further, following new standards have been issued by and are applicable from the date stipulated by the IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:

Title of Standard or Interpretation	Effective for accounting periods beginning on or after
IFRS 9 - Financial Instruments	January 1, 2018
IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IAS 12 and IAS 28)	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2017
IAS 1 - Disclosure Initiative(Amendment to IAS 1 Presentation)	January 1, 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)	January 1, 2016

2.3 Basis of measurement

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

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

2.4 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 Company'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	2.4.1
b) Stock-in-trade, stores and spares	2.4.2
c) Trade debts and other receivables	2.4.3
d) Income taxes	2.4.4
e) Staff retirement benefits	2.4.5
f) Impairment	2.4.6

2.4.1 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.

2.4.2 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.

2.4.3 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.

2.4.4 Income taxes

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

2.4.5 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.

2.4.6 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 profit and loss account.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Property, plant and equipment

3.1.1 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 income 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 4 to the financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note 4.1 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 balance sheet date.

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.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

3.1.2 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.

3.1.3 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.

3.2 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.

a) Classification of investments

3.2.1 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.

3.2.2 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 recognised at fair value plus transaction costs, and are subsequently carried at fair value. Changes in the fair value are recognised in other comprehensive income.

3.3 Financial instruments

All financial assets and liabilities are recognized in the balance sheet 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 balance sheet include long term investments (note 5), long term deposits (note 6), trade debts (note 9), advances (note 10), trade deposits (note 11), other receivables (note 12), cash and bank balances (note 14).

Financial liabilities carried on the balance sheet include Sponsors' loans (note 17), long term finances (note 18), liabilities against assets subject to finance lease (note 19), 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, cancelled or expired.

3.4 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 Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.5 Long term deposits

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

3.6 Stores and spare parts

All stores, spares and loose tools either imported or purchased locally are charged to income 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 balance sheet date. Provision is made for obsolete and slow moving items where necessary and is recognized in the profit and loss account.

3.7 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.

3.8 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 receivables are written off when considered irrecoverable.

3.9 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. In the balance sheet, finances under mark-up arrangements are included in current liabilities.

3.10 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 profit and loss account except for any amount included in the cost of property, plant and equipment over the period of the borrowing using the effective interest method.

3.11 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 income in the period in which they are incurred.

3.12 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.

3.13 Taxation

3.13.1 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.

3.13.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax

liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been substantively enacted. The Company takes into account the current income tax law and decisions taken by the taxation authorities.

3.14 Provisions

Provisions are recognized in the balance sheet 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.

3.15 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 profit and loss on a straight-line basis over the period of the Ijarah.

3.16 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.

3.17 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 estimated 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.

3.18 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 balance sheet date are expressed in rupee at rates of exchange prevailing on that date except where forward exchange cover is obtained for payment of monetary liabilities, in which case the contracted rates are applied. 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 profit and loss account.

3.19 Functional and presentation currency

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

3.20 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.

3.21 Dividend distribution

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

3.22 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.

3.23 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 PROPERTY, PLANT AND EQUIPMENT

Operating assets

Capital work in progress - at cost

Note 2015 2014
----- Rupees -----

4.1	4,132,933,736	3,426,596,574
4.4	289,139,180	416,218,317
	4,372,072,916	3,842,814,891

4.1 The following is a statement of operating assets:

2014	Rupees								Grand total	
	Owned assets				Leased assets					
Leasehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment's	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total
As at June 30, 2013										
Cost	87,352,995	706,110,647	3,157,741,023	37,820,617	52,073,279	11,063,976	78,443,168	4,130,605,705	58,554,318	193,264,649
Accumulated depreciation	(8,029,620)	(217,333,151)	(1,300,720,923)	(14,553,674)	(19,803,337)	(6,880,128)	(42,302,756)	(1,609,623,589)	(16,881,840)	(45,970,047)
Net book amount	79,323,375	488,777,496	1,857,020,100	23,266,943	32,269,942	4,183,848	36,140,412	2,520,982,116	41,672,478	147,294,602
June 30, 2014										
Opening net book amount	79,323,375	488,777,496	1,857,020,100	23,266,943	32,269,942	4,183,848	36,140,412	2,520,982,116	41,672,478	147,294,602
Additions / Transfers from CWIP	-	284,601,730	707,366,319	2,428,245	3,253,061	1,502,010	20,142,495	1,019,293,850	6,482,765	23,733,323
Transfer from owned assets to leased assets	-	-	-	-	-	-	-	-	-	-
Cost	-	-	(87,062,976)	-	-	-	-	(87,062,976)	-	87,062,976
Accumulated depreciation	-	-	1,301,120	-	-	-	-	1,301,120	-	(1,301,120)
	-	-	(85,761,856)	-	-	-	-	(85,761,856)	-	85,761,856
Transfer from leased assets to owned assets										
Cost	-	-	28,100,001	-	-	-	7,351,000	35,451,001	(7,351,000)	(35,451,001)
Accumulated depreciation	-	-	(7,303,029)	-	-	-	(3,344,430)	(10,647,459)	3,344,430	10,647,459
	-	-	20,796,972	-	-	-	4,006,570	24,803,542	(4,006,570)	(24,803,542)
Disposal	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	(7,970,945)	(7,970,945)	(776,000)	(8,746,945)
Accumulated depreciation	-	-	-	-	-	-	5,061,337	5,061,337	307,311	5,368,646
	-	-	-	-	-	-	(2,909,608)	(2,909,608)	(468,689)	(3,378,297)
Depreciation charge for the year	(1,044,866)	(51,826,131)	(193,492,865)	(2,324,318)	(3,210,021)	(864,624)	(9,448,893)	(262,211,738)	(8,776,788)	(281,329,030)
Closing net book amount	78,278,189	721,553,095	2,305,928,670	23,370,870	32,312,982	4,821,234	47,830,976	3,214,196,316	45,870,988	212,100,258
										3,428,598,574

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

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain	Particulars of buyer
	Rupees					
Mode of disposal - negotiation						
<i>Land</i>						
	34,216,250	5,915,990	28,300,260	59,400,000	31,099,740	Mr. Faisal Baghpati
<i>Vehicles</i>						
BMW	13,389,744	1,284,408	12,105,336	11,000,000	(1,105,336)	Dewan Motors (Pvt) Ltd.
Honda City						
	891,293	694,886	196,407	805,000	608,593	Usman Ghani
Toyota Corolla						
	915,000	713,400	201,600	810,000	608,400	Irfan Lakha
	1,450,000	874,679	575,321	1,055,000	479,679	Irfan Lakha
	1,016,800	856,488	160,312	750,000	589,688	Nizar Nooruddin
	1,420,000	941,537	478,463	1,050,000	571,537	Muhammed Farooq
Suzuki Alto						
	521,000	411,854	109,146	383,000	273,854	Farhan Khan
	504,000	410,135	93,865	300,000	206,135	Muhammad Islam Sheikh
	504,000	414,750	89,250	367,500	278,250	Rehan Ahmed
Suzuki Mehran						
	519,000	306,035	212,965	375,000	162,035	Usman Shahid
Suzuki Ravi Pickup						
	347,400	300,451	46,949	340,000	293,051	Muhammad Arif
Sub-total	55,694,487	13,124,613	42,569,874	76,635,500	34,065,626	
Aggregate of assets disposed off having net book amount below Rs. 50,000 each						
Vehicles	208,287	107,044	101,243	161,000	59,757	
Equipment's	461,770	378,203	83,567	41,401	(42,166)	
Computer	124,000	39,513	84,487	102,400	17,913	
Sub-total	794,057	524,760	269,297	304,801	35,504	
2015 - total	56,488,544	13,649,373	42,839,171	76,940,301	34,101,130	
2014 - total	8,746,945	5,368,648	3,378,297	6,899,610	3,521,313	

	Note	2015	2014
		----- Rupees -----	
4.4 Capital work-in-progress			
Civil works		132,818,371	64,098,212
Plant and machinery		106,225,807	352,120,105
Equipment and fittings		95,002	-
	4.4.1	239,139,180	416,218,317

