ISMAIL INDUSTRIES LIMITED

Thriving to Succeed

Annual Report
2017

COMPANY PROFILE

Board of Directors

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

Audit Committee Members

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

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

Factories

Unit-1: C-230, Hub H.I.T.E.,
Balochistan.

Unit -2: B-140, Hub H.I.T.E.,
Balochistan.

Unit-3: G-1, Hub H.I.T.E.,
Balochistan.

Unit-4: G-22, Hub H.I.T.E.,
Balochistan.

Unit-5: 38-C, Sundar Industrial Estate
Raiwind Road, Lahore.

Unit-6: D-91, D-92 & D-94 North Western Zone,
Port Qasim .

Unit-7: E164-168, North Western Zone,
Port Qasim.

Unit-8: E154-157, North Western Zone,
Port Qasim.

Human Resource Committee

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

Company Secretary
Mr. Ghulam Farooq

Chief Financial Officer
Mr. Abdul Qadir

Auditor
Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisor
Mohsin Tayebaly & Co.

Share Registrar
THK Associates (Pvt.) Limited

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

ISMAIL INDUSTRIES LIMITED

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Our Story

The sponsors of Ismail Industries Limited (IIL) has been associated with the biscuit industry since 50's. In 1988, 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, IIL offers a broad spectrum of products to its consumers and corporate customers.

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

Astro Films was emerged in 2004 and is now a renowned manufacturer of CPP, BOPP and BOPET films. We are the pioneers in BOPET category and have imported a state-of-the-art plant from Italy that will strengthen our artillery.

In 2006, Snackcity was establised with the vision of becoming a leading player in the snacks industry of Pakistan.

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

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 the brand leaders in all the categories that we compete in. We wish to have a substantial presence outside Pakistan, through export and local manufacturing.

Mission

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

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

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

Candyland

Candyland, currently the largest confectionery segment of IIL 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 another and today we have expanded our production facilities to over 8 acres.

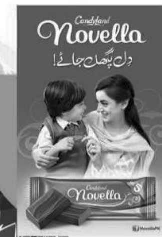
We are the pioneers in jellies and have launched brands in technically difficult categories such as lollipops and marshmallows. We pride ourselves in delivering the best quality products and other brands strive hard to delight our customers. Ensuring that we deliver on these values has also helped us in 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 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 the core of everything we do. We strive to deliver the best consumer value proposition that we can and ensure that our customers 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.

At Candyland, we strive to provide our customers with quality biscuits and cookies which meet international standards of quality and food safety. All products of Candyland are certified ISO 22000 and have Halal certification from SANHA. The newest addition to our portfolio is silky, smooth milk chocolate Novella, that has shown promising signs of success since its launch.

We promise to uphold our values and continue to nurture our existing brands and grow our 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.

CandyLand
Campaigns 2016-17



Novella Campaign

Candyland Novella helps bring your loved ones closer together. Novella's TVC campaign reinforced the functional benefit of Novella being silkier and smoother, with the emotional benefit of bringing your loved ones closer together, through the portrayal of the beautiful relationship between a mother and her son. We connected both benefits with the tagline: **"Munh main ghul jaye, dil pighal jaye"**.

Novella Strawberry Launch

Novella Strawberry was introduced to the Novella center filled portfolio this year. The launch was coupled with a functional TVC which communicated the rich and indulgent nature of Novella Strawberry.

Jellies Campaign

Chili Milli and ABC are the top Jelly brands at Candyland. During the year, both brands were advertised over two campaign bursts in order to build top of mind brand awareness and drive sales

Funny Bunny Campaign

CandyLand Funny Bunny is leader in the lollipop category and one of the top growing brands in the Candyland portfolio. An animated TVC was made for the brand to spread brand awareness and establish the the fun-filled character of the brand

CandyLand Campaigns 2016-17

Chocolates Campaign

CandyLand launched new TVCs for its chocolate brands Paradise, Now and Sonnet. The TVCs highlighted the brand attributes and packaging in order to drive brand recognition while also creating distinct identities for all three brands.

Yums Campaign

CandyLand launched a TVC campaign to drive brand recall for Yums Fruity and Yums Sour. The objective was to communicate the benefits of bite sized chews which are not only fun to have but fun to play with as well. An upbeat TVC, with the catchy jingle "young ho tou Yums karo" was developed to appeal to young adults and establish the fun and adventurous nature of the brand.

Beats Campaign

CandyLand Beats was launched as a category innovation in the Candies segment. The mango flavored candy, with a spicy masala center, is the first of its kind in Pakistan and is instantly recognizable through its vibrant green packaging and truck art themed logo. A billboard campaign, along with sampling drives and on-ground activities, was conducted to support the brand launch and make it a success.

Toffees Launch

Toffee Chocolate and Toffee Khopra were launched in the Rs. 1 toffee segment. The center-filled toffees are soft and chewy, packed with a burst of flavors inside. Both brands were launch with the support of a point-of-sale branding campaign.

Bisconni

Bisconni started its journey in 2002 with the acquisition of Meiji's Plant in Pakistan and with the launch of its flagship brand, Cocomo. Even today, Bisconni is one of the very few companies in the world with the technological capability of producing this one-bite center-filled biscuit.

Our portfolio encompasses 4 categories and consists of 8 brands with 43 SKUs. In Pakistan, we are currently the market leader in the cookies and wafers categories. With a distribution coverage reaching 90,000 shops nationwide, Bisconni strives to become a household brand in Pakistan.

At Bisconni, we strive to provide our consumers with quality biscuits and cookies which meet international standards of quality and food safety. All products of Bisconni are certified by ISO 22000 and have Halal Certification from SANHA. We have also achieved the distinction of becoming a certified supplier of the World Food Program and produced High Energy biscuits for its various programs.

Bisconni, today, has grown to become a mark of trust and confidence for its consumers. Our vision is to keep innovating and introducing new and value added products for our consumers.

Bisconni Campaigns 2016-17

Cocomo Campaign

In the year 2016-2017, Bisconni launched a new campaign for its oldest and most iconic brand, Cocomo. To broaden the target audience, the first ever hybrid commercial featured Coco and Mo going to an exotic new adventure in search of Cocomo and then entering the real world to meet kids and have fun with them! The campaign was aired on all leading TV channels with special focus on Kid's based content. The campaign was also supported on trade through attractive poster and category dressings in retail stores.

Chocolate Chips Campaign

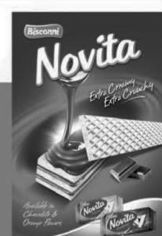
The leading brand of the Chocolate Chip Cookie category of the country, Bisconni Chocolate Chip Cookies launched a brand-new campaign comprising of two tv commercials in 2016. Alongside, a massive nationwide activation was carried out to engage with consumers and build brand equity.

Rite Campaign

Bisconni Rite is a pioneer of black biscuits in Pakistan. In 2016, a campaign for the brand was run on all leading channels of the country to maintain the brand's recall among consumers. To further enhance the magnitude and impact of the campaign, an elaborate nationwide school activation drive was conducted to encourage trial of the brand. Bisconni Rite was also a proud sponsor of International Children's Film Festival in 2016.

Novita Launch

The production capacity of the leading wafer brand in the country, Bisconni Novita was tripled in 2017. To induce demand and create further awareness of the brand, Bisconni Novita went on-air for the first-time last year. A new Rs. 5 SKU was also launched to increase penetration in smaller towns. The campaign was supported through multiple trade level initiatives to increase recall and induce trial of the brand.



SNACKCITY

The SnackCity division of Ismail industries was established in June 2006 when the company set up its purpose-built manufacturing facility at Hub and began production of its potato chips Kurleez. Having achieved great success in a short span of time, the foundation for a second production facility was laid down in Lahore in March 2010, which today 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, which is why the company has invested in the world's best machinery, employed the best food technicians and experts, and adopted the best practices to ensure that the consumers taste the goodness of SnackCity products in each bite. Our ISO 22000 Certification and Halal Certification from SANHA is a testament to the kind of commitment we have towards quality.

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

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

SnackCity Campaigns 2016-17

Kurleez Campaign

Kurleez launched a clutter breaking and unorthodox campaign "Kurleez Chalega" this year encompassing mediums like TV, digital and trade. It also revamped its look through a new contemporary packaging. This campaign generated great buzz and helped achieve a remarkable quarterly growth in sales.

Kurleez Cash Hunt Campaign

Kurleez also launched a cash in the bag consumer promotion to shift consumers to a higher price point of Rs 20 and generate additional value for the brand. A popular flavor French Cheese was also introduced to capture new consumers.

Chillz Cash Hunt Campaign

Chillz is the second most promising brand of SnackCity, launched an exciting "Cash Hunt" consumer promotion to boost trial and sales. A massive BTL activity was also conducted across 13 cities of Pakistan in conjunction with town storming and Chillz branded stands.
This brilliantly executed campaign on ATL and trade did wonders for the brand and produced an outstanding double-digit growth.

Astro Films

packaging solution
CPP-BOPP-BOPET

Astro Films is a renowned brand of CPP, BOPP and BOPET films manufacturer, owned and operated by Ismail Industries Limited. We are not only recognized locally but globally as well. Located in the southern region of Pakistan, we are the only packaging film maker in Pakistan who can provide its customers complete solution in flexible packaging.

IIL has its operations in two different regions across the country. At Hub, IIL owns a CPP plant manufactured by a renowned Italian company "Gruppo Colines" having a capacity of producing 6,000 tons annually. Continuing to be a strong believer in acquiring distinction, IIL has set up a new CPP plant at Port Qasim from same Italian company with the capacity of 10,000 tons annually. So, the total production capacity of CPP is now 16,000 tons annually.

In addition, we have two "General Vacuum Metalizer" set ups installed at Hub and Port Qasim with annual metalizing capacities of 12,000 and 7,000 tons respectively.

In 2011, the company embarked on the further expansion of its packaging film production capacity by ordering the first ever in Pakistan BOPET film line to Bruckner, in Pakistan. With an annual capacity of 18,000 tons per annum, this film line ensures a highly efficient production of flexible 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 has further improved operational efficiency and provided with the technical capabilities to meet customer's expectations.

In order to meet the rising demands of the country and to cater to the customers' needs on time, the group decided to go into expansion in 2010 and established a new company with the name Plastiflex Films (Private) Limited to produce BOPP films. A Bruckner line having the capacity to produce 4,000 tons annually is functioning at Gadani (very close to Hub), Balochistan.

Astro Films is one of those few privileged manufactures of BOPET, CPP and BOPP films who have supplied products to 6 continents of the world, fulfilling a portion of the flexible packaging needs of international market. One of our unmatchable strengths, which makes Astro Films so much 'reliable', is our ability to deliver nothing but the best quality to our customers. This practice has made us recognized as an international player, committed to not only meet but exceed the expectations of our esteemed customers.

We are a quality facility with ISO 9001:2008, ISO 22000, 2500 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 15-20% of our films being exported to Korean, European and US markets, we offer one of the fastest lead times in BOPET film industry.

ISMAIL INDUSTRIES LIMITED

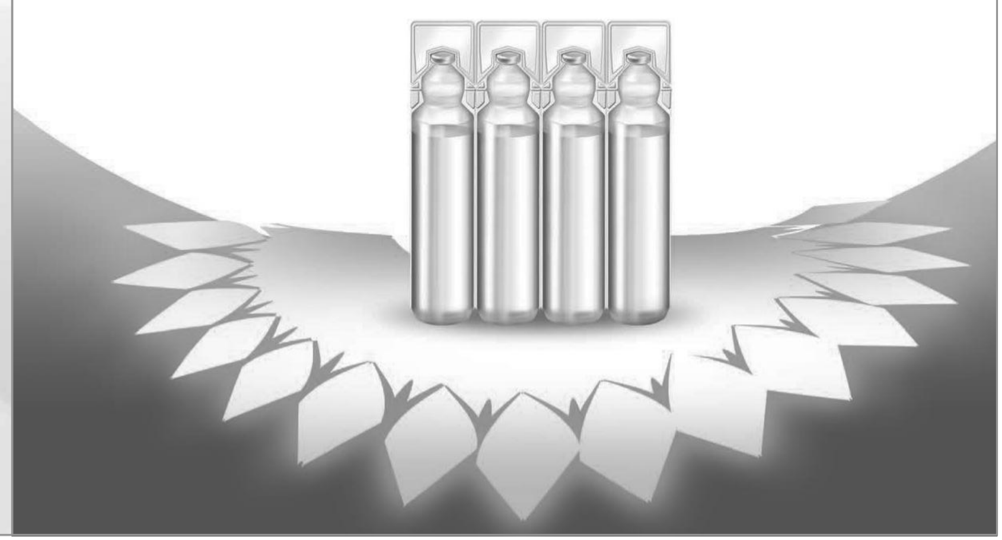
HUDSON PHARMA

Hudson Pharma's mission is to identify molecules that address local patient's needs across the globe particularly in developing markets in particular, we look at efficacious molecules that are under-penetrated or simply unavailable. We look to innovate using new delivery methods or novel manufacturing processes that vastly improve both the safety and attainability of those previously hard to access drugs. In our plant in Karachi, Pakistan we have three manufacturing lines. Our first line is for injectables, oral liquids, and respules in polyethylene containers using the innovative blow fill seal (BFS) process. The second, is a tube filling line for ointments, creams, lotions and gels. And lastly the third, is an eye drop filling line.

The BFS process is the sterile and pyrogen-free moulding of ampules from extruded polyethylene with an immediate sterile filling of the product. The BFS process is considered by the US FDA as a superior aseptic filling process. An additional benefit of the BFS process is the decreased risk of contamination by glass particles which results in a safer end product. Because of the enhanced safety profile versus products filled in glass. BFS products have been rapidly accepted by patients and doctors across the world.

We actively market drugs globally in the following therapeutic area: respiratory products, vitamins, diluting agents, anti-inflammatories, anesthetics, anti-infectives, anti-nauseants, anti-emetics, anti-ulcers. NSAIDs, topical skin and mouth care, and ophthalmics.

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



International Presence

6 Continents

40+ Countries

50+ Distributors

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th 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 Thursday, October 26, 2017 at 12:30 p.m. to transact the following business.

Ordinary Business

1. To confirm the minutes of the Annual General Meeting of the Company held on November 16, 2016.

2. To receive, consider and approve the Annual Audited Financial Statements of the Company for the year ended June 30, 2017 together with the Directors' and Auditors' report thereon.

3. To approve and declare the cash dividend @ 27.50% (Rs. 2.75/- per share) on the ordinary shares of the Company as recommended by the Directors for the year ended June 30, 2017.

4. To appoint Auditors for the year ending June 30, 2018 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 22, 2017

Ghulam Farooq
Company Secretary

Notes

1. The shares transfer book of the Company shall remain closed with effect from October 20, 2017 to October 27, 2017 (both days inclusive). Transfers received at the office of Share Registrar M/s. THK Associates (Pvt.) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi, Phone # 021-111-000-322 at the close of business on Thursday, October 19, 2017 will be considered in time to attend and vote at the meeting and for the purpose of above entitlement to the transferees.

2. The shareholders are advised to notify the Registrar of any change in their addresses.

3. 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.

4. 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.

5. As has already been notified from time to time, the Members who have not yet submitted photocopy of their valid CNIC to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400. Corporate entities are requested to provide their National Tax Number (NTN). Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011, and SRO 831 (I) 2012 dated July 05, 2012, which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. In case of non-receipt of the copy of a valid CNIC, the Company will withhold dividend warrants of such Shareholders to comply with the said SROs of SECP.

6. The Government of Pakistan through the Finance Act, 2017 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

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

All the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the start of book closure date otherwise tax on their cash dividend will be deducted @ 20% instead of 15%. Furthermore, in order to enable the Company to follow the directives of the regulators to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the Principal 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 Shareholder(s)	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

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

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

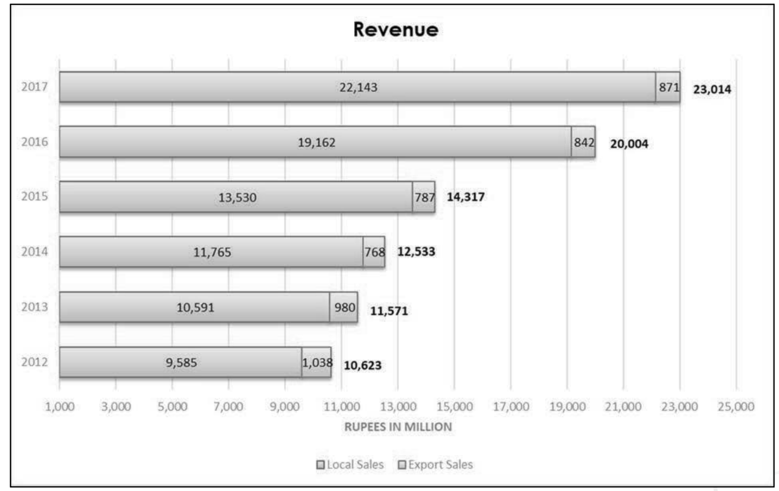
7. In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular No. 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only. All shareholders are requested to provide the details of their bank mandate specifying: (i) title of account, (ii) account number, (iii) IBAN number; (iv) bank name and (v) branch name, code & address, to the Company's Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400. Shareholders who hold shares with Participants / Central Depository Company of Pakistan (CDC) are advised to provide the bank mandate details as mentioned above, to the concerned Participant / CDC.