4.4.1 Movement of capital work in progress:

	Civil works	Plant and machinery	Equipment and fittings	Total
	-----Rupees-----			
Balance as at July 1, 2013	138,042,322	109,139,969	4,022,000	251,204,291
Capital expenditure incurred during the year	210,657,620	950,346,455	1,659,306	1,162,663,381
Transferred to operating fixed assets	(284,601,730)	(707,366,319)	(5,681,306)	(997,649,355)
Balance as at June 30, 2014	64,098,212	352,120,105	-	416,218,317
Capital expenditure incurred during the year	162,377,407	730,690,952	7,880,824	900,949,183
Transferred to operating fixed assets	(93,657,248)	(976,585,250)	(7,785,822)	(1,078,028,320)
Balance as at June 30, 2015	132,818,371	106,225,807	95,002	239,139,180

	Note	2015	2014
		----- Rupees -----	
5 LONG TERM INVESTMENTS			
5.1 Investment in associated undertakings			
Novelty Enterprises (Private) Limited	5.1.1	229,724,069	229,724,069
The Bank of Khyber	5.1.2	2,663,030,998	1,085,647,801
		2,892,755,067	1,315,371,870
5.2 Other investment - Available for sale			
Bank Islami Pakistan Limited	5.2.1	285,600,000	-
		3,178,355,067	1,315,371,870

5.1.1 Novelty Enterprises (Private) Limited

The Company holds 33% (2014: 33%) voting and equity interest in Novelty Enterprises (Private) Limited. The shares of Novelty Enterprises (Private) Limited are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of Novelty Enterprises (Private) Limited is June 30.

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

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

5.1.2 The Bank of Khyber

During the year, the Company has further purchased 155,489,228 shares of the Bank of Khyber (the Bank). The total shareholding of the Company in the Bank is 241,639,031 shares which represents 24.16% of paid-up capital of the Bank (June 30, 2014: 8.61%). 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. Adjustment to confirm to the Bank's accounting policies is not warranted as the Bank is not engaged in like transaction under similar circumstances. Amounts in these financial statements have been taken from reviewed condensed interim financial information of the Bank for the six-month periods ended June 30, 2015 and June 30, 2014.

The market value of holding in the Bank as on June 30, 2015 was Rs. 2,658.029 million (2014: Rs. 946.786 million).

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

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2015	2014	2015	2014
	----- Rupees -----		----- Rupees -----	
Balance as at July 1	1,085,647,801	1,009,977,152	229,724,069	229,724,069
Purchase during the year	1,516,335,105			
Share of profit relating to profit and loss account	207,684,856	106,362,483	-	-
Dividend received	(241,639,031)			
Share of other comprehensive income / (loss)	108,574,019	(34,102,038)	-	-
Related deferred tax on OCI	(13,571,752)	3,410,204	-	-
	95,002,267	(30,691,834)	-	-
Balance as at June 30	2,663,030,998	1,085,647,801	229,724,069	229,724,069

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	
	2015	2014	2015	2014
	Rupees in 000		Rupees in 000	
Assets	142,457,192	108,192,445	561,794	561,856
Liabilities	127,507,833	94,894,969	230	230
Revenue	4,102,330	3,272,480	-	-
Profit	1,385,721	1,234,843	-	-

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 during the year amounting to Rs. 1.00 per shares (2014: Rs. Nil).

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

		2015	2014
	Note	----- Rupees -----	
5.2.1 Bank Islami Pakistan Limited			
Cost of the investments		280,000,000	-
Unrealized appreciation in value of investments		5,600,000	-
Fair value of investments		285,600,000	-
6 LONG TERM DEPOSITS			
Lease		42,581,980	44,939,230
Less: Current maturity	11	(9,160,535)	(4,371,649)
		33,421,445	40,567,581
Utilities		9,566,461	9,172,633
Others		4,699,877	3,048,033
		47,687,783	52,788,247
7 STORES AND SPARES			
Stores	7.1	61,368,692	46,670,650
Spare parts	7.1	21,466,073	18,642,090
Diesel and liquefied petroleum gas (LPG)	7.1	1,928,149	1,759,357
Others	7.1	2,400	4,686,979
		84,765,314	71,759,076

7.1 Reconciliation of provision for slow moving spare parts

Note	2015			
	Stores	Spare parts	Diesel and LPG	Others
	----- Rupees -----			
Stock - gross	68,340,112	21,466,073	1,928,149	2,400
Provision for slow moving				
- opening	(6,431,420)	-	-	-
- charge for the year	(540,000)	-	-	-
- closing	(6,971,420)	-	-	-
Stock - net	61,368,692	21,466,073	1,928,149	2,400

Note	2014			
	Stores	Spare parts	Diesel and LPG	Others
	----- Rupees -----			
Stock - gross	53,102,070	18,642,090	1,759,357	4,686,979
Provision for slow moving				
- opening	(5,906,420)	-	-	-
- charge for the year	(525,000)	-	-	-
- closing	(6,431,420)	-	-	-
Stock - net	46,670,650	18,642,090	1,759,357	4,686,979

	Note	2015	2014
		----- Rupees -----	
8 STOCK-IN-TRADE			
Raw materials	8.1 & 8.2	3,100,457,782	2,815,057,649
Packing materials	8.1 & 8.2	437,320,823	551,325,405
Work-in-process	27	36,844,384	50,192,156
Finished goods	8.1	1,621,766,773	1,582,408,310
		5,196,389,762	4,998,983,520

Note	2015		
	Raw materials	Packing materials	Finished goods
	----- Rupees -----		
Stock-in-trade (gross)	3,113,862,060	586,597,078	1,621,766,773
Provision for slow moving			
- opening	(13,404,278)	(136,820,000)	-
- charge for the year	-	(33,647,770)	-
- written off	-	21,191,515	-
- closing	(13,404,278)	(149,276,255)	-
Stock-in-trade (net)	3,100,457,782	437,320,823	1,621,766,773

Note	2014		
	Raw materials	Packing materials	Finished goods
	----- Rupees -----		
Stock-in-trade (gross)	2,828,461,927	688,145,405	1,582,408,310
Provision for slow moving			
- opening	(13,404,278)	(106,820,000)	-
- charge for the year	-	(30,000,000)	-
- closing	(13,404,278)	(136,820,000)	-
Stock-in-trade (net)	2,815,057,649	551,325,405	1,582,408,310

8.2 This includes raw materials and packing materials in transit amounting to Rs. 56,861,972 (June 30, 2014: Rs. Nil) and Rs. 6,870,951 (June 30, 2014: Rs. Nil).

	Note	2015	2014
		----- Rupees -----	
9 TRADE DEBTS			
Considered good			
- secured (export debtors)		84,094,131	43,295,802
- unsecured		694,454,360	846,421,373
		778,548,491	889,717,175
Considered doubtful		36,364,885	28,264,885
Trade debts - gross		814,913,376	917,982,060
Provision for doubtful debts - opening balance		(28,264,885)	(23,314,885)
Charge for the year	28	(8,100,000)	(4,950,000)
Provision for doubtful debts - closing balance		(36,364,885)	(28,264,885)
Trade debts - net		778,548,491	889,717,175

9.1 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.

	2015	2014
	----- Rupees -----	
9.2 Age analysis		
More than 45 days but not more than 3 months	66,560,600	51,276,124
More than 3 months but not more than 6 months	54,728,202	50,676,060
More than 6 months but not more than 1 year	25,197,087	21,876,329
	146,485,889	123,828,513

9.3 As at June 30, 2015, trade debts amounting to Rs. Nil (2014: Rs. Nil) are due from related parties including directors, chief executive and executives of the Company.

	Note	2015	2014
		----- Rupees -----	
10 ADVANCES - considered good			
Secured, considered good			
- advances to employees	10.1	11,425,460	7,541,162
- advance against shares	10.2	-	10,000,000
Unsecured			
- advances to suppliers		98,948,774	79,494,778
- advances to others		5,578,865	4,169,717
		115,953,099	101,205,657

10.1 These include advances to employees against salary. These advances are interest-free and secured against gratuity and are repayable on monthly basis. The reconciliation of amounts due from executives and non-executives of the Company is given as follows:

Amount due from executives	2015	2014
	----- Rupees -----	
Opening balance	435,000	1,230,000
Disbursement during the year	3,725,000	645,000
Repayments during the year	(1,663,500)	(1,440,000)
Closing balance	2,496,500	435,000
Amount due from other than executives		
Opening balance	7,106,162	7,795,802
Disbursement during the year	29,994,401	20,700,864
Repayments during the year	(28,171,603)	(21,390,504)
Closing balance	8,928,960	7,106,162

10.2 This represented deposit of margin money on the basis of offer for sale document for Government of Pakistan's (GoP) shareholding in Pakistan Petroleum Limited. The Government of Pakistan through Privatisation Commission of Pakistan is divesting ordinary shares of Pakistan Petroleum Limited through book building process to institutional investors and High-Net-Worth individuals. Subsequent to the balance sheet date 181,500 shares have been allotted to the Company at strike price of Rs. 219 per share. Also refer note 24.2.

10.3 As at June 30, 2015, a sum of Rs. Nil (2014: Rs. Nil) is advanced to a related party excluding directors, chief executive and executives of the Company.

	Note	2015	2014
		----- Rupees -----	
11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits - unsecured		4,049,304	3,241,049
Short term prepayments		17,066,363	423,360
Current maturity of lease deposits	6	9,160,535	4,371,649
		<u>30,276,202</u>	<u>8,036,058</u>
		2015	2014
		----- Rupees -----	
12 OTHER RECEIVABLES			
Export rebate		32,815,701	26,728,019
Collector of customs		97,221	-
Federal excise duty		1,568,223	656,663
Other receivables		900	3,455,900
		<u>34,482,045</u>	<u>30,840,582</u>
12.1 Other receivables have been reviewed for impairment and none have been found to be impaired.			
	Note	2015	2014
		----- Rupees -----	
13 TAXATION - net			
Advance income tax		498,212,928	304,548,525
Provision for taxation	35	(89,868,311)	(40,613,392)
		<u>408,344,617</u>	<u>263,935,133</u>
14 CASH AND BANK BALANCES			
Cash in hand		2,095,344	1,663,636
Cash with banks in:			
- current accounts		26,997,045	21,935,308
		<u>29,092,389</u>	<u>23,598,944</u>
15 ISSUED, SUBSCRIBED AND PAID-UP-CAPITAL			
2015	2014		
(Number of shares)			
50,520,750	50,520,750		
Ordinary shares of Rs. 10 each fully paid in cash		505,207,500	505,207,500
16 RESERVES			
Capital Reserve			
- Share premium	16.1	579,265,000	579,265,000
- Share of AFS re-measurement from associate		108,298,558	13,296,291
Revenue Reserve			
- Unappropriated profit		2,782,391,410	2,155,365,472
		<u>3,469,954,968</u>	<u>2,747,926,763</u>
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 83(2) of the Companies Ordinance, 1984.			
	Note	2015	2014
		----- Rupees -----	
17 SPONSORS' LOAN - subordinated			
Opening balance		352,151,770	352,151,770
Add: received during the year		250,000,000	-
Closing balance		<u>602,151,770</u>	<u>352,151,770</u>
17.1 The Company has obtained interest free loan from its sponsors. The sponsors have entered into agreements with the Company and various banks in which they have undertaken to sub-ordinate their loans and their claims over Company's assets. These loans are under advance stage of discussion for conversion to ordinary shares between one to two years from the balance sheet date. The required formalities would be completed once final decision and agreement has been reached.			

18 LONG TERM FINANCES - secured

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of installments	2015 ----- Rupees -----	2014 ----- Rupees -----
<u>Loans from banking companies and financial institutions</u>						
Habib Bank Limited						
- Term finance	Monthly	2011-2015	1 month KIBOR + 1.75%	52	-	49,999,999
- Term finance	Quarterly	2012-2017	3 month KIBOR + 1.75%	19	39,473,684	71,052,631
- Term finance	Monthly	2013-2017	1 month KIBOR + 1.60%	42	80,952,380	138,095,237
- Islamic financing	Monthly	2014-2018	1 month KIBOR + 1%	48	149,999,996	200,000,000
- Islamic financing	Monthly	2016-2021	1 month KIBOR + 0.75%	60	500,000,000	-
Bank Al-Habib Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 1%	48	120,000,000	150,000,000
MCB Bank Limited						
- Term finance	Monthly	2011-2015	1 month KIBOR + 1.5%	48	-	7,500,000
- Term finance	Monthly	2014-2018	1 month KIBOR + 1.5%	54	74,668,000	99,556,000
NIB Bank Limited						
- Term finance	Monthly	2014-2017	1 month KIBOR + 1.5%	42	74,999,550	117,856,950
United Bank Limited						
- Term finance	Monthly	2011-2016	1 month KIBOR + 1%	60	7,499,982	17,499,975
Allied Bank Limited						
- Term finance	Monthly	2015-2020	3 month KIBOR + 1%	60	459,410,045	244,656,104
- Term finance	Monthly	2011-2016	3 month KIBOR + 1.5%	60	73,333,366	153,333,358
- Term finance	Monthly	2011-2016	3 month KIBOR + 1.5%	60	8,333,314	58,333,318
Askari Bank Limited						
- Term finance	Monthly	2015-2018	1 month KIBOR + 0.75%	36	486,111,111	-
Pak Brunei Investment Company Limited						
- Term finance	Quarterly	2011-2015	3 month KIBOR + 1.5%	18	-	22,222,216
Balance carried forward					2,074,781,428	1,330,105,788

Financier / Facility type	Installments mode	Repayment period	Mark-up	Number of installments	2015 ----- Rupees -----	2014
Balance brought forward					2,074,781,428	1,330,105,788
Pak Oman Investment Company Limited						
- SBP - LTFF	Quarterly	2014-2018	SBP LTFF rate + 2%	20	126,562,000	166,566,000
- Term finance	Monthly	2014-2019	1 month KIBOR + 1%	60	156,666,671	196,666,667
Bank Alfalah Limited	Monthly	2014-2018	3 month KIBOR + 1%	60	120,000,000	160,000,000
Soneri Bank Limited	Monthly	2014-2018	1 month KIBOR + 1%	48	75,000,004	100,000,000
The Bank of Punjab						
- Term finance	Monthly	2014-2018	1 month KIBOR + 1%	48	149,999,996	200,000,000
- Term finance	Monthly	2014-2018	1 month KIBOR + 1%	48	174,999,998	-
Samba Bank Ltd	Monthly	2014-2018	1 month KIBOR + 1%	48	213,200,000	-
Dubai Islamic Bank Pakistan Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 1%	60	235,000,000	295,000,000
- Term finance	Monthly	2015-2019	1 month KIBOR + 0.75%	48	479,166,667	-
JS Bank Limited	Monthly	2014-2017	1 month KIBOR + 1.25%	42	29,404,763	47,976,191
					3,834,781,527	2,496,314,646
Less: Current portion of long term finances shown under current liabilities					(1,098,327,169)	(729,765,756)
					2,736,454,358	1,766,548,890

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 / ranking charge over present and future fixed assets of the Company and personal guarantees of sponsors.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Under the agreements, lease rentals are payable in 36 to 60 equal monthly installments. Taxes, repairs, replacement and insurance costs, if any, are borne by the Company. The financings carry mark-up at rates ranging from 8.51% to 11.98% (2014: 10.30% to 15.31%) per annum 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. 190.860 million (2014: Rs. 212.400 million) (refer note 4.1).

These are secured against deposits of Rs 42.582 million (2014: Rs 26.131 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:

	2015			2014		
	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 in '000) -----					
Up to one year	50,598,620	9,001,284	41,597,336	68,696,642	12,617,981	56,078,661
Later than one year but not later than five years	90,796,061	6,359,569	84,436,492	118,430,973	12,882,080	105,548,893
	141,394,681	15,360,853	126,033,828	187,127,615	25,500,061	161,627,554

Note 2015 2014
----- Rupees -----

20 DEFERRED LIABILITIES

Provision for staff gratuity scheme - unfunded

20.1 93,334,560 60,300,119

Deferred tax liability

20.2 554,405,609 519,963,731

647,740,169 580,263,850

20.1 Staff retirement benefits - unfunded

In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at June 30, 2015, 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:

20.1.1 Significant actuarial assumptions

Financial assumptions

Discount rate (per annum)	2015 11.00%	2014 13.00%
Expected rate of increase in salaries (per annum)	2015 11.00%	2014 13.00%

Demographic assumptions

Mortality rates (for death in service)	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Retirement assumption	60 years	60 years