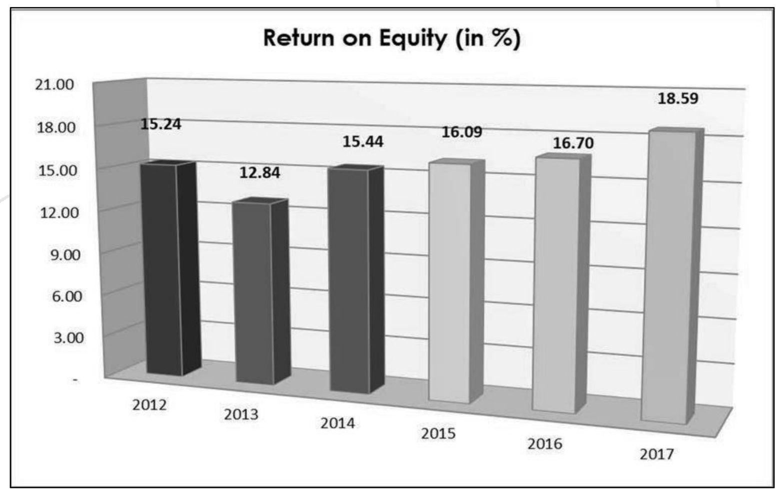
8. We are pleased to inform shareholders that the Securities and Exchange Commission of Pakistan pursuant to SRO No. 787(I)/2014 dated September 08, 2014 permitted Companies to circulate their Annual Balance Sheet and Profit and Loss Accounts, Auditor's Report and Director Report etc. ("Annual Report")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

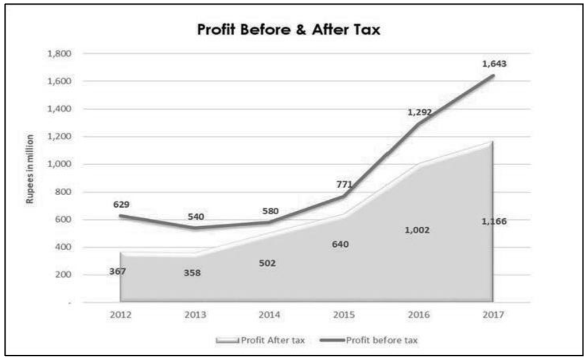
9. In accordance with the provisions of section 244 of the Companies Act, 2017, and as per directive No. 16 of 2017, every listed company has to submit a statement stating therein shares of a Company, Dividend has been declared by a Company, or any other instrument or amount which remain unclaimed or unpaid, for a period of three years from the date it is due and payable as of May 30, 2017. All such shareholders are requested to comply said directive for respective their unclaimed dividend/ bonus shares/ others, in case you have not received your dividend warrant / bonus shares / others, kindly collect your outstanding dividend warrant / bonus shares / others from Company's Share Registrar M/s. THK Associates (Pvt.) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi - 75400.

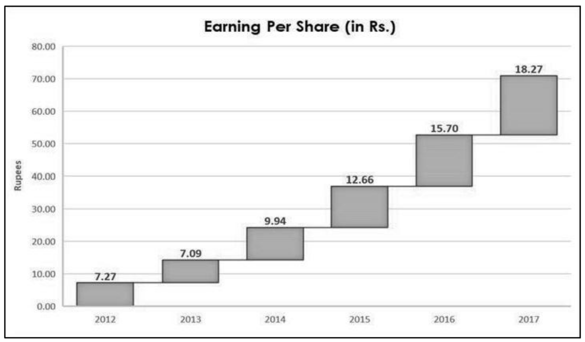
FINANCIAL AND STATISTICAL HIGHLIGHTS

	2017	2016	2015	2014	2013	2012
Profit and Loss Account						**(Rs. in millions)**
Sales - gross	23,014	20,004	14,317	12,533	11,571	10,623
Gross profit	3,721	3,109	2,476	2,136	1,975	1,831
Profit before tax	1,643	1,292	771	580	540	629
Taxation expense	477	291	131	77	182	262
Profit for the year	1,166	1,002	640	502	358	367
Balance Sheet						**(Rs. in millions)**
Share holders' equity	6,272	5,999	3,975	3,253	2,790	2,409
Capital reserves	1,412	1,879	688	593	623	579
Unappropriated profit	4,198	3,482	2,782	2,155	1,661	1,325
Current liabilities	7,159	8,407	6,230	5,541	4,714	5,135
Total liabilities	15,967	14,605	10,301	8,346	6,874	6,687
Current assets	7,883	8,296	6,678	6,388	5,477	5,290
Total assets	22,239	20,604	14,276	11,599	9,664	9,097
Ratios						
Earning per share - basic & diluted (Rs.)	18.27	15.70	12.66	9.94	7.09	7.27
Break up value (Rs.)	98.29	94.02	78.68	64.39	55.22	47.69
Return on equity (%)	18.59	16.70	16.09	15.44	12.84	15.24
Price to earning ratio	19.15	16.42	20.53	17.70	24.26	13.59









DIRECTORS' REVIEW

The Directors feel pleasure in presenting the review on annual stand-alone and consolidated audited financial statements of the Company for the fiscal year ended June 30, 2017.

Business Highlights

It is encouraging to note that the fundamentals of the company remained strong and your company has continued to deliver resilient performance during the financial year ended June 30, 2017. The preliminary macroeconomic indicators imitate that the economy expanded 5.3% in FY 2017, but there are some clouds on the horizon. Strong economic activity is boosting purchases from overseas, which coupled with slow remittance inflows, threatens to jeopardize the improvement in the current account deficit made in recent years. Although the rate of growth has increased by a full percentage point to 4.7 percent whereas economic indicators represents that pressures are mounting for both fiscal consolidation and external balances.

Despite of all these macroeconomic changes faced by the country's economy, your company has been able to generate the desired results and perform up to the mark. Even with the strategic transformation going on related to the merger of Astro Plastics (Private) Limited with and into Ismail Industries Limited, we are still focused on all our divisions and increased the overall worth by implementing the post-merger policies successfully, through which we could take advantage of the merger by materializing the anticipated synergistic benefits. Our best in class processes, agile operations team and state of art technologies are the main drivers behind the sustained growth of our Company.

Our sales have showed a solid growth of **15%** since we could further exploit our strong market position by cleverly using the target marketing approach hence further increased our gross profit and net profit by **20%** and **16%** respectively of the year under review compare to corresponding year**.** The management of your company has managed to maintain efficient portfolio of funds by reaping maximum benefits of lower benchmark rates prevalent in the country along-with minimum spreads due to exercise of greater bargaining power. This resulted in reduction of Finance cost by Rs. 127 million i.e. 16% against same period last year. Your company always focus on offering products based on assessed needs of consumers. The Company realizes the importance of investing in advertising and promotion of its key brands and new launches and plans to continue increasing this crucial input for stronger brand equities and business growth in future.

Financial Performance

The financial synopsis for the year is as below:

Description	30-Jun-17	30-Jun-16	Change in
	PKR In Million		%
Turnover	23,014	20,004	**15%**
Gross Profit	3,721	3,109	**20%**
Operating Profit	1,798	1,550	**16%**
Profit before tax	1,643	1,292	**27%**
Profit after tax	1,166	1,002	**16%**
Earnings per share – Rupees	**18.27**	**15.70**	**16%**

Food Segment Operations

Our food segment includes three divisions, Candyland, Bisconni and SnackCity producing confectionary, biscuits and savory snacks respectively. Upon performing ratio analysis, we can conclude that all indicators reflect positive sales trend in our food segment operations with an overall increase in the local sales revenue by **17%**. and export sale increased by **20%** compared to same period of last year. Our local and international business team is also exploring new markets in order to further increase the overall sale and profitability of the food segment. Our product portfolio has strong strength to penetrate not only in the existing local and international markets but also capture new destinations. Our marketing team equipped with highly agile professionals engaged in exploring new avenues and ably transforming challenges into opportunities for expanding the business in highly competitive markets.

Candyland continued to deliver growth in 2017, both in terms of baseline as well as with new launches despite increased competition in the industry. The successful entry into the pure chocolate category "Novella", 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. The ongoing growing demand in Marshmallow, company has installed additional new production line during the year under review to avoid any shortfall in supply.

At Bisconni, we constantly strive to provide our consumers with quality products which meet international standards of quality and food safety. Bisconni's flagship brands, Cocomo, Chocolate Chip Cookies, Rite, Chocolatto and Novita, continue to lead their respective market segments despite of increased competition. We are currently the market leader in Pakistan in cookies and wafers categories. With a distribution coverage nationwide, Bisconni strives to become a household brand in Pakistan.

With the increasing demand in our renowned brands Cocomo and Novita, we indeed increased our production capacity to capture and hold the market growth. New production lines are being installed at our Port Qasim manufacturing facility with modern technologies that are imported all the way from Europe to meet our high-quality standards. Bisconni, today, has grown to become a mark of trust and confidence for its consumers. Our vision is to keep innovating our current product portfolio by introducing new and value-added products for our consumers. This is the sole reason why we have invested in the expansion at Port Qasim.

With innovation being at the heart of Bisconni, we are constantly investing in New Product Development adding a variety of different categories to the portfolio. For this purpose, we have also added a new production line at Port Qasim manufacturing facility for the introduction of our new product "Sponge Cake" to capture the potential growth in cake market. The installation of plant and machineries is in process and the launching of product is anticipated in a period ahead.

Snackcity's results this year demonstrate consistent growth. Both the Hub and Lahore factories have been further improved on quality and capacity utilization measures. Kurleez has already established itself as a brand of choice with consumers nationwide. Now Chillz has also followed suit and shown remarkably consistent growth throughout the year to become one of the leading brands of the snacks market.

World Food Program toll manufacturing operations for ready-to-use supplementary food continually showing strong growth. The facility has been expanded this year to provide for increasing business volume. Further expansions are also being planned. Leading to satisfied customers and excellent market reputation the Company shows the same dedication to quality and efficiency in these smaller operations that it does for the core business.

Plastic Segment Operations

We are currently living in a dynamic environment where as business landscape is becoming very challenging day by day. Growth and stability is an important factor for our company to strive in this dynamic business environment. As the challenge of increasing competition across all categories intensifies, your Company's focus is on remaining relevant to consumers and offering products based on assessed demands of our consumers.

The plastic films segment has achieved improvement on both capacity utilization and profitability measures. The major reason behind the increased in sales was the decision of merging Astro Plastics (Private) Limited with and into Ismail Industries Limited which generated fruitful returns for the company with an overall growth of **13%** in gross turnover and efficient use of resources and capacity utilization which helped to meet the increased demand. A rigorous R&D process is followed to ensure that the final product meets customer requirements and quality expectations.

The Bank of Khyber Investment & Return

The Bank of Khyber (BOK) has shown remarkable increase in profitability over the past many years and is expected to increase in the fourth 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 15% cash dividend for the year ended December 31, 2016 thus providing a return of Rs. 362 million on investment in the bank as compared to 12.50% cash dividend Rs. 302 million for the year ended 31 December 2015.

Subsidiary Operations-Hudson Pharma (Private) Limited

The company has made long-term equity investment in 2016 of Rs. 605 million in Hudson Pharma (Private) Limited (HPPL), representing 71.29% of its share capital. By subscribing the substantial portion of the equity, HPPL has become a subsidiary of Ismail Industries Limited. HPPL has also already received approval from the Drug Regulatory Authority of Pakistan for some of its products.

Hudson Pharma aims on providing hospital and health institutions with more sterile injectable materials which are easier to administer as compared with other forms of dosage. The injectable market is less competitive in Pharma industry therefore it has provided us with the first mover advantage which will help us in gaining lucrative market segment.

We have also commenced the sample production of the products approved and we are on the verge of taking strategic decisions related to our product launches now. We have decided to self-distribute our products in Karachi and outsource the service to third party distributors for smaller and rural areas in order to efficiently utilize our working capital. In addition, we're hiring a competitive sales and marketing team to boost up the sales of our injectable and inhalation solutions.

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

Managing risk is a vital part of staying ahead of the curve. At IIL, the overall responsibility of overseeing risk management processes lies with the Board of Directors. This includes risk management and internal control procedures. Our Company's risk management processes are designed to safeguard the assets and address possible risks to Businesses, including the impacts on business continuity. These documented processes are subject to regular review. Identified risks which could potentially affect the achievement of strategic, operational, financial and/or compliance objectives are promptly reported to the Board and senior management, allowing them to take timely action where required, to ensure the Company's operations continue smoothly.

The first step in creating an effective risk-management system is to understand the qualitative distinctions among the types of risks that organization faces. We have assessed that there are 3 risk categories that can be fatal to your company's strategy and survival. First are the preventable risks; These are internal risks, arising from within the organization, that are controllable and ought to be eliminated or avoided. Your organization manages these risks through active prevention: monitoring operational processes and guiding people's behaviors and decisions toward desired norms.

Second category relates to Strategy risks which a company voluntarily accepts in order to generate superior returns from its strategy. A strategy with high expected returns generally requires the company to take on significant risks, and managing those risks is a key driver in capturing the potential gains. The Company manages these risks by decreasing their probability to occur and designing different contingency plans in case these risks materialize.

The last category belongs to the external risks that arise from events outside the company and are beyond its influence or control. Because the company cannot prevent such events from occurring, the management focuses on identification of such risks and mitigation of their impact. Although the risk management team tries to be as efficient as possible, but there might be some uncertain scenarios that we are not yet familiar with or risks that we have not acknowledged yet and might adversely affect our performance or financial condition in the future.

Research & Development

R&D (Research & Development) plays a very important role in the success of a business as it contributes to the sustainability of the business. In this dynamic environment, our R&D function provides a platform for creativity and innovation to flourish and Innovative breakthroughs have happened in the business only because of the painstaking efforts of our R&D function.

Our R&D team gives us an edge over our competitors in today's competitive scenario when customers are hankering after new products and new technologies by developing plans much ahead of other functions. Our R&D function has a clear foresight about future problems that need solutions. It acts as a catalyst for speeding up the growth of your organization by introducing breakthrough products in the market through continuous innovation.

Information Technology

IT plays an integral role in every industry today, helping companies improve business processes, achieve cost efficiencies, drive revenue growth and maintain a competitive advantage in the marketplace. IT governance is a formal framework that provides a structure for organizations to ensure that IT investments support business objectives.

It's a business investment decision-making and oversight process, and is the responsibility of our management. We essentially work around a structure that aligns our IT strategy with our business

strategy to achieve our strategic goals and objectives. The future of Information Technology, at ILL will continue to focus on integrated business processes with the aim of satisfying the needs of its external as well as internal customers.

Internal Control Framework

The process of internal control framework is affected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance of the achievement of objectives which includes the following purpose

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Prevention and detection of fraud
- Safeguarding of assets

The management of your company works to establish the foundation for sound internal control within the company through directed leadership, shared values and a culture that emphasizes accountability for control. The various risks facing the company are identified and assessed routinely at all levels and within all functions in the organization. Control activities and other mechanisms are proactively designed to address and mitigate the significant risks. Information critical to identifying risks and meeting business objectives is communicated through established channels up, down and across the company.

The entire system of internal control is monitored continuously and problems are addressed timely by the Board of Directors through the Senior Management. The internal control system and compliance with the requirements are monitored through well-documented Standard Operating Procedures (SOPs) and a combination of audit reviews and periodic performance.

The Board Audit Committee

The primary purpose of an audit committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations. The audit committee can expect to review significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements. Audit committees will consider internal controls and review their effectiveness. Reports on, and management responses to, observations and significant findings should be obtained and reviewed by the committee. Controls over financial reporting, information technology security and operational matters fall under the purview of the committee.

Our Audit Committee comprises of four members, including three non-executive directors. The Chairman of the Committee is an Independent Director. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board and has the power to call for any information from the senior management. During the last business year four meetings of the audit committee were held in fulfilling its oversight responsibilities.

Corporate Sustainability

Sustainable business practices are critical to the creation of long-term shareholder value in an increasingly resource-constrained world. Sustainability factors represent opportunities and risks that competitive companies must address. Long-term challenges such as resource scarcity, demographic shifts and climate change, such challenges create new opportunities and risks that companies must address today to remain competitive tomorrow. We focus on giving back to the society in which we prosper. Corporate Social responsibility at Ismail Industries Limited is not an obligation, on the contrary, it is a privilege to be of service to our society.

Human Resource & Remuneration Committee

At Ismail Industries Limited, we believe that Improvement is an ongoing process leading to action plans. Hence every day, our people are committed to get better in everything that they do, as individuals and as teams. By better understanding the consumers' and customers' expectations and continuously working to innovate and improve products, services and processes, your company is striving to "become the best".

The Human Resource & Remuneration Committee meets to review, monitor, evaluate, and make decisions with respect to policies and strategic matters related to the human resource of the company, the salary framework of the employees and executives, and policies for staff development and professional training, review the framework and policies for the remuneration, retirement of the employees as well as senior executives. It committee comprises of four members, of two Non-Executive Directors, one Executive Director and one Independent Director. The committee met twice during the year 2017.

Our People & Us

At IIL, the capabilities of the organization reside in knowledge, skills and motivation of its human resources, who are considered as our strategic business partners and play a key role in nurturing a work ethic that is a combination of both hard work and a cheerful work environment.

Knowing that our people make all the difference, we endeavor to constantly attract, hire, train, retain, develop and motivate high quality standard talents. Together we combine our strengths and skills to build our competitive edge and this allows us to continue our legacy of excellence. An important element of our success is the sense of ownership that our employees have. We ensure this by aligning the goals of our organization with those of our workforce. Interactive sessions are held frequently in order to maintain their motivational level. Smooth communication is recognized as an integral element and is therefore encouraged to facilitate smooth flow of information across the organization.

In line with strengthening our structures, developing employees' career streams and encouraging multi-generational workforce, that is fully aligned to the external environment, we have been participating and using the evaluation and surveys, to guide and determine our Compensation and Benefits Philosophy, leading to a more robust and transparent system of reward and growth.

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, 2017 present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. The

system of internal controls is sound in design and is being effectively implemented and reviewed by internal audit function;
- IFRSs, as applicable in Pakistan, have been followed in preparation of financial statements and any departure thereof has been adequately disclosed;
- 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 Stand are, 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.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The summary of key operating and financial data of the Company of last six years are annexed in this report.

Board of Directors Meetings

During the last business year, ten 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	8
Mr. Maqsood Ismail	9
Mr. Munsarim Saif	10
Mr. Hamid Maqsood Ismail	10
Mr. Ahmed Muhammad	10
Ms. Farzana Muhammad	8
Ms. Almas Maqsood	8
Ms. Reema Ismail Ahmed	7
Mr. Jawed Abdullah*	2
Mr. Muhammad Zubair Motiwala*	6

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

*Mr. Muhammad Zubair Motiwala was elected as Independent Director of the Company in place of Mr. Jawed Abdullah in the 28th Annual General Meeting of the Company held on November 16, 2016

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 27.50% (Rs. 2.75 - 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 2016-2017.

Future Prospect

Pakistan economy has strong history of showing resilience during unfavorable international business environment. The economy benefited from a significant drop in international crude oil prices, all the macroeconomic indicators e.g. increase in foreign exchange reserves (US$ 21 billion), narrowing of budget deficit, declined in the rate of inflation and modest rise in growth rate, favors the notion of taking off of Pakistan economy. The Government has positively responded the call and planed for improving energy and security issues at its top priority. All independent sources confirm the improvement in energy as well as law and order situation.