	Note	2015 ----- Rupees -----	2014 ----- Rupees -----		
20.1.2 Balance sheet reconciliation					
Present value of defined benefit obligation	20.1.3	93,334,560	60,300,119		
Fair value of plan assets		-	-		
Net liability in balance sheet		93,334,560	60,300,119		
20.1.3 Movement in the defined benefit obligation					
Present value of defined benefit obligation as at July 1		60,300,119	46,968,464		
Current service cost		14,048,680	10,021,118		
Interest cost		7,029,584	4,880,226		
Re-measurement on obligation	20.1.7	24,408,971	11,030,137		
Payments during the year		(12,452,794)	(12,599,826)		
Present value of defined benefit obligation as at June 30		93,334,560	60,300,119		
20.1.4 Movement in the net liability in the balance sheet is as follows:					
Opening balance of net liability		60,300,119	46,968,464		
Charge for the year	20.1.5	21,078,264	14,901,344		
Re-measurements recognized in 'Other Comprehensive Income'	20.1.7	24,408,971	11,030,137		
Payments during the year		(12,452,794)	(12,599,826)		
Closing balance of net liability		93,334,560	60,300,119		
20.1.5 The amounts recognized in the profit and loss account against defined benefit scheme are as follows:					
Current service cost		14,048,680	10,021,118		
Interest cost		7,029,584	4,880,226		
Expected return on plan assets		-	-		
Charge for the year		21,078,264	14,901,344		
20.1.6 For the year ended June 30, 2015, expected provisions to the staff retirement benefit scheme is Rs. 18.65 million.					
20.1.7 Re-measurement recognized in 'other comprehensive income'					
Experience losses		24,408,971	11,030,137		
Re-measurement of fair value of plan assets		-	-		
		24,408,971	11,030,137		
Related deferred tax		(7,810,871)	(3,750,247)		
		16,598,100	7,279,890		
20.1.8 Amounts for the current and previous four years are as follows:					
Comparison for five years	2015	2014	2013	2012	2011
	-----Rupees-----				
Present value of defined benefit obligation	93,334,560	60,300,119	46,968,464	34,073,599	27,785,921
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%	84,257,496	(104,112,196)		
Salary growth rate	1%	(103,547,678)	(84,557,779)		

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 balance sheet.

	Note	2015 ----- Rupees -----	2014 -----
20.2 Deferred taxation			
Credit balance arising in respect of:			
- accelerated tax depreciation allowances		610,163,601	565,358,842
Debit balance arising in respect of:			
- provision for gratuity		(29,867,059)	(20,502,006)
- provision for doubtful debts		(11,636,763)	(9,562,332)
- investment in associates		40,034,455	37,932,165
- provision for stock in trade		(54,288,625)	(53,262,938)
Deferred tax liability		<u>554,405,609</u>	<u>519,963,731</u>
21 TRADE AND OTHER PAYABLES			
Trade creditors		612,057,321	326,363,992
Accrued liabilities		93,766,117	89,204,701
Workers' profit participation fund	21.1	42,985,133	32,343,091
Workers' welfare fund		16,000,537	12,097,583
Unclaimed dividend		997,430	938,735
Sales tax payable		48,741,297	43,275,105
Other liabilities		5,788,916	4,529,200
		<u>820,336,751</u>	<u>508,752,407</u>
21.1 Workers' profit participation fund			
Balance at beginning of the year		32,343,091	31,112,405
Contribution for the year	30	41,406,419	31,135,486
Interest on funds utilized in the Company's business	32	1,578,714	1,209,436
		<u>75,328,224</u>	<u>63,457,327</u>
Less: Payments made during the year		(32,343,091)	(31,114,236)
Balance at end of the year		<u>42,985,133</u>	<u>32,343,091</u>
22 ACCRUED MARK-UP			
Accrued mark-up on:			
- long term finances - secured		16,856,191	14,487,394
- short term finances - secured		76,051,203	94,320,398
		<u>92,907,394</u>	<u>108,807,792</u>
23 SHORT TERM FINANCES - Secured			
From banking companies			
Term finances	23.1	3,380,471,002	3,178,173,624
Export refinances	23.2	-	380,000,000
Running finance utilized under mark-up arrangements	23.3	659,434,922	511,593,665
		<u>4,039,905,924</u>	<u>4,069,767,289</u>
23.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 4,394 million (2014: Rs. 3,884 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 7.24% to 11.21% per annum (2014: 9.08% to 11.29% per annum).			
23.2 These represented facilities for export refinance arranged from various banks aggregating to Rs. 380 million (2014: Rs. 380 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 of 1% above the State Bank of Pakistan (SBP) rate per annum (2014: 1% above SBP rate per annum).			
23.3 The facilities for running finances available from various banks aggregated to Rs. 2,675 million (2014: Rs. 2,425 million). These are secured against pari-passu / ranking hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 7.30% to 11.21% per annum (2014: 9.97% to 11.67% per annum).			

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 The Company has two labour matters pending in different courts of Balochistan for reinstatement. No liability has been booked against these claims as the management of the Company, based on the advice of its legal advisor, is of the opinion that matters will be decided in the Company's favour.

24.1.2 The Company has filed a suit against a debtor for recovery of Rs. 960,450. The suit was decreed in favour of the Company but as the debtor did not have any tangible property within the territorial jurisdiction of court at Hub, the case has been transferred to the District Judge, Lahore for execution. As the case has been decided in favour of the Company and the debtor is being pursued to pay the decretal amount, the amount due has not been written off.

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

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

The High Court of Balochistan, Quetta has set aside the case on February 24, 2014 and the case shall start afresh in the next hearing.

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

24.1.4 The Company has filed appeal before the Commissioner (Appeals), LTU, Karachi against certain add-backs out of expenses claimed and short tax credit allowed during the proceeding u/s 122 5A of the Ordinance. As per the tax advisor of the Company the order by the commissioner will not have any impact on the tax liability of the Company as its falls under minimum tax. However, if tax credit is allowed by the commissioner Appeal the Company's tax refund will increase by Rs. 26.376 million.

24.2 Commitments

Outstanding letters of guarantee

Against purchase of shares

Outstanding letters of credit for:

- capital expenditure

- others

Against finance lease agreement

Rentals under Ijarah contracts

Not later than one year

Over one year to five years

2015 2014
----- Rupees -----

246,253,376	135,199,254
-	29,748,500
508,489,475	113,185,773
378,383,637	482,917,920
-	3,998,331
44,412,224	44,508,327
108,045,948	152,476,241
152,458,172	196,984,568

		Note	Food segment		Plastic segment		Total	
			2015	2014	2015	2014	2015	2014
			-----Rupees-----					
25	OPERATING RESULTS							
	Sales							
			12,989,238,384	10,821,116,299	1,119,622,844	1,488,785,793	14,108,861,228	12,309,902,092
			-	-	353,883,392	247,881,554	353,883,392	247,881,554
			715,196,274	753,413,960	57,450,229	-	772,646,503	753,413,960
			13,704,434,658	11,574,530,259	1,530,956,465	1,736,667,347	15,235,391,123	13,311,197,606
			(575,211,852)	(540,341,513)	(3,877,534)	(4,458,784)	(579,089,386)	(544,800,297)
			13,129,222,806	11,034,188,746	1,527,078,931	1,732,208,563	14,656,301,737	12,766,397,309
			12,817,955	14,246,362	1,810,545	(385)	14,628,500	14,245,977
			(1,910,761,797)	(1,535,873,260)	(164,755,110)	(219,920,857)	(2,075,516,907)	(1,755,794,117)
			11,231,278,964	9,512,561,848	1,364,134,366	1,512,287,321	12,595,413,330	11,024,849,169
		27	8,917,803,073	7,566,812,159	1,201,801,985	1,319,775,674	10,119,605,058	8,888,587,833
			2,313,475,891	1,943,749,689	162,332,381	192,511,647	2,475,808,272	2,136,261,336
			(1,007,433,732)	(917,830,669)	(45,998,475)	(36,822,379)	(1,053,432,207)	(954,653,048)
		28	(141,130,056)	(114,947,170)	(952,635)	(796,663)	(142,082,691)	(115,743,833)
		29	(1,148,563,788)	(1,032,777,839)	(46,951,110)	(37,619,042)	(1,195,514,898)	(1,070,396,881)
			1,164,912,103	910,971,850	115,381,271	154,892,605	1,280,293,374	1,065,864,455
		30					(77,856,734)	(44,565,097)
		31					91,216,593	71,186,305
		32					(730,350,564)	(619,105,437)
		5.3					207,684,856	106,362,483
							770,987,525	579,742,709
		35					(131,421,060)	(77,478,031)
							639,566,465	502,264,679

		Note	Food segment		Plastic segment		Total	
			2015	2014	2015	2014	2015	2014
-----Rupees-----								
25.1	Segment assets		9,513,714,555	8,086,076,676	1,516,625,732	2,118,257,987	11,030,340,287	10,204,334,663
25.2	Unallocated assets		-	-	-	-	3,245,627,398	1,394,716,490
			9,513,714,555	8,086,076,676	1,516,625,732	2,118,257,987	14,275,967,685	11,599,051,153
-----Rupees-----								
			2015	2014	2015	2014	2015	2014
-----Rupees-----								
25.3	Segment liabilities		4,323,388,715	3,254,581,995	860,043,768	1,561,277,194	5,183,432,483	4,815,859,189
25.4	Unallocated liabilities		-	-	-	-	5,117,372,734	3,530,057,701
			4,323,388,715	3,254,581,995	860,043,768	1,561,277,194	10,300,805,217	8,345,916,890
-----Rupees-----								
			2015	2014	2015	2014	2015	2014
-----Rupees-----								
25.5	Non-cash items							
	-depreciation		374,061,934	262,059,268	20,396,004	19,269,762	394,457,938	281,329,030
	-others		19,090,377	12,788,533	1,987,887	2,112,811	21,078,264	14,901,344
			393,152,311	274,847,801	22,383,891	21,382,573	415,536,202	296,230,374
25.6	Capital expenditure		944,296,281	1,185,322,667	22,258,853	22,718,541	966,555,134	1,208,041,208

25.7 Inter-segment pricing

Transactions among the business segments are recorded at estimated cost.

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

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

		2015	2014
		----- Rupees -----	
26	RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES		
26.1	Sales		
	Total sales for reportable segments	14,670,930,237	12,780,643,286
	Elimination of inter-segments sales	(353,883,392)	(247,881,554)
	Total sales	14,317,046,845	12,532,761,732
26.2	Cost of sales		
	Total cost of sales for reportable segments	10,119,605,058	8,888,587,833
	Elimination of inter-segments purchases	(353,883,392)	(247,881,554)
	Total cost of sales	9,765,721,666	8,640,706,279
26.3	Assets		
	Total assets for reportable segments	25.1 11,030,340,287	10,204,334,663
	Administrative capital assets	67,272,331	79,344,620
	Long term investments	5 3,178,355,067	1,315,371,870
	Total assets	14,275,967,685	11,599,051,153
26.4	Liabilities		
	Total liabilities for reportable segments	25.3 5,183,432,483	4,815,859,189
	Sponsors' loan - subordinated	17 602,151,770	352,151,770
	Deferred liabilities	20.2 554,405,609	519,963,731
	Long term finance	18 3,834,781,527	2,496,314,646
	Liabilities against assets subject to finance lease	19 126,033,828	161,627,554
	Total liabilities	10,300,805,217	8,345,916,899

27	COST OF SALES	Note	Food segment		Plastic segment		Total	
			2015	2014	2015	2014	2015	2014
			-----Rupees-----					
	Raw materials consumed	27.1	4,473,384,269	3,775,995,162	988,953,115	1,153,020,109	5,462,337,384	4,929,015,271
	Packing materials consumed	27.2	3,033,737,814	2,735,714,263	32,172,846	25,473,902	3,065,910,660	2,761,188,165
	Stores and spares consumed	27.3	139,330,316	111,309,976	24,612,083	17,082,454	163,942,399	128,392,430
	Salaries, wages and other benefits		425,615,308	382,618,092	36,377,247	34,022,565	461,992,555	416,640,657
	Electricity, gas, fuel and lubricants		307,226,361	308,500,780	67,323,042	60,440,511	374,549,403	368,941,291
	Repairs and maintenance		23,376,995	20,408,985	1,927,212	3,863,734	25,304,207	24,272,719
	Cold storage - rent & maintenance		2,152,000	1,854,118	-	-	2,152,000	1,854,118
	Printing and stationery		269,820	105,885	-	6,189	269,820	112,074
	Insurance		15,709,032	13,927,150	1,574,733	1,521,883	17,283,765	15,449,033
	Rent, rates and taxes		45,386,751	8,662,414	351,000	350,994	45,737,751	9,013,408
	Water charges		38,157,087	11,078,048	1,099,660	265,209	39,256,747	11,343,257
	Postage and telephone		1,888,869	1,534,903	158,415	133,570	2,047,284	1,668,473
	Travelling and conveyance		1,279,498	2,397,320	-	-	1,279,498	2,397,320
	Vehicle running and maintenance		7,497,620	8,468,337	704,119	791,331	8,201,739	9,259,668
	Depreciation	4.2	352,206,137	246,051,802	20,337,362	19,210,625	372,543,499	265,262,427
	Laboratory expenses		1,136,084	1,301,042	-	-	1,136,084	1,301,042
	Fees and subscription		660,612	998,585	76,432	8,000	737,044	1,006,585
	Cartage		3,567,064	3,565,836	6,000	-	3,573,064	3,565,836
	Procurement expenses		2,548,662	2,061,349	-	-	2,548,662	2,061,349
	Processing charges		-	-	41,083,440	40,535,842	41,083,440	40,535,842
	Other manufacturing expenses		1,851,421	590,954	(67,674)	36,555	1,783,747	627,509
			8,876,981,720	7,637,145,001	1,216,689,032	1,356,763,473	10,093,670,752	8,993,908,474
	Work-in-process at the beginning	8	12,541,484	12,075,091	37,650,672	6,895,881	50,192,156	18,970,972
	Work-in-process at the end	8	(8,467,144)	(12,541,484)	(28,377,240)	(37,650,672)	(36,844,384)	(50,192,156)
			4,074,340	(466,393)	9,273,432	(30,754,791)	13,347,772	(31,221,184)
	Cost of goods manufactured		8,881,056,060	7,636,678,608	1,225,962,464	1,326,008,682	10,107,018,524	8,962,687,290
	Stock of finished goods at beginning of the year	8	1,573,592,967	1,435,992,591	8,815,344	2,582,336	1,582,408,311	1,438,574,927
	Purchase of finished goods		46,458,096	69,733,927	5,486,900	-	51,944,996	69,733,927
	Stock of finished goods at end of the year	8	(1,583,304,050)	(1,573,592,967)	(38,462,723)	(8,815,344)	(1,621,766,773)	(1,582,408,311)
			36,747,013	(67,866,449)	(24,160,479)	(6,233,008)	12,586,534	(74,099,457)
			8,917,803,073	7,568,812,159	1,201,801,985	1,319,775,674	10,119,605,058	8,888,587,833
27.1	Raw materials consumed							
	Stock of raw materials at beginning of the year	8	1,866,879,647	1,816,491,733	961,582,280	945,767,823	2,828,461,927	2,762,259,556
	Purchases		4,769,830,708	3,801,750,595	947,280,627	1,168,834,566	5,717,111,335	4,970,585,161
	Cartage inward		33,842,572	28,766,974	-	-	33,842,572	28,766,974
	Purchase discount		(3,216,390)	(4,134,493)	-	-	(3,216,390)	(4,134,493)
			6,667,336,537	5,642,874,809	1,908,862,907	2,114,602,389	8,576,199,444	7,757,477,198
	Stock of raw materials at end of the year	8	(2,193,952,268)	(1,866,879,647)	(919,909,792)	(961,582,280)	(3,113,862,060)	(2,828,461,927)
			4,473,384,269	3,775,995,162	988,953,115	1,153,020,109	5,462,337,384	4,929,015,271