The management of your Company continues to have a long term optimistic outlook for the business. We are confident of strong potential of Pakistan because of its growing youthful population. The Company aims to counter unfavorable market conditions through customer engagement initiatives targeted towards new business development and through effective cost management. The company has developed long term strategic plan and assets master plan to sustain long term growth and deliver strong performances.

As part of diversification strategy, the company will continue to explore investment opportunities, despite rising competition in our different business segment. The company will continue to focus on improving shareholders' value by increasing and diversifying revenue and customer base, investment in new technology and product efficiencies and will continue will continue to deliver industry-leading results in the future.

Acknowledgement

On behalf of the Board of Directors, I would to record my gratitude to extremely valued shareholders, customer, suppliers, contractors, bankers and other stakeholders for their support, trust and confidence. The Directors would also like to express their appreciation for the efforts, loyalty, dedication and hard work of company's employees to achieve its objectives.

On behalf of the Board of Directors

(Munsarim Saifullah)
Chief Executive

Karachi: September 22, 2017

منافع منقسمہ

بورڈ آف ڈائریکٹرز 27.50 فیصد (2.75 روپے فی حصص) منافع منقسمہ کی سفارش کرتے ہوئے مسرت محسوس کرتے ہیں جو ان حصص یافتگان کو ادا کیئے جائیں گے جن کا نام اجلاس عام کے اختتامی مدت کے آغاز پر حصص یافتگان کے رجسٹر میں ظاہر ہوں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز گرانٹ تھورنٹن انجم رحمٰن، چارٹرڈ اکاؤنٹنٹ ریٹائر ہو رہے ہیں، اور اہل ہونے کی حیثیت سے انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ آڈٹ کمیٹی نے بھی 2016-2017 کے لئے کمپنی میں ان کی دوبارہ تقرری کی سفارش کی ہے۔

مستقبل کا امکان (پیش بینی)

ناموافق بین الاقوامی کاروبار کے ماحول کے دوران پاکستان کی مضبوط معیشت تاریخ میں ایک خوشگوار ردعمل ظاہر کرتا ہے۔ بین الاقوامی خام تیل کی قیمتیں گرنے سے معیشت میں فائدہ ہوا۔ معیشت دانوں نے اس کی وجہ بیرونی زرمبادلہ کے ذخائر میں اضافہ (US$ 21 Billion)، بجٹ کے خسارہ میں کمی، افراط زر کی شرح میں کمی اور ترقی کی شرح میں اضافہ بتائی ہے جو پاکستانی معیشت کے حق میں ہے۔ حکومت نے مثبت طور پر جواب دیا اور توانائی اور سیکورٹی کے مسائل کی ترجیحی طور پر منصوبہ بندی کی ہے۔ تمام آزاد ذرائع نے انرجی اور امن وامان کی بہتری کی تصدیق کی ہے۔

آپ کی کمپنی نے کاروبار کے لئے ایک طویل امید افزاء خاکہ تیار کیا ہے۔ ہم پاکستان میں مضبوط امکانات کے لئے پراعتماد ہیں کیونکہ اس میں نوجوانوں کی آبادی میں اضافہ ہوا ہے۔ گاہکوں کو اولین ترجیح دے کر کمپنی نئے کاروبار کی ترقی کے اقدامات اور موثر لاگت کے انتظام کے ذریعہ ناموافق مارکیٹ کا مقابلہ کرنے کی صلاحیت رکھتی ہے۔ کمپنی نے اثاثوں کے بہتری اور طویل مدتی ترقی اور مضبوط سرگرمیوں کو فراہم کرنے کے لئے ایک طویل مدتی حکمت عملی کا منصوبہ تیار کیا ہے۔

متنوع حکمت عملی کے ایک حصے کے طور پر، ہمارے مختلف کاروباری طبقے میں بڑھتے ہوئے مقابلے کے باوجود، کمپنی مسلسل طور پر سرمایہ کاری کے مواقع تلاش کررہی ہے۔ کمپنی آمدنی بڑھانے کے لئے گاہکوں کے مرکزی کردار کے ساتھ ساتھ شیئر ہولڈرز کی اقدار میں اضافہ پر توجہ مرکوز رکھے ہوئے ہے، اور نئی ٹکنالوجی اور مصنوعات کی استعداد میں سرمایہ کاری کریگی اور مستقبل میں کمپنی کو معروف صنعت بنانے کی جدوجہد جاری رکھے گی۔

خراج تحسین

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے انتہائی قابل احترام شیئر ہولڈرز، کسٹمرز، سپلائرز، کنٹریکٹرز، بینکرز اور دیگر اسٹیک ہولڈر کے تعاون، اعتماد اور بھروسہ کرنے پر تہہ دل سے شکر گزار ہوں۔ ڈائریکٹرز اپنی تحسین کا اظہار کرتے ہیں، کمپنی کے ملازمین نے مقاصد کے حصول کے لئے انتہائی خلوص، جانفشانی، اپنائیت سے کام کیا اور سخت محنت کی ہے۔

کراچی 22 ستمبر 2017ء

منجانب بورڈ آف ڈائریکٹرز

(منصرم سیف اللہ)
چیف ایگزیکٹو آفیسر

ہیومن ریسورس اینڈ ریمیونریشن کمیٹی (انسانی وسائل اور معاوضہ کمیٹی):

بطور اسماعیل انڈسٹریز لمیٹڈ ہمیں یقین ہے کہ ترقی ایک جاری رہنے والا امر ہے جو کہ عملی منصوبوں کو ترویج دیتا ہے۔ لہذا ہر روز، ہمارے لوگوں نے ہر معاملے میں بہتری کے حصول کا عزم کر رکھا ہے، انفرادی حیثیت سے اور ایک ٹیم (جماعت) کی حیثیت سے۔ گاہک اور صارفین کی توقعات کے بہتر ادراک کے ذریعے اور مسلسل جدوجہد سے مصنوعات، خدمات اور طریقوں میں بہتری اور جدت لا کر آپ کی کمپنی "سب سے بہتر بننے" کی کوشش کر رہی ہے۔

ہیومن ریسورس اینڈ رینومیشن کمیٹی کمپنی کے انسانی وسائل (ملازمین) سے متعلق حکمت عملی و پالیسیوں، افسران (ایگزیکٹو) اور عملے کی تنخواہوں و معاوضوں کے ڈھانچے، عملے کی ترقی کے لئے پالیسیاں اور عملے اور اعلیٰ افسران (سینئر ایگزیکٹو) کی سبکدوشی جیسے معاملات کا جائزہ لینے، نگرانی کرنے، تخمینہ لگانے اور فیصلہ سازی کے فرائض انجام دیتی ہے۔ یہ کمیٹی چار ممبران پر مشتمل ہے جن میں دو فعال ڈائریکٹر، ایک ایگزیکٹو ڈائریکٹر اور ایک آزاد و خود مختار ڈائیریکٹر ہے۔ کمیٹی کے سال 2017 میں دو اجلاس ہوئے۔

ہمارے لوگ اور ہم

اسمعیل انڈسٹریز لمیٹڈ میں کمپنی کی صلاحیتوں کا انحصار معلومات، قابلیت اور ملازمین کی ترغیبات پر ہے جن کو اہم کاروباری کلیدی شراکت دار تصور کیا جاتا ہے اور یہ ایک ایسے کاروباری اخلاقی ماحول کی پرورش میں کلیدی کردار ادا کرتے ہیں جو کہ سخت محنت اور خوشگوار کام کے ماحول کا امتزاج ہے۔

اس بات کو جانتے ہوئے کہ ہمارے لوگ تمام تبدیلیاں لاتے ہیں، ہماری کوشش ہے کہ تسلسل کے ساتھ اعلیٰ معیار کی حامل قابل افراد کی ترغیب، تربیت اور خدمات حاصل کی جائیں۔ اس کے ساتھ ساتھ ہم اپنی طاقت اور صلاحیتوں کو بھی ترقی دیں تاکہ ہم مسابقتی عروج حاصل کر سکیں اور اس طرح ہم اپنی برتری کو برقرار رکھ سکیں۔ ہماری کامیابی کی ایک اہم وجہ ہمارے ملازمین کا ملکیتی امر کے احساس کا حامل ہونا ہے اور اس طرح ہم اپنی افرادی قوت کے ذریعے کمپنی کے مقاصد کے حصول کو ممکن بناتے ہیں۔ تعلیمی دورانئے (انٹرایکٹو سیشنز) کا بار بار انعقاد کیا جاتا ہے تاکہ ترغیبی سطح کو برقرار رکھا جائے۔ ہموار ترسیل ابلاغ کو ایک اہم عنصر تصور کیا جاتا ہے تاکہ کمپنی میں باہم معلومات کی ترسیل کو ہموار بنانے کی ترغیب دی جائے۔

اپنے ڈھانچے کو مستحکم بنانے، ملازمین کی معاشی زندگی کی ترویج اور افرادی قوت کی کثیر الجہت نشوونما کی ترغیب کے لئے، جو کہ بیرونی ماحول سے مطابقت رکھتی ہو، ہم نے کئی جانچ اور سروے کے عمل میں حصہ لیا ہے تاکہ ہم اپنے معاوضے اور سہولیات کی فلسفہ کا تعین کر سکیں اور رہنمائی لے سکیں جو کہ انعام و جزا اور ترقی کا ایک بہت مستحکم اور شفاف نظام کے قیام کا باعث ہے۔

ادارتی ضابطہ اخلاق کی پاسداری

کمپنی اعلیٰ ترین ادارتی ضابطہ اخلاق کے عہد کا عزم رکھتی ہے۔ کوئی بھی ان ادارتی ضابطہ اخلاق سے انحراف نہیں کر سکتا۔ کمپنی ادارتی ضابطہ اخلاق کی بہترین روایات اور پاکستان اسٹاک ایکسچینج کی فہرست میں اندراج ضابطوں کے تحت اپنا کاروبار چلائے گی۔

- کمپنی کی انتظامیہ کی طرف سے سال مختتمہ 30 جون 2017ء کے لئے تیار کردہ مالی گوشوارے اس کے معاملات، اس کے آپریشنز کے نتائج، زرنقد کی ترسیل اور ایکویٹی میں تبدیلی کی وضاحت کی گئی ہے۔
- کمپنی کے کھاتے مناسب طور پر تیار کئے گئے ہیں۔
- کمپنی مالی گوشواروں اور اکاؤنٹنگ کے گوشواروں کی تیاری میں مستقل طور پر موزوں اکاؤنٹنگ پالیسیوں کی تقلید کی گئی ہے جس کی بنیاد محتاط اور مناسب فیصلوں پر ہوتی ہے۔ اندرونی کنٹرول کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ کیا گیا ہے اور اندرونی آڈٹ کے عمل سے اس کا جائزہ لیا جاتا ہے۔
- آئی ایف آر ایس (IFRSs)، جو پاکستان میں قابل نفاذ ہے، مالی گوشوارے تیار کرنے میں اس کی پیروی کی جاتی ہے اور کسی بھی طرح کا انحراف ہو تو وہ ظاہر کیا جاتا ہے۔

- کمپنی مالی گوشواروں اور اکاؤنٹنگ کے گوشواروں کی تیاری میں مستقل طور پر موزوں اکاؤنٹنگ پالیسیوں کی پیروی کرتی ہے۔ جہاں کہیں کوئی تبدیلی ہوتی ہے تو اسے پوری طرح ظاہر کیا جاتا ہے۔ اکاؤنٹنگ گوشوارے مناسب اور محتاط فیصلوں کی بنیاد پر تیار ہوتے ہیں۔
- انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کو پاکستان میں نافذ کیا گیا ہے، جس کی مالی گوشواروں کی تیاری میں تقلید کی جاتی ہے اور کسی طرح کے انحراف ہونے کی صورت میں اسے مناسب طور پر ظاہر کیا جاتا ہے اور اس کی وضاحت کی جاتی ہے۔
- اندرونی کنٹرول کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ کیا گیا ہے اور اس کی مسلسل طور پر نگرانی کی جاتی ہے۔
- اس میں کوئی شک نہیں کہ کمپنی مسلسل آگے بڑھنے والے ادارے کی حیثیت کی اہلیت رکھتی ہے۔
- فہرست میں دیے گئے ضابطوں کی تفصیل کی پیروی میں ادارتی انتظام کو چلانے میں کوئی کمی نہیں کی جاتی۔
- اس رپورٹ کے ہمراہ پچھلے چھ سال کا اہم آپریٹنگ اور مالی ڈیٹا منسلک ہے۔

بورڈ آف ڈائریکٹرز کا اجلاس

گزشتہ کاروباری سال کے دوران تمام کاروباری سرگرمیوں کی تکمیل کے لئے مجموعی طور پر بورڈ آف ڈائریکٹرز کے 10 اجلاس ہوئے۔ اس میں شرکت کرنے والے ڈائریکٹرز کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری کی تعداد
جناب محمد ایم اسماعیل	8
جناب مقصود اسماعیل	9
جناب منصرم سیف	10
جناب حامد مقصود اسماعیل	10
جناب احمد محمد	10
مسماۃ فرزانہ محمد	8
مسماۃ الماس مقصود	8
مسماۃ ریما اسماعیل احمد	7
جناب جاوید عبداللہ*	2
جناب محمد زبیر موتی والا*	6

جو ڈائریکٹرز اجلاس میں حاضر نہ ہو سکے انہیں رخصت کی اجازت دے دی گئی۔

* 28 ویں عمومی جلسہ عام منعقدہ 16 نومبر 2016 میں جناب جاوید عبداللہ کی جگہ پر جناب محمد زبیر موتی والا کو کمپنی کے آزاد و خود مختار ڈائریکٹر کی حیثیت سے منتخب کر لیا گیا۔

شیئرہولڈنگ کا طریقہ کار

شیئر ہولڈنگ کے عمومی طریقہ کار کے گوشوارے مع ان مخصوص طبقے کے شیئر ہولڈرز کی شیئر ہولڈنگ جن کا رپورٹنگ فریم ورک میں ظاہر کرنا ضروری ہے نیز ڈائریکٹرز، چیف ایگزیکٹو آفیسر، فنانشل آفیسر، کمپنی سیکریٹری کی ازدواج بشمول چھوٹے بچوں کی جانب سے دوران سال خرید و فروخت کئے گئے شیئرز کا گوشوارہ اس رپورٹ میں بعد میں دکھایا جائے گا۔

اندرونی گرفت کا نظام (انٹرنل کنٹرول فریم ورک)

اندرونی گرفت کی ساخت بورڈ آف ڈائریکٹرز، انتظامیہ اور دیگر عملہ کی خواہشات کا مظہر ہے، جو اس طرح ترتیب دیا گیا ہے کہ مندرجہ ذیل مقاصد حاصل ہو سکیں:

- ☆ کارگزاریوں کی اثر پذیری اور مستعدی
- ☆ باوثوق مالیاتی رپورٹنگ
- ☆ نافذ قوانین و ضوابط کی پاسداری
- ☆ دھوکہ دہی (فراڈ) کی نشاندہی اور بچاؤ
- ☆ اثاثوں کی حفاظت

آپ کی کمپنی مستحکم اندرونی گرفت کے نظام کو قائم کرتی ہے جس کا تعلق قائدانہ صلاحیتوں، مشترکہ اقدار و ثقافت سے ہے۔ یہ گرفت میں لانے کے لئے احتساب پر یقین رکھتی ہے۔ مختلف خطرات جن کا کمپنی کو سامنا ہے ان کی نشاندہی اور تشخیص ہر سطح پر اور ادارے کی ہر کارگزاری پر وقتاً فوقتاً کی جاتی ہے۔ گرفت کرنے والی سرگرمیاں اور دیگر مکینزم اس طرح بنائے گئے ہیں کہ وہ بڑے خطرات کو ختم اور ان کے اثرات کو کم سے کم کر سکیں۔ ایسی معلومات جو کہ خطرات کی نشاندہی اور کاروباری مقاصد کے حصول کے لئے لازمی ہوں انہیں مختلف ذرائع سے اوپر سے نیچے تک کمپنی میں ہر جگہ ترسیل کیا جاتا ہے۔ گرفت کے مکمل نظام کی بروقت نگرانی کی جاتی ہے اور بورڈ آف ڈائریکٹرز یہ مسائل اعلیٰ انتظامیہ کے ذریعے بروقت حل کرواتی ہے۔ اندرونی گرفتی نظام اور مطلوبات کی پابندی کی نگرانی بہترین دستاویزی معیاری کارگزاری طریقہ کار (SOPs) اور اس کے ساتھ ساتھ محاسبی اور میعادی کارکردگی کے جائزوں کے ذریعے کی جاتی ہے۔

بورڈ آڈٹ کمیٹی

آڈٹ کمیٹی کا بنیادی مقصد مالیاتی رپورٹنگ کے نظام میں غلطیوں کی تصحیح، آڈٹ کا طریقہ کار، اندرونی گرفتی نظام اور قوانین اور ضوابط کی پاسداری کروانا ہے۔ آڈٹ کمیٹی سے توقع کی جاتی ہے کہ وہ بڑے حسابی اور رپورٹنگ کے مسائل اور حالیہ پیشہ ورانہ اور انضباطی اطلاعات کا جائزہ لے تاکہ مالیاتی گوشواروں پر پڑنے والے امکانی اثرات کو سمجھا جا سکے۔ آڈٹ کمیٹی اندرونی گرفتوں پر غور و خوص کرے گی اور ان کی اثر پذیری کا جائزہ لے گی۔ انتظامیہ کی رپورٹیں اور ان کے جوابات، مشاہدات اور اہم نتائج کمیٹی حاصل کرے گی اور ان کا جائزہ لے گی۔ مالیاتی رپورٹنگ کی گرفت، انفارمیشن ٹیکنالوجی کا تحفظ اور کارگزاری معاملات اس کمیٹی کے زیر انتظام ہیں۔