	Note	Food segment		Plastic segment		Total	
		2015	2014	2015	2014	2015	2014
-----Rupees-----							
27.2 Packing materials consumed							
Stock of packing materials at beginning of the year	8	686,045,637	566,044,414	2,099,768	1,939,904	688,145,405	567,984,318
Purchases		2,566,104,547	2,579,584,272	33,008,914	25,375,766	2,599,113,461	2,604,960,038
Cartage inward		-	-	177,300	258,000	177,300	258,000
Inter-segment purchases	26.2	353,883,392	247,881,554	-	-	353,883,392	247,881,554
Purchase discount		(1,268,075)	(1,750,340)	-	-	(1,268,075)	(1,750,340)
		3,604,765,501	3,391,759,900	35,285,982	27,573,670	3,640,051,483	3,419,333,570
Provision for the year	8.1	12,456,255	30,000,000	-	-	12,456,255	30,000,000
Stock of packing materials at end of the year	8.1	(583,483,942)	(686,045,637)	(3,113,136)	(2,099,768)	(586,597,078)	(688,145,405)
		3,033,737,814	2,735,714,263	32,172,846	25,473,902	3,065,910,660	2,761,188,165
27.3 Stores and spares consumed							
Stock of stores and spares at beginning of the year	7	61,088,043	52,656,037	10,656,117	17,079,356	71,744,160	69,735,393
Purchases		153,725,723	119,121,264	27,698,165	10,627,038	181,423,888	129,748,302
Cartage inward		278,856	322,683	8,084	34,077	286,940	356,760
Purchase discounts		(157,740)	(226,965)	(88,664)	(1,900)	(246,404)	(228,865)
		214,934,882	171,873,019	38,273,702	27,738,571	253,208,584	199,611,590
Provision for the year	7.1	540,000	525,000	-	-	540,000	525,000
Stock of stores and spares at end of the year	7	(76,144,566)	(61,088,043)	(13,661,619)	(10,656,117)	(89,806,185)	(71,744,160)
		139,330,316	111,309,976	24,612,083	17,082,454	163,942,399	128,392,430

Note	Food Segment		Plastic Segment		Total		
	2015	2014	2015	2014	2015	2014	
-----Rupees-----							
28	SELLING AND DISTRIBUTION EXPENSES						
	Salaries and other benefits	240,644,556	201,900,614	10,962,111	9,230,396	251,606,667	211,131,010
	Cartage outward	306,552,044	323,248,869	22,281,330	18,963,136	328,833,374	342,212,005
	Export expenses	45,642,025	71,618,985	3,244,848	14,883	48,886,873	71,633,868
	Advertisements	296,502,326	195,842,245	-	-	296,502,326	195,842,245
	Entertainment	2,948,875	2,216,532	130,399	204,040	3,079,274	2,420,572
	Vehicle running and maintenance	55,465,984	57,195,476	1,416,629	1,173,368	56,882,613	58,368,844
	Printing and stationery	5,756,905	4,070,279	260,610	95,050	6,017,515	4,165,329
	Postage and telephone	8,466,285	6,998,835	435,351	439,237	8,901,636	7,438,072
	Conveyance and travelling	9,591,863	7,607,319	597,025	886,240	10,188,888	8,493,559
	Samples	475,032	492,964	-	-	475,032	492,964
	Utilities	4,112,876	4,626,199	171,959	181,000	4,284,835	4,807,199
	Repairs and maintenance	1,960,805	966,244	742,546	627,535	2,703,351	1,593,779
	Rent	15,374,833	31,137,626	732,050	732,050	16,106,883	31,869,676
	Depreciation	6,423,506	5,478,311	57,452	57,705	6,480,958	5,536,016
	Insurance	3,066,384	2,809,263	466,165	364,942	3,532,549	3,174,205
	Provision for doubtful trade debts	3,600,000	1,350,000	4,500,000	3,600,000	8,100,000	4,950,000
	Miscellaneous	849,433	270,908	-	252,797	849,433	523,705
		1,007,433,732	917,830,669	45,998,475	36,822,379	1,053,432,207	954,653,048

29 ADMINISTRATIVE EXPENSES							
Salaries and other benefits including director's remuneration		80,098,595	67,763,637	863,028	553,345	80,961,623	68,316,982
Conveyance and travelling		3,635,365	2,560,822	-	64,950	3,635,365	2,625,772
Postage and telephone		7,259,184	5,800,833	-	11,831	7,259,184	5,812,664
Printing and stationery		2,717,032	2,676,627	-	3,750	2,717,032	2,680,377
Repairs and maintenance		3,863,215	2,990,462	-	-	3,863,215	2,990,462
Electricity and utilities		5,548,090	5,669,229	-	-	5,548,090	5,669,229
Insurance		3,123,275	2,807,562	23,534	24,405	3,146,809	2,831,967
Advertisement		853,145	746,071	-	-	853,145	746,071
Entertainment		626,211	646,010	100	255	626,311	646,265
Vehicle running and maintenance		6,975,167	7,214,438	1,850	22,300	6,977,017	7,236,738
Rent, rates and taxes		1,221,992	1,323,750	-	36,000	1,221,992	1,359,750
Fee and subscription		4,024,296	1,776,359	62,393	62,395	4,086,689	1,838,754
Legal and professional charges		5,674,617	2,270,527	-	16,000	5,674,617	2,286,527
Depreciation	4.2	15,432,291	10,529,155	1,190	1,432	15,433,481	10,530,587
General meeting expenses		77,581	171,688	540	-	78,121	171,688
		141,130,056	114,947,170	952,635	796,663	142,082,691	115,743,833

	Note	2015	2014
		----- Rupees -----	
30 OTHER OPERATING EXPENSES			
Contribution to:			
- workers' profits participation fund		41,406,419	31,135,486
- workers' welfare fund		15,734,439	11,831,485
Auditors' remuneration		1,121,966	1,032,343
Exchange loss		12,242,347	-
Loss on sale of shares		6,013,469	-
Donations		1,300,000	540,000
Other		38,094	25,783
		<u>77,856,734</u>	<u>44,565,097</u>
30.1 Auditor's remuneration			
- audit fee		700,000	700,000
- fee for other certification		-	26,000
- fee for half yearly review		150,000	150,000
- out-of-pocket expenses		271,966	156,343
		<u>1,121,966</u>	<u>1,032,343</u>
30.2	None of the directors or their spouses had any interest in the donees.		
31 OTHER INCOME			
Income from financial assets			
Dividend Income		1,381,500	-
Exchange gain		-	3,656,791
Income from non-financial assets			
Recovery from sale of production scrap		24,466,103	38,690,919
Gain on disposal of property, plant and equipment		34,101,130	3,521,313
Processing income		27,250,210	24,780,109
Others		4,017,650	537,173
		<u>91,216,593</u>	<u>71,186,305</u>
32 FINANCE COST			
Mark up on:			
- long term finances		274,425,420	184,830,572
- short term finances		433,538,837	412,452,967
Interest on workers' profits participation fund		1,578,714	1,209,436
Finance charge on finance leases		13,090,766	12,393,810
Bank charges		7,716,827	8,218,652
		<u>730,350,564</u>	<u>619,105,437</u>

33 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2015			2014		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	-----Rupees-----					
Managerial remuneration	3,600,000	6,000,000	74,539,257	4,066,664	8,066,660	50,670,520
Gratuity	-	-	21,117,520	-	-	31,750,765
Reimbursement of expenses						
Utilities	1,000,000	1,400,000	-	-	-	-
	4,600,000	7,400,000	95,656,777	4,066,664	8,066,660	82,421,285
Number of persons	1	2	57	1	3	38

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:

	2015			2014		
	Chief executive officer	Directors	Executives	Chief executive officer	Directors	Executives
	-----Rupees-----					
Cost of goods sold	-	-	37,704,699	-	-	32,441,453
Selling and distribution expenses	-	-	37,459,600	-	-	35,278,732
Administrative expenses	4,600,000	7,400,000	20,492,478	4,066,664	8,066,660	14,701,100
	4,600,000	7,400,000	95,656,777	4,066,664	8,066,660	82,421,285
Number of persons	1	3	57	1	3	38

34 CLASSIFICATION OF EXPENSES

	Note	2015			
		Local	Export	Common expenses	Total
		-----Rupees-----			
Selling and distribution expense	28	999,354,868	54,077,339	-	1,053,432,207
Administrative expenses	29	-	-	142,082,691	142,082,691
Finance cost	32	706,194,810	24,155,754	-	730,350,564
		-----Rupees-----			
	Note	2014			
		Local	Export	Common expenses	Total
		-----Rupees-----			
Selling and distribution expense	28	875,992,781	78,660,267	-	954,653,048
Administrative expenses	29	-	-	115,743,833	115,743,833
Finance cost	32	585,241,744	33,863,693	-	619,105,437

	2015	2014
	----- Rupees -----	
35 TAXATION		
Current	89,868,311	40,613,392
Prior year	-	75,048
Deferred	41,552,749	36,789,591
	<u>131,421,060</u>	<u>77,478,031</u>

35.1 The relationship between accounting profit and tax expense

The Company is subject to minimum tax under section 113 of Income Tax Ordinance 2001. Under the provisions of the said section the Company can carry forward any excess of minimum tax liability over and above the normal tax liability for subsequent five years. The Company estimates that its normal tax liability will continue to be less than its minimum tax in the future periods. Therefore, the Company has not recorded deferred tax assets on any excess of minimum tax over normal tax liability which may arise under the provisions of IAS 12 'Income taxes'.