ہماری آڈٹ کمیٹی چار ممبران پر مشتمل ہے، جس میں تین غیر فعالی ڈائریکٹرز ہیں۔ کمیٹی کا چیئرمین ایک آزاد و خود مختار ڈائریکٹر ہے۔ چیف فنانشل آفیسر پابندی کے ساتھ آڈٹ کمیٹی کے مدعو کرنے پر حسابات پیش کرنے کے لئے حاضر ہوتا ہے۔ ایسی ہر میٹنگ کے بعد، کمیٹی کا چیئرمین بورڈ کو رپورٹ پیش کرتا ہے اور اس کے پاس اس بات کے اختیارات ہیں کہ اعلیٰ انتظامیہ کو کسی بھی معلومات کے حصول کے لئے بلا سکتا ہے۔ اپنی نگراں ذمہ داریوں سے عہدہ برآں ہونے کے لئے گزشتہ کاروباری سال میں آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔

کمپنی کا استحکام و پائیداری

ایک محدود وسائل کی حامل دنیا میں حصص یافتگان کی طویل مدتی اقدار کی تشکیل بڑھتے ہوئے پائیدار کاروباری طریقوں کے لئے نازک امر ہے۔ پائیدار عوامل ان مواقع اور خطرات کی متحمل ہوتے ہیں جن کا مسابقتی کمپنیوں کو سامنا ہوتا ہے۔ طویل مدتی چیلنجز جیسا کہ وسائل کی قلت، آبادیاتی تغیر اور ماحولیاتی تبدیلی، یہ چیلنجز نئے مواقع اور خطرات پیدا کرتے ہیں جن کا مقابلہ کرنا چاہئے تاکہ کل وہ مسابقت سے نمٹ سکے۔ ہم اس معاشرے کو جہاں ہم نے فروغ پایا ہے کو کچھ دینا چاہتے ہیں۔ معاشرتی ذمہ داری پوری کرنا اسماعیل انڈسٹریز کا فرض نہیں ہے، تاہم اس کے برخلاف، اپنے معاشرے کی خدمت کرنا ہمارا استحقاق ہے۔

خطرات سے نمٹنے کے لئے پہلے قدم کے طور پر ایک موثر سسٹم بنایا گیا ہے جس کے ذریعے ان خطرات سے آگاہی حاصل ہو سکے جن کا ہمارے ادارے کو سامنا ہے۔ ہم نے اس بات کا اندازہ لگایا ہے کہ خطرات کی 3 قسمیں ہیں جو کہ آپ کی کمپنی کی حکمت عملی اور دوام کے لئے خطرناک ہو سکتی ہیں۔ سب سے پہلے قابل انسداد خطرات ہیں۔ یہ اندرونی خطرات ہیں جو کہ ادارے کے اندر سے پیدا ہوتے ہیں اور با آسانی گرفت میں لائے جا سکتے ہیں اور جن کو ختم کرنا اور ان سے بچنا ضروری ہے۔ آپ کا ادارہ ان خطرات سے نمٹنے کے لئے احتیاطی تدابیر استعمال کرتا ہے: کاروباری سرگرمیوں کی نگرانی کرتا ہے اور لوگوں کے رویوں کی رہنمائی کرتا ہے اور مطلوبہ اصولوں کے تحت فیصلے کرتا ہے۔

دوسری قسم حکمت عملی کے تحت وہ خطرات ہیں جو وہ رضا کارانہ طور پر کمپنی قبول کرتی ہے تاکہ اس حکمت عملی کے ذریعے حوصلہ بخش نتائج حاصل ہو سکیں۔ ایسی حکمت عملی جن سے بہت زیادہ فوائد کے حصول کی توقع ہے، کے لئے عمومی طور پر کمپنی کو بڑے خطرات مول لینے پڑتے ہیں اور بڑے فوائد حاصل کرنے کے لئے ان خطرات کا سامنا کرنا ضروری ہوتا ہے۔ ان خطرات سے نمٹنے کے لئے ان کے رونما ہونے کے ممکنات کو کم کیا جاتا ہے اور ایسے منصوبے تشکیل دیئے جاتے ہیں جن سے یہ خطرات ختم ہو سکیں۔

خطرات کی آخری قسم کا تعلق باہر سے ہے جو کہ کمپنی کے باہر سے آتے ہیں اور جو کمپنی کے اثر و نفوذ اور دائرۂ اختیار سے باہر ہوتے ہیں۔ کیونکہ کمپنی ان خطرات سے اپنے آپ کو نہیں بچا سکتی لہذا انتظامیہ ان خطرات کی نشاندہی پر توجہ مرکوز کرتی ہے اور ان کے اثرات کو کم سے کم کرنے کی کوشش کرتی ہے۔ اگرچہ کہ انتظامی ٹیم ممکنہ حد تک ان خطرات سے نمٹنے کے لئے مستعد ہے، تاہم کچھ غیر یقینی واقعات ایسے ہیں جن سے وہ اب تک آگاہ نہیں ہے یا ایسے خطرات جنہیں ہم نے اب تک تسلیم نہیں کیا ہے اور جن کی وجہ سے مستقبل میں ہماری کارکردگی اور مالی معاملات پر غلط اثرات پڑ سکتے ہیں۔

تحقیق اور ترویج (Research & Development)

تحقیق اور ترویج کسی بھی کاروبار کی کامیابی میں بنیادی کردار ادا کرتی ہیں، ان کی وجہ سے کاروبار کو پائیداری حاصل ہوتی ہے۔ اس لطف اندوز ماحول میں ہمارا آر اینڈ ڈی ہمیں تجریدی اور تخلیقی پلیٹ فارم فراہم کرتا ہے جس کے ذریعے کاروبار میں اہم دریافتیں رونما ہوتی ہیں جو کہ ہماری آر اینڈ ڈی کی انتھک محنتوں کا ثمر ہے۔

آج کے اس مسابقتی ماحول میں جب صارفین نت نئی مصنوعات کی جستجو میں ہیں، ہماری آر اینڈ ڈی ٹیم ہمیں دوسروں پر برتری اور فوقیت دلاتی ہے اور ترقیاتی منصوبوں میں نئی ٹیکنالوجی کے ذریعے ہماری کارگزاریوں کو بہتر بناتی ہے۔ ہماری آر اینڈ ڈی کی کارگزاری واضح دور اندیشی سے کام کرتی ہے جو کہ آنے والا مسائل کا حل پیش کرتی ہے۔ یہ بطور ایک عمل انگیز کام کرتا ہے جو نہ صرف ہمارے ادارے کی نمو تیز کرتا ہے بلکہ مارکیٹ میں مصنوعات کے لئے بڑی دریافتیں متعارف کروا کر تسلسل کے ساتھ تجدید لے کر آتا ہے۔

انفارمیشن ٹیکنالوجی

آئی ٹی آج کی صنعت میں جزو لازم ہے، جس سے کمپنیوں کو اپنے کاروباری سرگرمیوں کو بہتر بنانے میں مدد ملتی ہے، لاگت میں کمی آتی ہے، آمدنی میں اضافہ ہوتا ہے اور مارکیٹ میں مسابقتی حالات سازگار ہو جاتے ہیں۔ آئی ٹی ایک باضابطہ فریم ورک کے ماتحت ہے جو ہمیں ادارے کی ساخت فراہم کرتا ہے اور آئی ٹی میں سرمایہ کاری کاروبار کے مقاصد میں معاون ہے۔

یہ کاروبار میں کسی بھی فیصلے پر پہنچنے کے لئے اہم طریقہ کار ہے اور یہ ہماری انتظامیہ کی ذمہ داری ہے۔ ہم بنیادی طور پر ساخت کے اطراف میں کام کرتے ہیں جو کہ ہماری آئی ٹی حکمت عملی کو ہماری کاروباری حکمت عملی کے ساتھ مطابقت کرتی ہے تاکہ اہداف اور مقاصد حاصل ہو سکیں۔ آئی آئی ایل میں انفارمیشن ٹیکنالوجی مستقبل میں ہماری منفرد کاروباری سرگرمیوں پر توجہ مرکوز رکھے گی اس عزم کے ساتھ کہ ہم اپنے بیرونی اور اندرونی گاہکوں کو مطمئن رکھیں۔

غذائی شعبہ میں کاروباری سرگرمی

ہمارے غذائی کاروبار کے تین اہم حصے ہیں، کینڈی لینڈ، بسکونی اور اسنیک سٹی جس کے تحت ہم بالترتیب مٹھائیاں بسکٹ اور ذائقہ دار تلی ہوئی اشیاء تیار کرتے ہیں۔ شرحی تجزیہ اس بات کی نشاندہی کرتے ہیں کہ ہمارے غذائی اشیاء کے کاروبار میں مثبت اضافہ ہوا ہے جس کی وجہ سے سابقہ سال کی بہ نسبت مجموعی سطح پر ہماری مقامی فروخت میں **17** فیصد اور برآمدی فروخت میں **20** فیصد اضافہ ہوا اور غذائی کاروبار کی منافع کاری بڑھ گئی۔ ہماری غذائی مصنوعات کو نہ صرف مقامی بلکہ عالمی مارکیٹ میں بہت پذیرائی حاصل ہوئی بلکہ نئے علاقوں میں بھی قدم جما رہی ہیں۔ ہماری مارکیٹنگ ٹیم اعلیٰ پیشہ ورانہ مہارت سے لیس ہے جو نئی منزلیں تلاش کر رہی ہے اور کاروبار کو ایسی جگہوں پر وسعت دے رہی ہے جہاں شدید مسابقت ہے۔

صنعت میں شدید مسابقت کے باوجود 2017 میں کینڈی لینڈ کی موجودہ اور نئی مصنوعات میں نمو ہوئی۔ ہم نے خالص چاکلیٹ سے بنا ہوا ایک بہترین ذائقہ ''نوویلا'' کے نام سے متعارف کرایا ہے جو کہ مٹھائیوں کی صنعت میں انتہائی تیزی سے قدم جما رہا ہے۔ یہ صرف ہماری مارکیٹنگ ٹیم کی تجریدی فروخت کی حکمت عملیوں اور جدید ساز وسامان کے بل بوتے پر ممکن ہوا ہے۔ مزید برآں یہ کہ جیلیز، کینڈیز، کینڈی بارز اور چیونگم میں مسلسل ترقی ہو رہی ہے اور یہ ہمارے کاروبار کی بنیادی اساس ہیں۔ مارشمیلو کی بڑھتی ہوئی طلب کو مدنظر رکھتے ہوئے کمپنی نے پیداواری تنصیبات میں اضافہ کیا جس کی وجہ سے جائزہ سال کے دوران فراہمی میں کوئی کمی نہیں آئی۔

بسکونی میں ہم نے صارفین کو مصنوعات فراہم کی ہیں جو عالمی معیار اور غذائی تحفظ سے مطابقت رکھتی ہیں۔ شدید مسابقت کے باوجود بسکونی کی مشہور زمانہ مصنوعات کوکومو، چاکلیٹ چپ کوکیز، رائٹ، چوکولیٹو اور نوویٹا مسلسل مارکیٹ میں سرفہرست رہیں۔ ہم پاکستان کی مارکیٹ میں کوکیز اور ویفرز بنانے والوں میں سرفہرست ہیں۔ ہماری کوشش ہے کہ بسکونی پاکستان کے ہر گھر کا پسندیدہ برانڈ بن جائے۔

ہمارے مشہور زمانہ برانڈز کوکومو اور نوویٹا کی بڑھتی ہوئی طلب کو مدنظر رکھتے ہوئے ہم نے اپنی پیداواری گنجائش میں اضافہ کیا ہے تاکہ مارکیٹ میں ہماری نمو پر گرفت مضبوط رہے۔ اپنے اعلیٰ معیار کو برقرار رکھنے کے لئے نئی پیداواری سہولیات پورٹ قاسم پر نصب کی ہیں جس کی مشینری یورپ سے درآمد کی گئی ہے۔ آج بسکونی اعتماد اور بھروسے کا نشان بن کر ہمارے صارفین میں مقبول ہے۔ ہماری اس بات پر گہری نگاہ ہے کہ ہم اپنے صارفین کے لئے قیمتی اور اعلیٰ معیار کی مصنوعات متعارف کرائیں۔ یہی وجہ ہے کہ ہم نے پورٹ قاسم کے پلانٹ کو وسعت دینے کے لئے سرمایہ کاری کی ہے۔

'جدت' بسکونی کا دل ہے، ہم تسلسل کے ساتھ نئی مصنوعات کی ترقی میں سرمایہ کاری کر رہے ہیں جس سے ہماری پورٹ فولیو میں مختلف النوع مصنوعات کا اضافہ ہوگا۔ اسی مقصد کے لئے ہم پورٹ قاسم پر مزید ایک پیداواری سہولت کی تنصیب کر رہے ہیں جہاں پر ہم اپنی نئی مصنوعات ''اسپنج کیک'' تیار کریں گے جو کیک کی مارکیٹ میں قدم جمائے گی۔ پلانٹ اور مشینری کی تنصیب کا سلسلہ جاری ہے اور جلد ہی نئی مصنوعات متعارف کروائی جائیں گی۔

اسنیک سٹی میں مسلسل ترقی ہو رہی ہے۔ حب اور لاہور کی فیکٹریوں میں معیار قائم رکھنے اور پیداوار کو بڑھانے کے لئے اقدامات کئے گئے ہیں۔ کرلیز تو پہلے ہی سے صارفین کا مقبول ترین اور پسندیدہ برانڈ ہے۔ اب چلیز بھی اسی نقش قدم پر چل رہی ہے، پورے سال اس نے شاندار نمو دکھائی ہے اور تلی ہوئی اشیاء میں سرفہرست بن گئی ہے۔

عالمی فوڈ پروگرام میں تیار شدہ ضمنی غذائیں مسلسل مضبوط نمو دکھا رہی ہیں۔ اس سہولت کو بھی وسعت دی گئی ہے تاکہ بڑھتی ہوئی کاروباری طلب کو پورا کیا جاسکے۔ مزید وسعت کی منصوبہ بندی ہو رہی ہے۔ کمپنی کے صارفین کو مطمئن کرنے اور اور کمپنی کی بہترین ساکھ کو برقرار رکھنے کے لئے اس چھوٹی کاروباری سرگرمی میں وہی معیار اور مستعدی دکھائی گئی ہے جیسی دیگر بڑی بنیادی کاروباری سرگرمیوں میں موجود ہے۔

پلاسٹک کے شعبہ میں سرگرمی

ہم ایسے ماحول میں رہ رہے ہیں جہاں کاروبار کرنا دلچسپی اور لطف اندوزی کے ساتھ ساتھ مشکل ترین بھی ہوتا جا رہا ہے۔ ترقی اور استحکام ہماری کمپنی کے اہم عناصر ہیں جس کے ذریعے ہم اس مشکل ترین کاروباری ماحول کا باآسانی مقابلہ کر سکتے ہیں۔ کاروبار میں ہر قسم کی بڑھتی ہوئی مسابقت کو مدنظر رکھتے ہوئے، ہماری کمپنی اپنے صارفین پر اولین توجہ مرکوز کئے ہوئے ہے اور صارفین کی ضروریات کے مطابق انہیں مصنوعات فراہم کر رہی ہے۔

پیداواری گنجائش اور منافع کاری کے اقدامات کے ذریعے پلاسٹک کے کاروبار میں بہتری آئی ہے۔ فروخت میں اضافہ کی اہم وجہ اسماعیل انڈسٹریز لمیٹڈ میں آسٹرو پلاسٹکس (پرائیویٹ) لمیٹڈ کے ادغام کا فیصلہ ہے جس سے ہمیں مفید نتائج حاصل ہوئے اور وسائل کے مستعد استعمال سے مجموعی نمو میں **13** فیصد اضافہ ہوا اور پیداواری گنجائش میں اضافے سے بڑھتی ہوئی طلب کو پورا کرنے میں مدد ملی۔ ایک ٹھوس تحقیقی وترقیاتی سرگرمی کے ذریعے اس بات کو یقینی بنایا گیا کہ صارفین کی ضروریات اور معیار کے مطابق آخری مصنوعات تیار جاسکیں۔

بینک آف خیبر کی سرمایہ کاری اور منافع

گزشتہ کئی سالوں سے بینک آف خیبر کے منافع میں مسلسل غیر معمولی اضافہ ہو رہا ہے اور توقع ہے کہ آنے والے سالوں میں بھی اضافہ ہوگا جس سے نہ صرف کمپنی کی منافع کاری میں اضافہ ہوگا بلکہ ہم اپنے حصص یافتگان کو بہتر نفع پہنچانے میں کامیاب ہو جائیں گے۔ بینک آف خیبر نے 31 دسمبر 2016 کو ختم ہونے والے سال کے لئے 15 فیصد نقد منافع منقسمہ ادا کیا ہے جس کے نتیجے میں کمپنی کی بینک میں سرمایہ کاری پر 362 ملین روپے ملے جبکہ بینک نے 31 دسمبر 2015 کو ختم ہونے والے سال کے لئے 12.50 فیصد نقد منافعہ منقسمہ ادا کیا تھا جس کی رقم 302 ملین روپے بنتی تھی۔

ذیلی سرگرمیاں - ہڈسن فارما (پرائیویٹ لمیٹڈ)

کمپنی نے ہڈسن فارما (پرائیویٹ) لمیٹڈ (ایچ پی پی ایل) میں 605 ملین روپے کی طویل مدتی ایکویٹی سرمایہ کاری کی ہے جو کہ کل سرمائے کا 71.29 فیصد بنتی ہے۔ اب ایچ پی پی ایل، اس بھاری سرمایہ کاری کی وجہ سے، اسماعیل انڈسٹریز لمیٹڈ کی ذیلی کمپنی بن گئی ہے۔ ایچ پی پی ایل نے ڈرگ ریگولیٹری اتھارٹی آف پاکستان سے اپنی چند مصنوعات کی منظوری بھی حاصل کر لی ہے۔

ہڈسن فارما ہسپتالوں اور صحت کے اداروں میں استعمال ہونے والی قابل دخول جراثیم سے پاک اشیاء جن کا استعمال دیگر دواؤں کی بہ نسبت آسان ہے، فراہم کرنے کا ارادہ رکھتی ہے۔ فارما انڈسٹری کی قابل دخول (Injectable) مصنوعات کے لئے مارکیٹ میں بہت کم مسابقت ہے جس کی وجہ سے صورتحال بہت سازگار ہے اور ہم باآسانی اس اہم مارکیٹ میں قدم جمالیں گے۔

ہم نے کچھ منظور شدہ مصنوعات کی مثالی پیداوار کا آغاز کر دیا ہے اور جلد ہی نئی مصنوعات کو حکمت عملی سے متعارف کروائیں گے۔ ہم نے فیصلہ کیا ہے کہ ہم اپنی مصنوعات کو کراچی میں اپنے ذرائع سے فروخت کریں گے جبکہ چھوٹے شہروں اور دیہی علاقوں میں کسی تیسرے فریق کے ذریعے فروخت کریں گے تاکہ زیر کار سرمائے کو مستعدی کے ساتھ استعمال کیا جاسکے۔ اس کے علاوہ ہم باصلاحیت سیلز اور مارکیٹنگ ٹیم کو بھرتی کر رہے ہیں جو کہ ہماری قابل دخول اور سونگھنے سے بے حس کر دینے والی مصنوعات کی فروخت کو ترقی دے سکے۔

متعلقہ فریقین

متعلقہ فریقین کے درمیان سودے آرمز لینتھ پرائسز کے تحت کئے جاتے ہیں جو کہ آزادانہ قیمت کی تعین کے طریقہ کار سے مطابقت رکھتی ہے۔ کمپنی نے لین دین کے لئے رائج انتظامی ضابطوں کی مکمل پاسداری کی ہے۔

خطرات سے نمٹنے کا نظام

خم ہونے سے بچنے کے لئے خطرات سے نمٹنا انتہائی اہم حصہ ہے۔ آئی آئی ایل میں خطرات سے نمٹنے کی مکمل ذمہ داری بورڈ آف ڈائریکٹرز پر عائد ہوتی ہے۔ خطرات سے نمٹنے کے لئے اندورنی طریقوں پر گرفت لازمی ہے۔ ہماری کمپنی میں خطرات سے نمٹنے کے ایسے طریقہ کار موجود ہیں جن سے ہمارے اثاثوں کی حفاظت اور کاروبار کو ممکنہ خطرات سے نمٹنے میں مدد ملتی ہے۔ ممکنہ خطرات جن سے ہماری حکمت عملیوں، کاروباری سرگرمیوں، مالیاتی سرگرمیوں یا ہمارے مقاصد میں رکاوٹ پیدا ہو، سے فوری طور پر بورڈ اور اعلیٰ انتظامیہ کو آگاہ کر دیا جاتا ہے تاکہ وہ بروقت کارروائی کریں اور کمپنی کی سرگرمیاں بلارکاوٹ جاری وساری رہیں۔

ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹران 30 جون 2017ء کو اختتام پذیر ہونے والے مالی سال کے تنہا اور اشتمال شدہ آڈٹ کئے گئے مالیاتی گوشواروں کا جائزہ پیش کرنے پر اظہار مسرت کرتے ہیں۔

کاروباری جھلکیاں

یہ بات حوصلہ افزاء ہے کہ کمپنی کی اساس بہت مضبوط رہیں اور تسلسل کے ساتھ آپ کی کمپنی کی کارکردگی 30 جون 2017ء کو ختم ہونے والے مالی سال میں بہت اچھی رہی۔ معیشت کے ابتدائی بڑے نشان دہندگان سے ظاہر ہوتا ہے کہ مالی سال 2017 میں 5.3 فیصد نمو ہوئی، لیکن افق پر چند ہی بادل نظر آئے۔ مضبوط معاشی سرگرمی کی وجہ سے بیرونی خریداریوں میں اضافے کے ساتھ ساتھ بیرون ملک سے بھیجی گئی رقومات میں کمی کی وجہ سے گزشتہ کئی سالوں سے جاری موجودہ مالیاتی خسارے میں بہتری کو خطرات لاحق ہوگئے۔ اگرچہ کہ نمو کی صحیح شرح 4.7 فیصد رہی، لیکن معاشی نشان دہندگان سے ظاہر ہوتا ہے کہ مجموعی مالیات کا بوجھ اور بیرونی قرضوں کا حجم بڑھتا جارہا ہے۔

تاہم ملک کو حائل ان تمام بڑے اقتصادی مسائل کے باوجود، آپ کی کمپنی مطلوبہ نتائج حاصل کرنے میں نہ صرف کامیاب رہی بلکہ اس کی کارکردگی بھی شاندار رہی۔ اسماعیل انڈسٹریز لمیٹڈ میں آسٹرو پلاسٹکس (پرائیویٹ) لمیٹڈ کے ادغام کے باوجود ہماری توجہ تمام شعبوں پر مرکوز ہے اور ادغام کے بعد پالیسیوں کے کامیاب نفاذ سے ہمیں ادغام کے بہترین فوائد حاصل ہوں گے۔ اچھی کارگزاریاں، بہترین عملہ اور اعلیٰ ٹیکنالوجی ہمارے بنیادی ستون ہیں جن کے بل بوتے پر ہماری کمپنی نے پائیدار نمو حاصل کی۔

ہماری فروخت میں 15 فیصد اضافہ ہوا۔ مضبوط مارکیٹ پوزیشن کا فائدہ اٹھاتے ہوئے ہوشیاری کے ساتھ اہدافی مارکیٹ رسائی کی وجہ سے جائزہ سال میں مجموعی منافع اور خالص منافع میں سابقہ سال کی بہ نسبت بالترتیب 20 فیصد اور 16 فیصد اضافہ ہوا۔ ملک میں رائج کم ترین مارک نرخوں کے ساتھ ساتھ اچھی سوداکاری کی طاقت کے بل بوتے پر آپ کی کمپنی کی انتظامیہ نے مستعدی کے ساتھ زیادہ سے زیادہ فوائد حاصل کئے۔ جس کے نتیجے میں سابقہ سال کی بہ نسبت اس سال مالیاتی لاگت میں 16 فیصد کمی ہوئی اس طرح 127 ملین روپے کی کمی ہوئی۔ آپ کی کمپنی نے ہمیشہ صارفین کی ضروریات کو مدنظر رکھتے ہوئے مصنوعات تیار کیں۔ آپ کی کمپنی اشتہارات میں سرمایہ کاری کی اہمیت کو تسلیم کرتی ہے جس کے ذریعے اہم برانڈز میں بہتری لائی گئی اور نئی مصنوعات کا آغاز کیا گیا اور ہمارے پاس ایسے منصوبے ہیں جن سے بنیادی Input کے ذریعے اپنے برانڈ کو مضبوط بناسکتے ہیں اور کمپنی کے کاروبار میں اضافہ کرسکتے ہیں۔

مالیاتی کارکردگی

اس سال کی مالیاتی کارکردگی درج ذیل ہے:

تفصیلات	30 جون 2017	30 جون 2016	تبدیلی
	روپے ملین میں		شرح فیصد
مجموعی فروخت	23,014	20,004	15 فیصد
مجموعی منافع	3,721	3,109	20 فیصد
بکاری منافع	1,798	1,550	16 فیصد
منافع قبل از ٹیکس	1,643	1,292	27 فیصد
منافع بعد از ٹیکس	1,166	1,002	16 فیصد
فی حصص منافع (روپے)	**18.27**	**15.70**	16 فیصد

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

FOR THE YEAR ENDED JUNE 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation no. 5.19.24 of listing regulations of Pakistan Stock Exchange 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 CCG, 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. Muhammad Zubair Motiwala
Executive Directors	Mr. Munsarim Saifullah Mr. Hamid Maqsood Ismail Mr. Ahmed Muhammad
Non-Executive Directors	Mr. Muhammad M. Ismail Mr. Maqsood Ismail Ahmed Ms. Farzana Muhammad Ms. Almas Maqsood Ms. Reema Ismail Ahmed

   The independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a Banking Company, a DFI or an NBFI or being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other Executive and Non-Executive Directors, have been taken by the Board.

8. 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 seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. One director of the Company has obtained certification from director's training programs offered by a local institution that meet the criteria specified by the Securities and Exchange Commission of Pakistan. Out of the remaining eight Directors, three Directors meet the criteria of exemption under clause (xi) of the CCG and are accordingly exempted from the directors' training program. The remaining five Directors have undertaken to be certified prior to the expiration of the deadline.

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 CCG. 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 CCG 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 CCG.

15. The Board has formed an Audit Committee. It comprises five members, of whom one is an independent director and the other four are non-executive Directors. The Chairman of the Audit Committee is an independent Director.

16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the CCG. 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 Committee. It comprises four members, two of whom are Non-Executive Directors, one is Chief Executive Officer and one is an Independent Director. The Chairman of the Committee is a Non-Executive Director.

18. The Board has set up an effective internal audit function the members of which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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 (IFAC) 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 IFAC 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 Exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through Stock Exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Munsarim Saifullah
Chief Executive

Karachi: September 22, 2017

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE 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, 2017 to comply with the requirements of Rule 5.19 of the Rule Book of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the code is that of the board of directors (the Board) of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance 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 the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the board of directors upon recommendation of the Audit Committee. We have not carried out 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, 2017.

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

Karachi
Dated: September 22, 2017

STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

AUDITORS' REPORT TO THE MEMBERS OF ISMAIL INDUSTRIES LIMITED

We have audited the annexed balance sheet of **Ismail Industries Limited** (the Company) as at **June 30, 2017** 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 repealed 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 repealed 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 repealed 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 repealed 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, 2017 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 22, 2017

Grant Thornton Anjum Rahman
Chartered Accountants
Khaliq ur Rahman
Engagement Partner

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		------------ Rupees	------------
ASSETS			
Non-current assets			
Property, plant and equipment	4	**10,396,249,287**	7,978,134,510
Long term investments	5	**3,925,677,319**	4,272,437,640
Long term deposits	6	**33,358,415**	56,549,476
Total non-current assets		**14,355,285,021**	12,307,121,626
Current assets			
Stores and spares	7	**169,495,028**	152,434,952
Stock-in-trade	8	**4,863,525,805**	5,749,920,212
Trade debts	9	**1,442,852,765**	1,181,827,121
Advances-considered good	10	**369,770,405**	143,600,964
Short term investment	11	**-**	37,447,999
Trade deposits and short term prepayments	12	**21,688,637**	32,346,886
Other receivables	13	**217,441,616**	439,041,263
Taxation-net	14	**766,013,092**	499,693,704
Cash and bank balances	15	**32,655,755**	60,140,043
Total current assets		**7,883,443,103**	8,296,453,144
Total assets		**22,238,728,124**	20,603,574,770

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

BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		Rupees	
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorized capital			
250,000,000 (2016: 250,000,000) ordinary shares of Rs. 10 each		**2,500,000,000**	2,500,000,000
Issued, subscribed and paid-up capital		**638,047,500**	505,207,500
Capital to be issued pursuant to amalgamation		**-**	132,840,000
Reserves	16	**5,633,601,413**	5,360,837,355
Total shareholders' equity		**6,271,648,913**	5,998,884,855
Non-current liabilities			
Sponsors' loan-subordinated	17	**902,151,770**	902,151,770
Long term finances-secured	18	**6,524,794,709**	4,346,412,901
Liabilities against assets subject to finance lease	19	**168,176,412**	148,441,628
Deferred liabilities	20	**1,213,385,942**	800,247,964
Total non-current liabilities		**8,808,508,833**	6,197,254,263
Current liabilities			
Trade and other payables	21	**1,038,113,662**	1,583,216,525
Accrued mark-up	22	**93,598,715**	80,996,630
Short term finances-secured	23	**3,783,293,527**	4,447,779,750
Current portion of:			
- long term finances	18	**2,078,107,585**	2,073,367,018
- liabilities against assets subject to finance lease	19	**80,377,295**	112,247,286
Advances from customers		**85,079,594**	109,828,443
Total current liabilities		**7,158,570,378**	8,407,435,652
Total liabilities		**15,967,079,211**	14,604,689,915
Contingencies and commitments	24		
Total equity and liabilities		**22,238,728,124**	20,603,574,770

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

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		Rupees	
Sales	26.1	**23,014,395,587**	20,004,048,716
Sales tax	25	**(3,409,534,324)**	(2,996,077,699)
Net Sales		**19,604,861,263**	17,007,971,017
Cost of sales	26.2	**(15,883,600,917)**	(13,898,515,479)
Gross profit		**3,721,260,346**	3,109,455,538
Selling and distribution expenses	28	**(1,663,043,697)**	(1,367,414,895)
Administrative expenses	29	**(259,776,786)**	(191,999,710)
Operating profit		**1,798,439,863**	1,550,040,933
Other operating expenses	30	**(147,486,289)**	(131,731,992)
Other income	31	**195,221,815**	166,135,001
		1,846,175,389	1,584,443,942
Finance cost	32	**(671,242,277)**	(798,382,202)
		1,174,933,112	786,061,740
Share of profit from associated undertaking	5.2.3	**468,289,213**	506,400,223
Profit before tax		**1,643,222,325**	1,292,461,963
Taxation	35	**(477,207,880)**	(290,595,071)
Profit for the year		**1,166,014,445**	1,001,866,892
Earnings per share - basic and diluted	36	**18.27**	15.70

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

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----------- Rupees -----------	
Profit for the year		**1,166,014,445**	1,001,866,892
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Loss on remeasurements of post employment benefit obligations-net of tax	20.1.7	**(22,323,525)**	(7,403,824)
Items that may be reclassified to profit or loss in subsequent periods:			
Unrealized appreciation during the year on re-measurement of investment classified as available for sale-net of tax	5.3.1	**10,395,000**	8,174,613
Share of other comprehensive income from associate-net of tax	5.2.3	**(466,590,987)**	274,507,139
Other comprehensive income-net of tax		**(478,519,512)**	275,277,928
Total comprehensive income for the year		**687,494,933**	1,277,144,820

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

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----------- Rupees -----------	
Cash Flows From Operating Activities			
Cash generated from operations	38	**2,933,329,240**	1,957,353,346
Gratuity paid	20.1.3	**(24,202,370)**	(18,900,707)
Income tax paid (net of refund)		**(374,609,239)**	(214,233,283)
Long term deposits received / (paid)		**23,191,061**	(2,380,384)
Net cash generated from operating activities		**2,557,708,692**	1,721,838,972
Cash Flows From Investing Activities			
Capital expenditure (including CWIP)		**(3,209,973,831)**	(1,598,151,069)
Long term investment		**-**	(605,984,000)
Short term investment		**37,447,999**	(36,545,584)
Dividend received		**362,458,547**	302,048,789
Proceeds from disposal of property, plant and equipment	4.2	**27,604,579**	4,163,000
Net cash used in investing activities		**(2,782,462,706)**	(1,934,468,864)
Cash Flows From Financing Activities			
Receipts from long term financing-net		**2,183,122,375**	1,320,568,184
Lease repayments net of sale and lease back		**(12,135,207)**	122,593,335
Payment against purchase of shares		**-**	(9,333,303)
Interest / mark-up paid		**(658,640,192)**	(866,463,857)
Dividend paid		**(414,228,450)**	(302,595,909)
Net cash generated from financing activities		**1,098,118,526**	264,768,450
Net increase in cash and cash equivalents		**873,364,512**	52,138,558
Cash and cash equivalents at beginning of the year		**(1,646,925,147)**	(630,342,533)
Transfer from APL		**-**	(1,068,721,172)
Cash and cash equivalents as at end of the year		**(773,560,635)**	(1,646,925,147)
Cash and cash equivalents as at end of the year comprise of:			
Cash and bank balances	15	**32,655,755**	60,140,043
Running finance utilized under mark-up arrangements	23	**(806,216,390)**	(1,707,065,190)
		(773,560,635)	(1,646,925,147)

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

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Capital to be issued pursuant to amalgamation	Total Reserves: Capital reserve: Share premiun	Total Reserves: Capital reserve: Amalgamation reserves	Total Reserves: Revenue reserve: Share of AFS remeasurement from associate	Total Reserves: Revenue reserve: Remeasurement of investment classified as 'available for sale'	Total Reserves: Revenue reserve: Unappropriated profit	Total reserves	Total shareholders' equity
	------------------------- Rupees -------------------------								
Balance as at July 01, 2015	505,207,500	-	579,265,000	-	108,298,558	4,900,000	2,777,491,410	3,469,954,968	3,975,162,468
Capital to be issued pursuant to amalgamation	-	132,840,000	-	-	-	-	-	-	132,840,000
Profit for the year	-	-	-	-	-	-	1,001,866,892	1,001,866,892	1,001,866,892
Remeasurement of defined benefit	-	-	-	-	-	-	(7,403,824)	(7,403,824)	(7,403,824)
Share of other comprehensive income from	-	-	-	-		-	-	-	-
associate - net of tax	-	-	-	-	274,507,139	-	-	274,507,139	274,507,139
Unrealized appreciation on revaluation of investment - net of tax	-	-	-	-	-	8,174,613	-	8,174,613	8,174,613
Reverse be arisising on amalgamation	-	-	-	916,862,067	-	-	-	916,862,067	916,862,067
Total comprehensive income for the year	-	-	-	916,862,067	274,507,139	8,174,613	994,463,068	2,194,006,887	2,194,006,887
Transactions with owners recognized directly in equity:		-	-	-	-		-	-	-
Final dividend for the year ended June 30, 2015 @ Re. 6.00 per share	-	-	-	-	-		(303,124,500)	(303,124,500)	(303,124,500)
Balance as at June 30, 2016	505,207,500	132,840,000	579,265,000	916,862,067	382,805,697	13,074,613	3,468,829,978	5,360,837,355	5,998,884,855
Capital to be issued pursuant to amalgamation	**132,840,000**	**(132,840,000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,166,014,445**	**1,166,014,445**	**1,166,014,445**
Remeasurement of defined benefit liability - net of tax - note 20.1.7	**-**	**-**	**-**	**-**	**-**	**-**	**(22,323,525)**	**(22,323,525)**	**(22,323,525)**
Share of other comprehensive income from associate-net of tax	**-**	**-**	**-**	**-**	**(466,590,987)**	**-**	**-**	**(466,590,987)**	**(466,590,987)**
Unrealized appreciation on revaluation of investment - net of tax	**-**	**-**	**-**	**-**	**-**	**10,395,000**	**-**	**10,395,000**	**10,395,000**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(466,590,987)**	**10,395,000**	**1,143,690,920**	**687,494,933**	**687,494,933**
Transactions with owners recognized directly in equity:									
Final dividend for the year ended June 30, 2016 @ Re. 6.50 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(414,730,875)**	**(414,730,875)**	**(414,730,875)**
Balance as at June 30, 2017	**638,047,500**	**-**	**579,265,000**	**916,862,067**	**(83,785,290)**	**23,469,613**	**4,197,790,023**	**5,633,601,413**	**6,271,648,913**

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

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND OPERATIONS

1.1 Ismail Industries Limited (the Company) was incorporated in Karachi, Pakistan as a private limited company on June 21, 1988. On November 01, 1989 the Company was converted into a public limited company. The registered office of the Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. Previously the shares of the Company were listed on the Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange effective January 11, 2016 the shares of the company are now quoted on Pakistan Stock Exchange. Principal activities of the Company are manufacturing and trading of sugar confectionery items, biscuits, potato chips, cast polypropylene (CPP) and Biaxially-oriented polyethylene terephthalate (BOPET) film under the brands of 'CandyLand', 'Bisconni', 'Snackcity' and 'Astro films' respectively.