	2015	2014
	----- Rupees -----	
36 EARNING PER SHARES		
Basic earnings per share		
Profit for the year	<u>639,566,465</u>	<u>502,264,678</u>
	Number of shares	
Weighted average number of ordinary shares during the year	<u>50,520,750</u>	<u>50,520,750</u>
	----- Rupees -----	
Basic earnings per share	<u>12.66</u>	<u>9.94</u>
Diluted earnings per share		

There is no dilution effect on the basic earning per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2015 (2014: Nil).

	2015	2014
37 NUMBER OF EMPLOYEES		
Number of employees as at the year end	<u>1,277</u>	<u>1,148</u>
Average number of employees during the year	<u>1,243</u>	<u>1,172</u>

	Note	2015	2014
		----- Rupees -----	
38 CASH GENERATED FROM OPERATIONS			
Profit before income tax		770,987,525	579,742,709
Adjustments for non-cash and other items:			
Depreciation	4.2	394,457,938	281,329,030
Gain on disposal of property, plant and equipment - net	4.3	(34,101,130)	(3,521,313)
Provision for staff gratuity scheme - unfunded	20.1.5	21,078,264	14,901,344
Finance cost	32	730,350,564	619,105,437
Share of profit from associated undertaking	5.1.3	(207,684,856)	(106,362,483)
Provision for slow moving - stores and spares		540,000	525,000
Provision for slow moving - stock in trade		33,647,770	30,000,000
Provision for doubtful trade debts		8,100,000	4,950,000
Exchange loss/(gain)		12,242,347	(3,656,791)
		<u>1,729,618,422</u>	<u>1,417,012,933</u>
<i>Increase / (decrease) in working capital</i>			
(Increase) / Decrease in current assets			
Stores and spares		(13,546,238)	(6,291,417)
Stock in trade		(231,054,012)	(361,418,025)
Trade debts		90,826,337	(413,750,142)
Advances - considered good		(14,747,442)	(30,447,926)
Trade deposits and short term prepayments		(22,240,144)	(748,659)
Other receivables		(3,641,463)	10,983,959
		<u>(194,402,962)</u>	<u>(801,672,210)</u>
(Decrease) / Increase in current liabilities			
Trade and other payables		311,525,649	(27,267,935)
Short term finances		(177,702,622)	1,331,394,397
Advance from customers		68,716,272	44,447,855
		<u>202,539,299</u>	<u>1,348,574,317</u>
Net increase in working capital		<u>8,136,337</u>	<u>546,902,107</u>
Cash generated from operations		<u><u>1,737,754,759</u></u>	<u><u>1,963,915,040</u></u>

	Note	2015	2014
		----- Rupees -----	
39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES			
39.1 Financial instruments by category			
Financial assets			
Loans and receivables at amortized cost			
Long term deposits	6	47,687,783	52,788,247
Trade debts	9	778,548,491	889,717,175
Advances - considered good	10	17,004,325	21,710,879
Trade deposits	11	4,049,304	3,241,049
Cash and bank balances	14	26,997,045	21,935,308
Total financial assets		874,286,948	989,392,658
Financial liabilities			
Financial liabilities at amortized cost			
Sponsors' loan - subordinated (interest-free)	17	352,151,770	352,151,770
Long term finances	18	3,834,781,527	2,496,314,646
Liabilities against assets			
subject to finance lease	19	126,033,828	161,627,554
Trade and other payables	21	820,336,751	508,752,407
Accrued mark-up	22	92,907,394	108,807,792
Short term finances	23	4,039,905,924	4,069,767,289
Total financial liabilities		9,266,117,194	7,697,421,458

Fair value of financial assets and liabilities

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values.

39.2 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

39.2.1 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.

The maximum exposure to credit risk at the reporting date is as follows:

	Note	2015 ----- Rupees -----	2014
Trade debts	9	778,548,491	889,717,175
Advances	10	17,004,325	21,710,879
Trade deposits	11	4,049,304	3,241,049
Bank balances	14	26,997,045	21,935,308
		826,599,165	936,604,411

To reduce the exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Advances 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:

	2015 ----- Rupees -----	2014
More than 45 days but not more than 3 months	66,560,600	51,276,124
More than 3 months but not more than 6 months	54,728,202	50,676,060
More than 6 months but not more than 1 year	25,197,087	21,876,329
	146,485,889	123,828,513

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. Based on historical information about customer default rates management consider the credit quality of trade debts that are not past due and impaired to be good.

39.2.2 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 asset. 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.

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

2015					
	Note	Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
-----Rupees-----					
Financial liabilities					
Interest bearing					
Long term finances - secured	18	7%	3,834,781,527	1,098,327,169	2,736,454,358
Liabilities against assets subject to finance lease	19	8.51% to 11.98%	126,033,828	41,597,336	84,436,492
Short term finances - secured	23	7.24% to 11.21%	4,039,905,924	4,039,905,924	-
Non - interest bearing					
Sponsors' loan - subordinated	17	-	602,151,770	-	602,151,770
Trade and other payables	21	-	820,336,751	820,336,751	-
Accrued mark-up	22	-	92,907,394	92,907,394	-
			9,516,117,194	6,093,074,574	3,423,042,620

2014					
Financial liabilities					
Interest bearing					
Long term finances - secured	18	7%	2,496,314,646	729,765,756	1,766,548,890
Liabilities against assets subject to finance lease	19	10.30% - 15.31%	161,627,554	56,078,661	105,548,893
Short term finances - secured	23	9.08% to 11.67%	4,069,767,289	4,069,767,289	-
Non - interest bearing					
Sponsors' loan - subordinated	17	-	352,151,770	-	352,151,770
Trade and other payables	21	-	508,752,407	508,752,407	-
Accrued mark-up	22	-	108,807,792	108,807,792	-
			7,697,421,458	5,473,171,905	2,224,249,553

39.2.3 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.

As at 30 June 2015, 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. 19.91 million (2014: Rs. 18.09 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	2015	2014
		----- Rupees -----	
Export debtors	9	84,094,131	43,295,802
Import creditors		316,019,122	197,966,120
		<u>400,113,253</u>	<u>241,261,922</u>

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	
	2015	2014
	----- Rupees -----	
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	8,000,721,279	6,727,709,489
	<u>8,000,721,279</u>	<u>6,727,709,489</u>

As at 30 June 2015, 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. 80.01 million. (2014: Rs. 67.28 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 no investments which are exposed to such risk.

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:

	2015	2014
	----- Rupees -----	
Share capital	505,207,500	505,207,500
Reserves	3,469,954,968	2,747,926,763
	<u>3,975,162,468</u>	<u>3,253,134,263</u>

41 PLANT CAPACITY AND ACTUAL PRODUCTION

	2015 Metric Ton		2014 Metric Ton	
	Rated Capacity	Actual Production	Rated Capacity	Actual Production
Food processing	90,750	60,540	86,750	56,344
Plastic film	5,720	5,550	5,720	5,697

Reason for shortfall

The shortfall in capacity utilization in food processing segment is due to normal stoppages and during the year new candy and biscuits machines were installed and hence, did not give full year's production.

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 financial statements, are as follows:

	2015	2014
	----- Rupees -----	
<i>Associated companies</i>		
Plasitflex Films (Private) Limited		
- Payments for purchase of packing material	36,216,456	29,329,548
- Purchases of packing material	40,998,879	31,048,925
- Payable against purchases	6,501,799	1,719,376
Astroplastics (Private) Limited		
- Payments metalization of raw material	55,396,847	34,602,247
- Metalization of raw material	52,070,242	48,486,125
- Payable against purchases	10,557,273	13,883,878
<i>Key management personnel</i>		
Rent paid to chief executive officer	1,512,500	1,485,000

43 NON - ADJUSTING EVENT AFTER BALANCE SHEET

The Board of Directors in its meeting held on September 21, 2015 has proposed dividend in respect of the year ended June 30, 2015 of Rs. 6/- per share (2014: Rs. 2.25 per share) for approval of the members at the annual general meeting. The financial statements for the year ended June 30, 2015 do not include the effect of the proposed dividend, which will be accounted for in the financial statements for the year ending June 30, 2016.