2 BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no.17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with 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 (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. Incase requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Standard, Amendment or interpretation to published approved accounting standards

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

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

Standard or Interpretation	(Annual periods beginning on or after)
IAS 1 - Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)	January 1, 2016
IFRS 10, IFRS 12 and IAS 28 - Investment Entities : Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

Annual Improvements to IFRSs 2012 - 2014 Cycle	January 1, 2016
IAS 16 and IAS 41 - Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016
IAS 27 - Equity method in Separate Financial Statements (Amendments to IAS 27)	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

Standard or Interpretation	(Annual periods beginning on or after)
IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	January 1, 2016

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2016 and 2017.

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

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on June 01, 2016 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations and are therefore not presented here.

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019

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

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

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

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 9 - Financial Instruments (2014) and consequent amendments to IFRS 4 Insurance Contracts	January 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

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 refer to 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 profit and loss as and when incurred. Major renewals and improvements are capitalized.

Depreciation on assets other than leasehold land is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 4 to the financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note 4 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.

Classification of investments

3.2.1 Investments in subsidiaries

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

3.2.2 Investments in associates

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

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

3.2.3 Investment - Available for sale

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

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

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 12), other receivables (note 13), cash and bank balances (note 15).

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 profit and loss account 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 profit and loss account 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 recognized using the balance sheet liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

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

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

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

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

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

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 of 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

	Note	2017	2016
		----------- Rupees -----------	
Operating assets		9,221,162,306	7,277,200,910
Capital work in progress - at cost	4.3	1,175,086,981	700,933,600
		10,396,249,287	7,978,134,510

2017	Owned assets: Leasehold land	Owned assets: Building on leasehold land	Owned assets: Plant and machinery	Owned assets: Furniture and fittings	Owned assets: Equipment's	Owned assets: Computers	Owned assets: Vehicles	Owned assets: Sub-total	Leased assets: Plant and machinery	Leased assets: Vehicles	Leased assets: Sub-total	Grand total
	Rupees											
As at June 30, 2016												
Cost	426,450,103	1,634,121,717	8,306,713,011	57,700,630	85,249,161	18,559,108	162,634,620	10,691,428,350	216,206,031	95,907,657	312,113,688	11,003,542,038
Accumulated depreciation	(21,837,984)	(542,615,836)	(2,934,266,191)	(25,374,004)	(34,096,003)	(10,710,171)	(90,958,679)	(3,659,858,868)	(44,484,333)	(21,997,927)	(66,482,260)	(3,726,341,128)
Net book amount	**404,612,119**	**1,091,505,881**	**5,372,446,820**	**32,326,626**	**51,153,158**	**7,848,937**	**71,675,941**	**7,031,569,482**	**171,721,698**	**73,909,730**	**245,631,428**	**7,277,200,910**
June 30, 2016												
Opening net book amount	404,612,119	1,091,505,881	5,372,446,820	32,326,626	51,153,158	7,848,937	71,675,941	7,031,569,482	171,721,698	73,909,730	245,631,428	7,277,200,910
Additions / Transfers from CWIP	126,994,641	750,065,549	1,634,149,323	4,046,715	42,208,934	3,255,201	49,686,480	2,610,406,843	51,458,322	73,955,285	125,413,607	2,735,820,450
Transfer from leased assets to owned assets												
Cost	-	-	102,137,077	-	-	-	23,787,487	125,924,564	(102,137,077)	(23,787,487)	(125,924,564)	-
Accumulated depreciation	-	-	(18,953,735)	-	-	-	(9,661,025)	(28,614,760)	18,953,735	9,661,025	28,614,760	-
	-	-	83,183,342	-	-	-	14,126,462	97,309,804	(83,183,342)	(14,126,462)	(97,309,804)	-
Disposal												
Cost	-	-	-	-	(159,700)	(48,000)	(44,413,783)	(44,621,483)	-	-	-	(44,621,483)
Accumulated depreciation	-	-	-	-	105,762	4,604	31,324,253	31,434,619	-	-	-	31,434,619
	-	-	-	-	(53,938)	(43,396)	(13,089,530)	(13,186,864)	-	-	-	(13,186,864)
Deprecation charge	(7,329,330)	(123,766,782)	(583,069,648)	(3,248,881)	(6,495,965)	(1,768,066)	(18,906,307)	(744,584,979)	(13,841,420)	(20,245,791)	(34,087,211)	(778,672,190)
Closing net book amount	**524,277,430**	**1,717,804,648**	**6,506,709,837**	**33,124,460**	**86,812,189**	**9,292,676**	**103,493,046**	**8,981,514,286**	**126,155,258**	**113,492,762**	**239,648,020**	**9,221,162,306**
As at June 30, 2017												
Cost	553,444,744	2,384,187,266	10,042,999,411	61,747,345	127,298,395	21,766,309	191,694,804	13,383,138,274	165,527,276	146,075,455	311,602,731	13,694,741,005
Accumulated depreciation	(29,167,314)	(666,382,618)	(3,536,289,574)	(28,622,885)	(40,486,206)	(12,473,633)	(88,201,758)	(4,401,623,988)	(39,372,018)	(32,582,693)	(71,954,711)	(4,473,578,699)
Net book amount	**524,277,430**	**1,717,804,648**	**6,506,709,837**	**33,124,460**	**86,812,189**	**9,292,676**	**103,493,046**	**8,981,514,286**	**126,155,258**	**113,492,762**	**239,648,020**	**9,221,162,306**
Depreciation rate (%)	**1 to 3.03**	**10**	**10 to 33**	**10**	**10**	**20**	**20**		**10**	**20**		

4.1 The depreciation expense has been allocated as follows:

	Note	2017	2016
		----------- Rupees -----------	
Cost of sales	27	739,506,605	690,109,434
Selling and distribution expenses	28	15,625,840	8,018,011
Administrative expenses	29	23,539,745	12,301,520
		778,672,190	710,428,965

The following is a statement of operating assets:

2016	Owned assets: Leasehold land	Owned assets: Building on leasehold land	Owned assets: Plant and machinery	Owned assets: Furniture and fittings	Owned assets: Equipment's	Owned assets: Computers	Owned assets: Vehicles	Owned assets: Sub-total	Leased assets: Plant and machinery	Leased assets: Vehicles	Leased assets: Sub-total	Grand total
	Rupees											
As at June 30, 2015												
Cost	53,136,745	1,084,369,625	4,782,729,617	41,459,562	62,650,392	13,402,365	152,569,559	6,190,317,865	200,156,071	54,822,382	254,978,453	6,445,296,318
Accumulated depreciation	(4,174,600)	(342,754,439)	(1,773,594,666)	(19,161,127)	(26,046,156)	(8,707,702)	(73,805,366)	(2,248,244,056)	(49,877,074)	(14,241,452)	(64,118,526)	(2,312,362,582)
Net book amount	**48,962,145**	**741,615,186**	**3,009,134,951**	**22,298,435**	**36,604,236**	**4,694,663**	**78,764,193**	**3,942,073,809**	**150,278,997**	**40,580,930**	**190,859,927**	**4,132,933,736**
June 30, 2015												
Opening net book amount	48,962,145	741,615,186	3,009,134,951	22,298,435	36,604,236	4,694,663	78,764,193	3,942,073,809	150,278,997	40,580,930	190,859,927	4,132,933,736
Transfer from APL												
Cost	148,313,358	490,225,952	2,729,978,134	10,611,361	11,803,718	1,397,584	7,502,798	3,399,832,905	24,581,143	-	24,581,143	3,424,414,048
Accumulated depreciation	(12,638,809)	(89,695,617)	(589,042,631)	(3,278,030)	(3,100,761)	(735,608)	(3,891,380)	(702,382,836)	(5,312,874)	-	(5,312,874)	(707,695,710)
	135,674,549	400,530,335	2,140,935,503	7,333,331	8,702,957	661,976	3,611,418	2,697,450,069	19,268,269	-	19,268,269	2,716,718,338
Additions / Transfers from CWIP	225,000,000	59,526,140	721,375,853	5,629,707	10,795,051	3,807,159	3,237,026	1,029,370,936	64,098,224	46,193,810	110,292,034	1,139,662,970
Transfer from leased assets to owned assets												
Cost	-	-	72,629,407	-	-	-	5,108,535	77,737,942	(72,629,407)	(5,108,535)	(77,737,942)	-
Accumulated depreciation	-	-	(28,009,413)	-	-	-	(2,183,940)	(30,193,353)	28,009,413	2,183,940	30,193,353	-
	-	-	44,619,994	-	-	-	2,924,595	47,544,589	(44,619,994)	(2,924,595)	(47,544,589)	-
Disposal												
Cost	-	-	-	-	-	(48,000)	(5,783,298)	(5,831,298)	-	-	-	(5,831,298)
Accumulated depreciation	-	-	-	-	-	13,122	4,133,007	4,146,129	-	-	-	4,146,129
	-	-	-	-	-	(34,878)	(1,650,291)	(1,685,169)	-	-	-	(1,685,169)
Deprecation charge for the year	(5,024,575)	(110,165,780)	(543,619,481)	(2,934,847)	(4,949,086)	(1,279,983)	(15,211,000)	(683,184,752)	(17,303,798)	(9,940,415)	(27,244,213)	(710,428,965)
Closing net book amount	**404,612,119**	**1,091,505,881**	**5,372,446,820**	**32,326,626**	**51,153,158**	**7,848,937**	**71,675,941**	**7,031,569,482**	**171,721,698**	**73,909,730**	**226,363,159**	**7,277,200,910**
As at June 30, 2016												
Cost	426,450,103	1,634,121,717	8,306,713,011	57,700,630	85,249,161	18,559,108	162,634,620	10,691,428,350	216,206,031	95,907,657	312,113,688	11,003,542,038
Accumulated depreciation	(21,837,984)	(542,615,836)	(2,934,266,191)	(25,374,004)	(34,096,003)	(10,710,171)	(90,958,679)	(3,659,858,868)	(44,484,333)	(21,997,927)	(66,482,260)	(3,726,341,128)
Net book amount	**404,612,119**	**1,091,505,881**	**5,372,446,820**	**32,326,626**	**51,153,158**	**7,848,937**	**71,675,941**	**7,031,569,482**	**171,721,698**	**73,909,730**	**245,631,428**	**7,277,200,910**
Depreciation rate (%)	**1 to 3.03**	**10**	**10 to 33**	**10**	**10**	**20**	**20**		**10**	**20**		

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

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain	Mode of disposal	Particulars of buyer	Relationship
	Rupees							
Mode of disposal - negotiation								
Vehicles								
Honda Civic								
	1,563,500	1,324,016	239,484	1,060,000	820,516	Negotiation	Abid Ali	Independent party
	1,634,500	1,335,162	299,338	1,000,000	700,662	Negotiation	Muhammad Farooq	Key management personnel
Honda City								
	891,000	780,141	110,859	603,000	492,141	Negotiation	Muhammed Ibrahim	Independent party
	846,000	735,296	110,704	605,000	494,296	Negotiation	Muhammed Ibrahim	Independent party
Toyota Corolla								
	1,354,000	1,050,620	303,380	1,056,000	752,620	Negotiation	Ali Raza Kazmi	Independent party
	1,888,500	620,542	1,267,958	1,596,807	328,849	Negotiation	Nizar Nooruddin	Key management personnel
	1,309,000	1,151,516	157,484	764,800	607,316	Negotiation	Abid Ali	Key management personnel
	1,479,000	1,022,940	456,060	700,000	243,940	Negotiation	Ali Mardan	Key management personnel
Toyota Camry								
	3,162,200	2,881,103	281,097	1,055,000	773,903	Negotiation	Ali Raza Kazmi	Independent party
Suzuki Cultus								
	1,010,000	574,127	435,873	710,000	274,127	Negotiation	Ali Raza Kazmi	Independent party
	896,000	633,298	262,702	677,100	414,398	Negotiation	Syed Khurram Ali	Independent party
	950,000	566,677	383,323	673,000	289,677	Negotiation	Nadeem	Key management personnel
	626,473	519,202	107,271	280,000	172,729	Negotiation	Muhammad Tariq Quresh	Independent party
	891,000	620,833	270,167	590,000	319,833	Negotiation	Asghar Ali	Independent party
	911,000	634,769	276,231	579,500	303,269	Negotiation	Qari Syed Ahmed Ali Hash	Independent party
	923,500	638,733	284,767	600,000	315,233	Negotiation	Muhammed Ibrahim	Independent party
	916,000	618,938	297,062	666,000	368,938	Negotiation	Ali Raza Kazmi	Independent party
	995,000	632,032	362,968	582,500	219,532	Negotiation	M.Sohail	Independent party
Suzuki Alto								
	710,000	508,713	201,287	440,000	238,713	Negotiation	Ali Raza Kazmi	Independent party
	667,000	498,892	168,108	448,000	279,892	Negotiation	Aamir Arif	Independent party
	667,000	504,449	162,551	410,000	247,449	Negotiation	Muhammed Ibrahim	Independent party
	732,000	494,610	237,390	440,000	202,610	Negotiation	Ali Raza Kazmi	Independent party
	732,000	494,610	237,390	531,000	293,610	Negotiation	Muhammad Nadeem	Independent party
	771,000	512,414	258,586	510,000	251,414	Negotiation	Ali Raza Kazmi	Independent party
	776,000	497,639	278,361	475,000	196,639	Negotiation	Khalid Ahmed	Independent party
	771,000	499,042	271,958	415,000	143,042	Negotiation	Muhammad Asif Hussain	Independent party
	801,000	508,801	292,199	465,000	172,801	Negotiation	M.Sohail	Independent party
	801,000	508,801	292,199	515,000	222,801	Negotiation	M.Sohail	Independent party
	754,000	505,331	248,669	465,000	216,331	Negotiation	Syed Mujahid Hussain	Independent party
	504,000	443,365	60,635	300,000	239,365	Negotiation	Muhammad Islam Khan	Independent party
	504,000	440,229	63,771	370,000	306,229	Negotiation	Ali Raza Kazmi	Independent party
	710,000	505,302	204,698	410,000	205,302	Negotiation	Muhammed Sharif	Independent party
	725,000	493,799	231,201	471,786	240,585	Negotiation	M. Islam Khan	Independent party
	710,000	475,842	234,158	465,000	230,842	Negotiation	Ali Raza Kazmi	Independent party
	732,000	486,495	245,505	445,000	199,495	Negotiation	Muhammed Sharif	Independent party
	732,000	490,587	241,413	400,000	158,587	Negotiation	Masroor Ahmed Siddiqui	Independent party
	732,000	490,587	241,413	410,000	168,587	Negotiation	Syed Khurram Ali	Independent party
	732,000	494,610	237,390	356,000	118,610	Negotiation	Ali Raza Kazmi	Independent party
	732,000	486,495	245,505	435,000	189,495	Negotiation	Asghar Ali	Independent party
	801,000	508,801	292,199	515,000	222,801	Negotiation	M.Sohail	Independent party
	777,604	493,720	283,884	510,000	226,116	Negotiation	Ali Raza Kazmi	Independent party
	742,000	466,736	275,264	510,000	234,736	Negotiation	Ali Raza Kazmi	Independent party
	777,610	468,836	308,774	521,000	212,226	Negotiation	Aamir Arif	Independent party
	754,000	501,117	252,883	410,000	157,117	Negotiation	Syed Khurram Ali	Independent party
Suzuki Mehran								
	504,000	383,220	120,780	330,000	209,220	Negotiation	Muhammad Islam Khan	Independent party
	519,000	385,976	133,024	376,786	243,762	Negotiation	M. Islam Khan	Independent party
	572,000	370,236	201,764	403,000	201,236	Negotiation	M. Islam Khan	Independent party
	612,610	369,543	243,067	410,000	166,933	Negotiation	Syed Khurram Ali	Independent party
Suzuki Ravi Pickup								
	577,420	396,351	181,069	325,000	143,931	Negotiation	Muhammad Yousuf	Independent party
Balance Carried forward	**43,878,917**	**31,025,094**	**12,853,823**	**27,286,279**	**14,432,456**			

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain	Mode of disposal	Particulars of buyer	Relationship
	....	....	Rupees	....	....			
Balance Brought forward	**43,878,917**	**31,025,094**	**12,853,823**	**27,286,279**	**14,432,456**			
Aggregate of assets disposed off having net book amount below Rs. 50,000 each								
Vehicles	534,866	299,159	235,707	228,300	(7,407)			
Equipment's	159,700	105,762	53,938	40,000	(13,937)			
Computer	48,000	4,604	43,396	50,000	6,604			
Sub-total	**742,566**	**409,525**	**333,041**	**318,300**	**(14,740)**			
2017 - total	**44,621,483**	**31,434,619**	**13,186,864**	**27,604,579**	**14,417,716**			
2016 - total	5,831,298	4,146,129	1,685,169	4,163,000	2,477,831			

	Note	2017	2016
		------------Rupees---------	
4.3 Capital work-in-progress			
Civil works		524,074,275	663,357,334
Plant and machinery		645,350,266	37,576,266
	4.3.1	1,169,424,541	700,933,600
Software development	4.3.2	5,662,440	-
		1,175,086,981	700,933,600

4.3.1 Movement of capital work in progress:

	Civil works	Plant and machinery	Equipment and fittings	Total
	-------------	-------------	Rupees	-------------
Balance as at July 1, 2015	132,818,371	106,225,807	95,002	239,139,180
Transfer from APL	-	3,306,321	-	3,306,321
Capital expenditure incurred during the year	590,065,103	649,419,991	10,700,049	1,250,185,143
Transferred to operating fixed assets	(59,526,140)	(721,375,853)	(10,795,051)	(791,697,044)
Balance as at June 30, 2016	**663,357,334**	**37,576,266**	**-**	**700,933,600**
Capital expenditure incurred during the year	**610,782,490**	**2,241,923,323**	**10,700,049**	**2,863,405,862**
Transferred to operating fixed assets	**(750,065,549)**	**(1,634,149,323)**	**(10,700,049)**	**(2,394,914,921)**
Balance as at June 30, 2017	**524,074,275**	**645,350,266**	**-**	**1,169,424,541**

4.3.2 During the year company has in phase of implementation System Applications and Products.

	Note	2017	2016
5 LONG TERM INVESTMENTS		------------Rupees---------	
5.1 Investment in subsidiary Company - unquoted shares			
Hudson Pharma (Private) Limited	5.1.1	**605,984,000**	605,984,000
5.2 Investment in associated undertakings			
Novelty Enterprises (Private) Limited	5.2.1	228,737,812	228,763,991
The Bank of Khyber	5.2.2	2,782,115,507	3,142,849,649
		3,010,853,319	3,371,613,640
5.3 Other investment - Available for sale			
Bank Islamic Pakistan Limited	5.3.1	308,840,000	294,840,000
		3,925,677,319	4,272,437,640

5.1.1 Hudson Pharma (Private) Limited

During the year, Ismail Industries Limited acquired 60,598,400 shares of Hudson Pharma (Private) Limited, which is equivalent to 71.29% of total paid up capital, as a result of right issue which was not fully subscribed by the existing shareholders. The company is incorporated under companies ordinance 1984 as a private company limited by shares. The registered office of the company is located at 17 Bangalore town, main Shahrah-e-Faisal Karachi. Principal activities of the company are manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing, wholesale and retail, trading and selling of all kinds of pharmaceutical drugs and medicines. However, the company has not commenced commercial operations yet. The shares of Hudson Pharma (Private) Limited are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of Hudson Pharma (Private) Limited is June 30.