The proposed dividend for the year ended June 30, 2015 complies with the requirements of Section 5A of the Income Tax Ordinance, 2001, therefore, no provision for tax on undistributed reserves has been recognized in these financial statements.

44 DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 21, 2015 by the board of directors of the Company.

Maqsood Ismail
Chief Executive

Munsarim Saifullah
Director

Pattern of Shareholding

Shareholders Statistics as at June 30, 2015

Number of Shareholders	Shareholdings			Total Number of Shares Held
	From	-	To	
1363	1	-	100	20,274
155	101	-	500	46,444
33	501	-	1000	26,651
53	1001	-	5000	108,996
5	5001	-	10000	39,493
4	10001	-	15000	50,416
1	15001	-	20000	15,695
1	20001	-	25000	20,876
1	30001	-	35000	34,794
1	175001	-	180000	177,107
1	435001	-	440000	435,400
1	495001	-	500000	499,900
1	605001	-	610000	608,700
2	995001	-	1000000	2,000,000
1	1520001	-	1525000	1,525,000
1	6495001	-	6500000	6,500,000
1	8305001	-	8310000	8,309,806
1	14035001	-	14040000	14,036,686
1	16060001	-	16065000	16,064,512
Total	1627			50,520,750

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
CEO, Directors their Spouses & Children	12	43,225,438	85.56%
Associated Company	1	435,400	0.86%
Modarabas & Mutual Funds	1	10	0.00%
Foreign Companies	1	3,300	0.01%
Others	6	4,464	0.01%
General Public	1606	6,852,138	13.56%
Total	1627	50,520,750	100.0%

Pattern of Shareholding

as at June 30, 2015

Shareholder Category	Number of Folios	Number of Share Held	Percentage
Associated Company:			
Uniron Industries (Private) Limited	1	435,400	0.862
Directors:			
Mr. Munsarim Saifullah	1	500	0.001
Ms. Reema Ismail Ahmed	1	499,900	0.989
Ms. Farzana Muhammad	1	608,700	1.205
Ms. Almas Maqsood	1	14,036,686	27.784
Mr. Ahmed Muhammad	1	1,000,000	1.979
Mr. Hamid Maqsood Ismail	1	1,000,000	1.979
Mr. Javed Abdullah Saya	1	500	0.001
Chief Executive Officer:			
Mr. Maqsood Ismail	2	1,527,727	3.024
Chairman:			
Mr. Muhammad M. Ismail	2	8,486,913	16.799
CEO, Directors their Spouses & Children:			
Mr. Miftah Ismail	1	16,064,512	31.798
Others	1614	6,859,912	13.578
Total	1627	50,520,750	100.000

Shareholders holding 5% or more voting interest

Mr. Muhammad M. Ismail	2	8,486,913	16.799
Mr. Miftah Ismail	1	16,064,512	31.798
Ms. Almas Maqsood	1	14,036,686	27.784
Mr. Asad Muhammad Iqbal	1	6,500,000	12.866

Statement Showing Shares Purchase, sale and gift by Directors, Executive their Spouses & Children from July 01, 2014 to June 30, 2015

S.no.	Name	Designation	Shares Traded		Shares Gifted	
			Purchase	Sale	Received	Given
1	Mr. Muhammad M. Ismail	Director	15,500	-	-	6,500,000
2	Ms. Almas Maqsood	Director	-	-	13,401,286	-
3	Mr. Maqsood Ismail	Director	-	-		13,401,286



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Annual Report 2015

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 28, 2015 and/ or any adjournment thereof.

Signed this _____ day of _____ 2015.

(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:

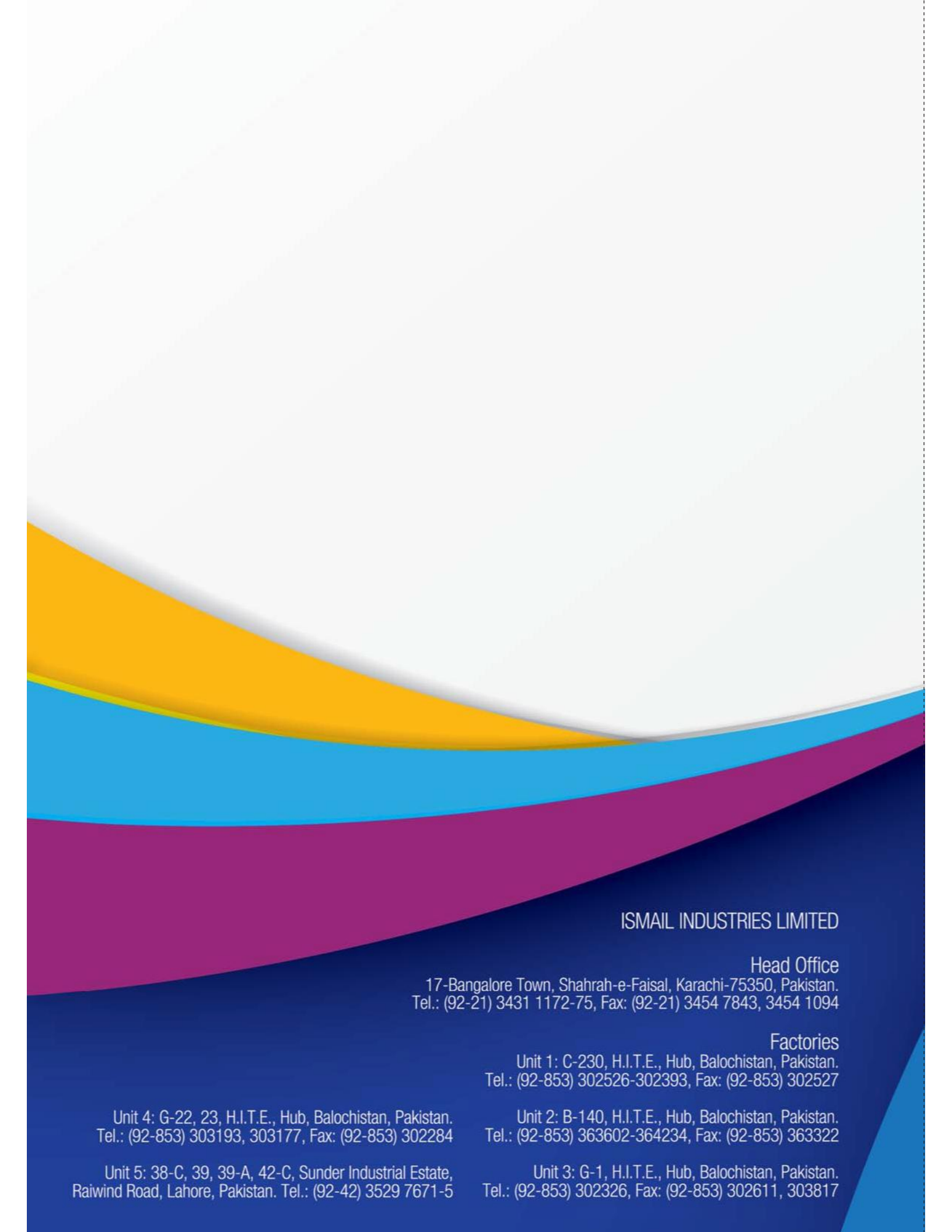
Signature _____

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. Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi 75530 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. Detailed procedure is given in the Notes to the Notice of AGM.



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Unit 4: G-22, 23, H.I.T.E., Hub, Balochistan, Pakistan.
Tel.: (92-853) 303193, 303177, Fax: (92-853) 302284

Unit 2: B-140, H.I.T.E., Hub, Balochistan, Pakistan.
Tel.: (92-853) 363602-364234, Fax: (92-853) 363322

Unit 5: 38-C, 39, 39-A, 42-C, Sunder Industrial Estate,
Raiwind Road, Lahore, Pakistan. Tel.: (92-42) 3529 7671-5

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