5.2.1 Novelty Enterprises (Private) Limited

The Company holds 33% (2016: 33%) voting and equity interest in Novelty Enterprises (Private) Limited (NEL). The shares of NEL are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of NEL is June 30.

Total equity / net assets of NEL as at June 30, 2017 based on un-audited financial statements amounted to Rs. 561.518 million (2016: Rs. 561.518 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated December 31, 2015 fair value of fixed assets of NEL amounted to Rs. 1,016.32 million resulting in surplus on fixed assets of Rs. 483.607 million. Revised net assets after the revaluation surplus amounted to Rs.1,045.125 million (2016: Rs. 758.30 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

NEL has not commenced operations as of the reporting date and hence the investment is stated at cost.

5.2.2 The Bank of Khyber

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

The market value of holding in the Bank as on June 30, 2017 was Rs. 3,805.815 million (June 30, 2016: Rs. 3,032.57 million)

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

5.2.3

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2017	2016	2017	2016
	------------Rupees---------			
Balance as at July 1	3,142,849,649	2,663,030,998	228,763,991	229,724,069
Purchase during the year	-	-	-	-
Share of profit/(loss) relating to profit and loss account	468,315,392	507,360,301	(26,179)	(960,078)
Dividend received	(362,458,547)	(302,048,789)	-	-
Share of other comprehensive income/(loss)	(539,704,283)	313,722,444	-	-
Related deferred tax on OCI	73,113,296	(39,215,305)	-	-
	(466,590,987)	274,507,139	-	-
Balance as at June 30	2,782,115,507	3,142,849,649	228,737,812	228,763,991

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	
	2017	2016	2017	2016
	------------Rupees---------			
Assets	261,873,963,000	174,742,697,000	561,518,132	561,548,132
Liabilities	15,328,401,000	157,644,972,000	28,000	12,695
Revenue	4,393,471,000	4,446,644,000	-	-
Profit / (loss)	1,938,581,000	2,100,192,000	(30,000)	(34,025)

All transfers of funds to the Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of the associates. The Company has received cash dividend from Bank of Khyber during the year amounting to Rs 1.50 per shares (2016: Rs. 1.25)

	Note	2017	2016
		-----------Rupees---------	
5.3.1 Bank Islamic Pakistan Limited			
Carrying value of investment		**294,840,000**	285,600,000
Unrealized appreciation in value of investments		**14,000,000**	9,240,000
Fair value of investments		**308,840,000**	294,840,000
6 LONG TERM DEPOSITS			
Lease - Conventional		**24,139,798**	40,104,601
Less: Current maturity - Conventional	12	**(9,739,348)**	(1,760,700)
		14,400,450	38,343,901
Lease - Islamic		**-**	1,350,634
Less: Current maturity - Islamic	12	**-**	(1,350,634)
		-	-
Utilities		**10,846,893**	10,648,503
Others		**8,111,072**	7,557,072
		33,358,415	56,549,476

	Note	2017	2016
		-----------Rupees---------	
7 STORES AND SPARES			
Stores	7.1	**86,632,438**	88,026,477
Spare parts	7.1	**81,633,521**	53,655,983
Diesel and liquefied petroleum gas (LPG)	7.1	**1,167,269**	1,252,300
Others	7.1	**61,800**	9,500,192
		169,495,028	152,434,952

7.1 Reconciliation of provision for slow moving spare parts

	Note	Stores	Spare parts	Diesel and LPG	Others
2017					
		-------------------- Rupees --------------------			
Stock - gross		**94,683,858**	**81,633,521**	**1,167,269**	**61,800**
Provision for slow moving					
- opening		**(7,511,420)**	**-**	**-**	**-**
- charge for the year	27.3	**(540,000)**	**-**	**-**	**-**
- closing		**(8,051,420)**	**-**	**-**	**-**
Stock - net		**86,632,438**	**81,633,521**	**1,167,269**	**61,800**
2016					
		-------------------- Rupees --------------------			
Stock - gross		95,537,897	53,655,983	1,252,300	9,500,192
Provision for slow moving					
- opening		(6,971,420)	-	-	-
- charge for the year	27.3	(540,000)	-	-	-
- closing		(7,511,420)	-	-	-
Stock - net		88,026,477	53,655,983	1,252,300	9,500,192

	Note	2017	2016
		-----------Rupees---------	
8 STOCK-IN-TRADE			
Raw materials	8.1 & 8.2	**3,112,825,860**	3,951,251,890
Packing materials	8.1 & 8.2	**351,355,736**	354,703,036
Work-in-process	27	**151,165,802**	65,927,451
Finished goods	8.1	**1,248,178,407**	1,378,037,835
		4,863,525,805	5,749,920,212

8.1 Reconciliation of provision for stock-in-trade

	Note	Raw materials	Packing materials	Finished goods
2017				
		---------------------- Rupees ----------------------		
Stock-in-trade (gross)		**3,126,230,138**	**469,572,012**	**1,248,178,407**
Provision for slow moving				
- opening		**(13,404,278)**	**(150,332,105)**	**-**
- charge for the year		**-**	**(5,500,000)**	**-**
- written off	27.2	**-**	**37,615,829**	**-**
- closing		**(13,404,278)**	**(118,216,276)**	**-**
Stock-in-trade (net)		**3,112,825,860**	**351,355,736**	**1,248,178,407**
2016				
		---------------------- Rupees ----------------------		
Stock-in-trade (gross)		3,964,656,168	505,035,141	1,378,037,835
Provision for slow moving				
- opening		(13,404,278)	(149,276,255)	-
- charge for the year		-	(32,400,000)	-
- written off	27.2	-	31,344,150	-
- closing		(13,404,278)	(150,332,105)	-
Stock-in-trade (net)		3,951,251,890	354,703,036	1,378,037,835

8.2 This includes raw materials amounting to Rs. 67,652,982 (June 30, 2016: Rs. 148,924,096).

	Note	2017	2016
		-----------Rupees---------	
9 TRADE DEBTS			
Considered good			
-export-secured		**124,849,742**	138,962,888
-local- unsecured		**1,318,003,023**	1,042,864,233
		1,442,852,765	1,181,827,121
Considered doubtful	9.1	**42,313,694**	39,964,885
Trade debts - gross		**1,485,166,459**	1,221,792,006
Provision for doubtful debts - opening balance		**(38,713,694)**	(36,364,885)
Charge for the year	28	**(3,600,000)**	(3,600,000)
Provision for doubtful debts - closing balance		**(42,313,694)**	(39,964,885)
Trade debts - net		**1,442,852,765**	1,181,827,121

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.

		Note	2017	2016
			-----------Rupees---------	
9.2	**Age analysis**			
	Not Due			
	More than 45 days but not more than 3 months		**175,470,806**	117,994,471
	More than 3 months but not more than 6 months		**169,115,819**	86,321,571
	More than 6 months but not more than 1 year		**86,790,557**	72,572,721
			431,377,182	276,888,763
10	**ADVANCES**			
	Secured, considered good			
	- advances to employees	10.1	**18,011,731**	16,487,156
	Unsecured			
	- advances to suppliers		**345,250,162**	122,683,014
	- advances to others		**6,508,512**	4,430,794
			369,770,405	143,600,964

10.1 These include advances to employees against salary. The reconciliation of amounts due from executives and non-executives of the Company is given as follows:

	Note	2017	2016
Amount due from executives		-----------Rupees---------	
Opening balance		**6,191,830**	2,496,500
Disbursement during the year		**7,460,000**	7,169,500
Repayments during the year		**(7,519,000)**	(3,474,170)
Closing balance		**6,132,830**	6,191,830
Amount due from other than executives			
Opening balance		**10,295,326**	8,928,960
Transfer From APL		**-**	110,691
Disbursement during the year		**53,844,741**	57,561,671
Repayments during the year		**(52,261,166)**	(56,305,996)
Closing balance		**11,878,901**	10,295,326

		Note	2017	2016
11	**SHORT TERM INVESTMENT - AVAILABLE FOR SALE**			
	Fair value of investment	11.1	**37,447,999**	36,545,584
	Purchase of shares		**24,791,826**	-
	Sale of Shares		**(62,874,929)**	902,415
	Profit on sale of shares		**635,104**	-
			-	37,447,999

11.1 During the year, the company has purchased 100,000 shares of Habib Bank Limited (June 30, 2016: 100,000 shares of Habib Bank Limited & United Bank Limited each.)

		Note	2017	2016
			-----------Rupees---------	
12	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Trade deposits - unsecured		**9,656,762**	9,194,168
	Short term prepayments		**2,292,527**	20,041,384
	Current maturity of lease deposits-			
	Conventional	6	**9,739,348**	1,760,700
	Islamic	6	**-**	1,350,634
			21,688,637	32,346,886
13	**OTHER RECEIVABLES**			
	Export rebate		**34,945,161**	34,012,974
	Sales tax receivable		**36,398,025**	299,166,683
	Federal excise duty		**3,011,323**	2,885,549
	Other receivables	**13.2**	**143,087,107**	102,976,057
			217,441,616	439,041,263

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

13.2 These amounts includes Rs. 143.017 million (June 30 2016 Rs.100.217 million) due from Nazir of the High Court as refer in note 24.1.3 & 24.1.8.

		Note	2017	2016
			-----------Rupees---------	
14	**TAXATION - net**			
	Advance income tax		**874,302,947**	666,825,126
	Provision for taxation	35	**(108,289,855)**	(167,131,422)
			766,013,092	499,693,704
15	**CASH AND BANK BALANCES**			
	Cash in hand		**1,802,402**	2,460,524
	Cash with banks in:			
	- current accounts - conventional		**27,087,396**	47,091,543
	- current accounts - Islamic		**3,765,957**	10,587,976
			32,655,755	60,140,043
16	**RESERVES**			
	Capital Reserve			
	- Share premium	16.1	**579,265,000**	579,265,000
	- Share of AFS re-measurement from associate		**(83,785,290)**	382,805,697
	- Reserve arising due to amalgamation		**916,862,067**	916,862,067
	Revenue Reserve			
	- Unappropriated profit		**4,197,790,023**	3,468,829,978
	- Remeasurement of investment classified as 'available for sale'		**23,469,613**	13,074,613
			5,633,601,413	5,360,837,355

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 Repealed Companies Ordinance, 1984.

16.2 In accordance with the scheme of amalgamation, the Company has issued 13,284,000 ordinary shares of Rs. 10 each to the shareholders.

16.3 Reconciliation of ordinary shares

Number of Shares 2017	Number of Shares 2016		2017	2016
			-----------Rupees---------	
50,520,750	50,520,750	Opening balance of ordinary shares of Rs. 10 each	**505,207,500**	505,207,500
13,284,000	-	Shares issued under the scheme of amalgamation	**132,840,000**	-
63,804,750	50,520,750	Closing balance of ordinary shares of Rs. 10 each	**638,047,500**	505,207,500

		2017	2016
		-----------Rupees---------	
17	**SPONSORS' LOAN - subordinated**		
	Opening balance	**902,151,770**	602,151,770
	Additions received during the year	**-**	-
	Transfer from APL	**-**	300,000,000
	Closing balance	**902,151,770**	902,151,770

17.1 The Company has obtained interest free loan from its sponsors. The sponsors have entered into agreements with the Company and various banks in which they have undertaken to sub-ordinate their loans and their claims over the Company's assets. These loans will be converted into ordinary shares and management are under advance stage of discussion for conversion to ordinary shares. The required formalities would be completed once final decision and agreement has been reached.

18 LONG TERM FINANCES - secured

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2017	2016
					--------- Rupees ---------	
Loans from banking companies and financial institutions						
CONVENTIONAL						
Habib Bank Limited						
- Term finance	Quarterly	2012-2017	3 months KIBOR + 1.75%	19	**-**	7,894,736
- Term finance	Monthly	2013-2017	1 month KIBOR + 1.60%	42	**-**	23,809,522
- Term finance	Monthly	2017-2019	1 month KIBOR + 0.25%	36	**202,486,665**	300,000,000
- SBP-LTFF	Quarterly	2018-2027	SBP + 0.25%	36	**462,886,200**	-
- Term finance	Monthly	2017-2022	1 month KIBOR + 0.25%	60	**483,333,334**	-
Bank Al-Habib Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 1%	48	**-**	90,000,000
- Term finance	Monthly	2018-2021	3 months KIBOR + 0.25%	42	**150,000,000**	-
- SBP-LTFF	Quarterly	2019-2028	SBP + 0.75%	32	**282,135,000**	-
MCB Bank Limited						
- Term finance	Monthly	2014-2018	1 month KIBOR + 1.5%	54	**-**	49,780,000
- SBP-LTFF	Quarterly	2018-2027	SBP + 0.75%	36	**341,677,343**	-
NIB Bank Limited						
- Term finance	Monthly	2014-2017	1 month KIBOR + 1.5%	42	**-**	28,568,343
Allied Bank Limited						
- Term finance	Monthly	2015-2020	3 months KIBOR + 0.25%	60	**269,309,690**	364,359,701
- Term finance	Monthly	2019-2021	3 months KIBOR + 0.25%	36	**300,000,000**	-
- Term finance	Monthly	2016-2021	3 months KIBOR + 0.25%	60	**250,510,000**	314,670,000
Askari Bank Limited						
- Term finance	Monthly	2015-2018	1 month KIBOR + 0.75%	36	**-**	319,447,196
Pak Brunei Investment Company Limited						
- Term finance	Quarterly	2017-2020	3 months KIBOR + 0.50%	12	**166,666,666**	200,000,000
Carried forward					**2,909,004,898**	1,698,529,498

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2017	2016
					--------- Rupees ---------	
Brought forward					**2,909,004,898**	1,698,529,498
Pak Oman Investment Company						
- Term finance	Quarterly	2014-2018	3 month KIBOR + 0.5%	20	**46,554,000**	86,558,000
- Term finance	Monthly	2016-2021	1 month KIBOR + 0.5%	60	**215,000,000**	275,000,000
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.5%	60	**76,666,679**	116,666,675
Bank Alfalah Limited						
- Term finance (Note 18.2)	Monthly	2014-2018	3 months KIBOR + 1%	60	**-**	80,000,000
- SBP-LTFF	Quarterly	2017-2027	SBP+0.25%	40	**479,004,000**	148,460,000
Soneri Bank Limited Term						
- Term finance (Note 18.2)	Monthly	2014-2018	1 month KIBOR + 1%	48	**-**	50,000,008
The Bank of Punjab						
- Term finance (Note 18.2)	Monthly	2014-2018	1 month KIBOR + 1%	48	**-**	99,999,992
- Term finance (Note 18.2)	Monthly	2014-2018	1 month KIBOR + 1%	48	**-**	124,999,994
Samba Bank Ltd						
- Term finance (Note 18.2)	Monthly	2014-2018	1 month KIBOR + 1%	48	**-**	150,800,000
- Term finance (Note 18.2)	Monthly	2017-2019	1 month KIBOR + 0.5%	36	**-**	500,000,000
JS Bank Limited						
- Term finance	Monthly	2014-2017	1 month KIBOR + 1.25%	42	**-**	10,833,335
- Term finance	Monthly	2016-2020	1 month KIBOR + 0.25%	42	**136,561,352**	193,069,498
Faysal Bank Limited						
- Term finance (Note 18.2)	Quarterly	2013-2018	3 months KIBOR + 1.5%	20	**-**	45,000,000
- Term finance	Monthly	2017-2021	3 months KIBOR + 0.25%	48	**437,500,000**	-
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	13	**244,217,538**	407,029,760
- Term finance	Quarterly	2018-2021	3 months KIBOR + 0.25%	16	**300,000,000**	300,000,000
National Bank						
- Term finance (Note 18.2)	Quarterly	2013-2018	3 months KIBOR + 1.5%	20	**-**	45,000,000
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	13	**260,060,500**	408,666,500
- Term finance	Monthly	2019-2022	3 months KIBOR + 0.25%	48	**400,000,000**	-
Carried forward					**5,504,568,967**	4,740,613,260

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2017	2016
					--------- Rupees ---------	
Brought forward					**5,504,568,967**	4,740,613,260
Summit Bank Ltd						
- Term finance	Monthly	2017-2020	1 month KIBOR + 0.20%	36	**416,666,666**	-
Islamic						
Habib Bank Limited						
- Islamic financing	Monthly	2014-2018	1 month KIBOR + 0.25%	48	**49,999,988**	99,999,992
- Islamic financing	Monthly	2016-2021	1 month KIBOR + 0.25%	60	**400,000,004**	500,000,000
MCB Islamic Bank ltd						
- Islamic finance	Quarterly	2018-2022	3 months KIBOR + 0.25%	20	**350,000,000**	350,000,000
Dubai Islamic Bank Pakistan Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.25%	60	**115,000,000**	175,000,000
- Term finance	Monthly	2015-2019	1 month KIBOR + 0.35%	48	**229,166,669**	354,166,667
- Term finance	Monthly	2017-2021	3 months KIBOR + 0.25%	16	**187,500,000**	200,000,000
Meezan Bank Limited						
- Term finance	Monthly	2018-2020	3 month KIBOR + 0.25%	24	**500,000,000**	-
- Term finance	Monthly	2019-2021	3 month KIBOR + 0.25%	36	**400,000,000**	-
Bank Islami Pakistan Limited						
- Term finance	Monthly	2018-2020	3 month KIBOR + 0.25%	24	**450,000,000**	-
					8,602,902,294	6,419,779,919
Less: Current portion of long term finances shown under current liabilities - conventional					**(1,441,857,599)**	(1,725,867,014)
Less: Current portion of long term finances shown under current liabilities - Islamic					**(636,249,986)**	(347,500,004)
					6,524,794,709	4,346,412,901

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.

18.2 These represent financing which was pre-matured settled during current financial year ended June 30, 2017.

19 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Under the agreements, lease rentals are payable in 36 to 48 equal monthly installments. Taxes, repairs, replacement and insurance costs, if any, are borne by the Company. The financings from conventional banks carry mark-up at rates ranging from 6.84% to 7.28% (2016: 7.14% to 8.49%) per annum and financing from islamic banks carry mark-up at rates ranging from 6.57% to 6.88% (2016: 7.10% to 8.49%) 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. 239.648 million (2016: Rs. 245.631million) (refer note 4).

These are secured against deposits of Rs 24.14 million (2016: Rs 41.46 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:

	2017 Minimum lease payments	2017 Financial charges allocated	2017 Present value of minimum lease payments	2016 Minimum lease payments	2016 Financial charges allocated	2016 Present value of minimum lease payments
	--- (Rupees in '000) ---					
Conventional						
Up to one year	**72,582,536**	**6,677,290**	**65,905,246**	81,832,728	10,839,659	70,993,069
Later than one year but not later than five years	**81,417,928**	**2,749,066**	**78,668,862**	120,324,780	5,566,043	114,758,737
	154,000,464	**9,426,356**	**144,574,108**	202,157,508	16,405,702	185,751,806
Islamic						
Up to one year	**17,709,245**	**3,237,196**	**14,472,049**	45,773,598	4,519,381	41,254,217
Later than one year but not later than five years	**99,961,698**	**10,454,148**	**89,507,550**	38,168,879	4,485,988	33,682,891
	117,670,943	**13,691,344**	**103,979,599**	83,942,477	9,005,369	74,937,108

	Note	2017	2016
		--------- Rupees ---------	
20 DEFERRED LIABILITIES			
Provision for staff gratuity scheme - unfunded	20.1	**175,913,366**	125,731,188
Deferred tax liability	20.2	**1,037,472,576**	674,516,776
		1,213,385,942	800,247,964

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, 2017, 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	Note	2017	2016
Financial assumptions			
Discount rate (per annum)		**9.25%**	9.00%
Expected rate of increase in salaries (per annum)		**9.25%**	9.00%
Demographic assumptions			
Mortality rates (for death in service)		**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005
Retirement assumption		**60 years**	60 years
20.1.2 Balance sheet reconciliation			
Present value of defined benefit obligation	20.1.3	**175,913,366**	125,731,191
Fair value of plan assets		**-**	-
Net liability in balance sheet		**175,913,366**	125,731,191

	Note	2017	2016
		--------- Rupees ---------	
20.1.3 Movement in the defined benefit obligation			
Present value of defined benefit obligation as at July 1		125,731,191	93,334,560
Transfer from APL		-	7,802,351
Current service cost		32,267,094	22,809,176
Interest cost		10,226,701	9,955,631
Re-measurement on obligation	20.1.7	31,890,750	10,730,180
Payments during the year		(24,202,370)	(18,900,707)
Present value of defined benefit obligation as at June 30		175,913,366	125,731,191
20.1.4 Movement in the net liability in the balance sheet is as follows:			
Opening balance of net liability		125,731,191	93,334,560
Transfer from APL		-	7,802,351
Charge for the year	20.1.5	42,493,795	32,764,807
Re-measurements recognized in 'Other Comprehensive Income'	20.1.7	31,890,750	10,730,180
Payments during the year		(24,202,370)	(18,900,707)
Closing balance of net liability		175,913,366	125,731,191
20.1.5 The amounts recognized in the profit and loss account against defined benefit scheme are as follows:			
Current service cost		32,267,094	22,809,176
Interest cost		10,226,701	9,955,631
Expected return on plan assets		-	-
Charge for the year		42,493,795	32,764,807

20.1.6 For the year ended June 30, 2018, expected provisions to the staff retirement benefit scheme is Rs.44.823 million.

	2017	2016
	--------- Rupees ---------	
20.1.7 Re-measurement recognized in 'other comprehensive income'		
Experience losses	31,890,750	10,730,180
Re-measurement of fair value of plan assets	-	-
	31,890,750	10,730,180
Related deferred tax	(9,567,225)	(3,326,356)
	22,323,525	7,403,824

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

Comparison for five years	2017	2016	2015	2014	2013
	------	------	Rupees	------	------
Present value of defined benefit obligation	175,913,366	125,731,191	93,334,560	60,300,119	46,968,464

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

	Change in assumptions	Impact on defined benefit obligation: Increase in assumption	Decrease in assumption
		--------------Rupees--------------	
Discount rate	1%	158,716,260	(196,282,974)
Salary growth rate	1%	195,133,974	(159,244,023)

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	2017	2016
		--------- Rupees ---------	
20.2 Deferred taxation			
Credit balance arising in respect of:			
- accelerated tax depreciation allowances		1,191,182,633	1,039,228,278
Debit balance arising in respect of:			
- provision for gratuity		(55,090,883)	(38,848,276)
- provision for doubtful debts		(12,694,108)	(12,389,114)
- investment in associates		124,419,176	76,753,668
- investment in AFS		3,605,000	1,967,802
- unabsorbed depreciation loss		(172,047,650)	(339,108,763)
- provision for stock in trade		(41,901,592)	(53,086,819)
Deferred tax liability		1,037,472,576	674,516,776

20.2.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2015	Recognized in profit and loss account	Recognized in other comprehensive income	Balance as at June 30, 2016	Recognized in profit and loss account	Recognized in other comprehensive income	Balance as at June 30, 2017
	------	------	------	Rupees	------	------	------
Deferred tax debits:							
Provision for gratuity	(29,867,059)	5,654,864	3,326,353	(38,848,276)	6,675,382	9,567,225	(55,090,883)
Provision for doubtful debts	(11,636,763)	752,351	-	(12,389,114)	304,994	-	(12,694,108)
Investment in associates	40,034,455	(36,719,213)	-	76,753,668	(47,665,508)	-	124,419,176
Investment in AFS	-	-	(1,967,802)	1,967,802	1,967,802	(3,605,000)	3,605,000
Unabsorbed depreciation loss	-	339,108,763		(339,108,763)	(167,061,113)	-	(172,047,650)
Provision for stock in trade	(54,288,625)	(1,201,806)		(53,086,819)	(11,185,227)	-	(41,901,592)
	(55,757,992)	307,594,959	1,358,551	(364,711,502)	(216,963,670)	5,962,225	(153,710,057)
Deferred tax credits:							
Accelerated tax depreciation allowances	610,163,601	(429,064,677)	-	1,039,228,278	(151,954,355)	-	1,191,182,633
	610,163,601	(429,064,677)	-	1,039,228,278	(151,954,355)	-	1,191,182,633
	554,405,609	(121,469,718)	1,358,551	674,516,776	(368,918,025)	5,962,225	1,037,472,576

	Note	2017	2016
		--------- Rupees ---------	
21 TRADE AND OTHER PAYABLES			
Trade creditors		660,782,576	1,345,421,041
Accrued liabilities		156,578,403	92,895,653
Workers' profit participation fund	21.1	92,931,532	73,917,434
Workers' welfare fund		75,978,320	42,181,216
Unclaimed dividend		2,028,446	1,526,021
Other liabilities		49,814,385	27,275,160
		1,038,113,662	1,583,216,525
21.1 Workers' profit participation fund			
Balance at beginning of the year		73,917,434	42,985,133
Contribution for the year	30	88,250,393	67,931,688
Interest on funds utilized in the Company's business	32	5,801,139	7,834,246
		167,968,966	118,751,067
Less: Payments made during the year		(75,037,434)	(44,833,633)
Balance at end of the year		92,931,532	73,917,434

		Note	2017	2016
			--------- Rupees ---------	
22	**ACCRUED MARK-UP**			
	Accrued mark-up on:			
	Conventional			
	- long term finances - secured		**34,174,012**	24,347,792
	- short term finances - secured		**59,424,703**	38,510,464
	Islamic			
	- long term finances - secured		**-**	7,812,187
	- short term finances - secured		**-**	10,326,187
			93,598,715	80,996,630

		Note	2017	2016
23	**SHORT TERM FINANCES - Secured**			
	From banking companies			
	Term finances - Conventional	23.1	**1,096,074,976**	1,573,404,789
	Term finances - Islamic	23.2	**1,430,002,161**	999,309,771
	Export refinances	23.3	**451,000,000**	168,000,000
	Running finance utilized under mark-up arrangements	23.4	**806,216,390**	1,707,065,190
			3,783,293,527	4,447,779,750

23.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,100 million (2016: Rs. 3,825 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 5.98% to 7.05% per annum (2016: 6.42% to 7.49% per annum).

23.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,400 million (2016: Rs. 2,700 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 6.22% to 6.31% per annum (2016: 6.39% to 7.86% per annum).

23.3 These represented facilities for export refinance arranged from various banks aggregating to Rs. 631 million (2016: Rs. 490 million). These were secured against pari-passu hypothecation of stocks, book debts and lien on export letters of credits of the Company along with the personal guarantees of the directors. These carried mark-up at the rate ranging from 0.25% to 0.5% above the State Bank of Pakistan (SBP) rate per annum (2016: 0.75 to 1% above SBP rate per annum).

23.4 The facilities for running finances available from various banks aggregated to Rs. 3509 million (2016: Rs. 3,325 million). These are secured against pari-passu / ranking hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 6.27% to 7.30% per annum (2016: 6.5% to 8.51 % per annum).

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

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

24.1.2 As the Ministry of Industries has declared BOPET film manufacturing project of the Company as Pioneer Industry, after which imports of capital goods shall be duty free. The Company approached Board of Investment (BOI) for the permission of imports who entertained the request and is in the process of evaluating the permission of import vide SRO 41(I)/2009. In the meantime, the Company imported some capital goods and as per section 81 of The Customs Act, 1969, issued post dated cheques amounting to Rs. 557.403 million (2016: Rs. 557.403 million) for provisional clearance in favor of Collector of Custom. However, due to delay on the part of Federal Board of Revenue, the formal SRO to endorse the decision of Ministry of Industries is still awaited. The company had filed the subject petition to refrain FBR and Pakistan Customs to encash the securities submitted against the provisional release of the plant and machineries, and also to issue formal notification to endorse the earlier decision of the Ministry of Industries dated August 15, 2012. The High Court vide order dated May 13, 2015, has passed interim orders in favor of the company which are still operative. The management of the Company, based on legal counsel's opinion, is confident that exemption shall be granted on duties related to import of capital goods against BOPET project retrospective.

24.1.3 The Company has filed suit against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in Sindh High Court against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% import duty on import of Poly Ethylene Terephthalate (PET). In this connection Sindh High Court vide order dated March 12, 2013 directed that custom duties at the rate of 3% to be paid by the Company and insofar as differential amount is concerned 2.5% shall be deposited in cash and 2.5% shall be paid through post dated cheques to the Nazir of the High Court. In this connection the Company has deposited pay orders amounting to Rs. 100.217 million (2016: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2016: Rs. 100.217 million) in favor of Nazir of High Court as directed. Further, the Company has filed petition for rationalization of duty structure on PET Resin. Subsequent to the year end, the main grievance of the Company for classifying the Pet Resin (Film Grade) and Pet Resin (Yarn Grade) under the same PCT Heading has already been redresses in Fiscal Budget (2015-16) and from 01st July, 2015, the major raw material for BOPET film manufacturing i.e. PET Resin – Film Grade is being imported on the same rate as applicable to PET Resin – Yarn Grade. However, the retrospective relief on the previous consignments has been regreted by the High Court which has been challenged in the Honorable Supreme Court of Pakistan. As per legal Counsel, there is no immediate financial liability against the Company in the abovementioned matter and has a good prima facie case.

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

24.1.5 During the current year, Federal Board of Revenue has issued a show cause notice (SCN) on the basis of scrutiny of sales tax returns for the various tax periods which revealed that the company has claimed input tax of Astro Plastics (Private) Limited (APL) amounting to Rs. 477,804,698 in the sales tax return of the Ismail Industries Limited (IIL). In response of the SCN, the company has given the reference of the letter (Dated: October 2016) sent to Federal Board of Revenue in which it was mentioned that High Court of Sindh, at Karachi, has sanctioned the petition no. J.Misc. 13/ 2016 for amalgamation by way of merger of APL and its members with and into IIL and its members.

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

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

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

		2017	2016
		--------- Rupees ---------	
24.2	**Commitments**		
	Outstanding letters of guarantee	**481,662,420**	432,740,600
	Outstanding letters of credit for:		
	- capital expenditure	**313,270,182**	1,345,595,856
	- others	**653,704,383**	1,819,393,537
	Rentals under Ijarah contracts		
	Not later than one year	**-**	44,412,224
	Over one year to five years	**-**	63,633,725
		-	**108,045,949**

25 OPERATING RESULTS

	Note	Food segment 2017	Food segment 2016	Plastic segment 2017	Plastic segment 2016	Total 2017	Total 2016
		-----	-----	-----	Rupees	-----	-----
Sales							
Local sales		**18,039,453,755**	15,360,946,687	**5,384,567,009**	4,629,420,252	**23,424,020,764**	19,990,366,939
Inter-segment sales		**-**	-	**-**	23,460,000	**-**	23,460,000
Export sales		**627,782,124**	523,759,417	**242,730,829**	318,320,713	**870,512,953**	842,080,130
		18,667,235,879	15,884,706,104	**5,627,297,838**	4,971,200,965	**24,294,533,717**	20,855,907,069
Sales returns and discounts		**(1,259,599,504)**	(816,244,113)	**(31,871,925)**	(24,003,950)	**(1,291,471,429)**	(840,248,063)
		17,407,636,375	15,068,461,991	**5,595,425,913**	4,947,197,015	**23,003,062,288**	20,015,659,006
Add: Export rebate		**11,333,299**	10,441,200	**-**	1,408,510	**11,333,299**	11,849,710
		17,418,969,674	15,078,903,191	**5,595,425,913**	4,948,605,525	**23,014,395,587**	20,027,508,716
Sales tax		**(2,599,143,032)**	(2,295,254,198)	**(810,391,292)**	(700,823,501)	**(3,409,534,324)**	(2,996,077,699)
		14,819,826,642	12,783,648,993	4,785,034,621	4,247,782,024	**19,604,861,263**	17,031,431,017
Cost of sales	27	**11,531,344,623**	10,106,841,554	**4,352,256,294**	3,815,133,925	**15,883,600,917**	13,921,975,479
Gross profit		**3,288,482,019**	2,676,807,439	**432,778,327**	432,648,099	**3,721,260,346**	3,109,455,538
Selling and distribution expenses	28	**(1,521,989,546)**	(1,245,237,614)	**(141,054,151)**	(122,177,281)	**(1,663,043,697)**	(1,367,414,895)
Administrative expenses	29	**(246,443,839)**	(171,293,315)	**(13,332,947)**	(20,706,395)	**(259,776,786)**	(191,999,710)
		(1,768,433,385)	(1,416,530,929)	**(154,387,098)**	(142,883,676)	**(1,922,820,483)**	(1,559,414,605)
Operating profit		**1,520,048,634**	1,260,276,510	**278,391,229**	289,764,423	**1,798,439,863**	1,550,040,933
Other operating expense	30					**(147,486,289)**	(131,731,992)
Other income	31					**195,221,815**	166,135,001
Finance cost	32					**(671,242,277)**	(798,382,202)
Share of profit from associate	5.3					**468,289,213**	506,400,223
Profit before tax						**1,643,222,325**	1,292,461,963
Taxation	35					**(477,207,880)**	(290,595,071)
Profit for the year						**1,166,014,445**	1,001,866,892
25.1 Segment assets		**11,985,334,104**	9,583,674,404	**6,166,762,839**	6,405,019,562	**18,152,096,943**	15,988,693,966
25.2 Unallocated assets		**-**	-	**-**	-	**4,086,631,181**	4,614,880,804
		11,985,334,104	9,583,674,404	**6,166,762,839**	6,405,019,562	**22,238,728,124**	20,603,574,770
25.3 Segment liabilities		**1,391,716,778**	1,775,537,286	**3,784,282,086**	4,572,015,250	**5,175,998,864**	6,347,552,536
25.4 Unallocated liabilities		**-**	-	**-**	-	**10,791,080,347**	8,257,137,379
		1,391,716,778	1,775,537,286	**3,784,282,086**	4,572,015,250	**15,967,079,211**	14,604,689,915
25.5 Non-cash items							
-depreciation		**490,678,195**	410,598,882	**287,993,995**	299,830,083	**778,672,190**	710,428,965
-others		**32,386,296**	31,933,083	**10,107,499**	831,724	**42,493,795**	32,764,807
		523,064,491	442,531,965	**298,101,494**	300,661,807	**821,165,985**	743,193,772
25.6 Capital expenditure		**2,601,531,575**	1,222,209,931	**608,442,256**	375,941,138	**3,209,973,831**	1,598,151,069

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.

26 RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES

	Note	2017	2016
		Rupees	
26.1 Sales			
Total sales for reportable segments		**23,014,395,587**	20,027,508,716
Elimination of inter-segments sales		**-**	(23,460,000)
Total sales		**23,014,395,587**	20,004,048,716
26.2 Cost of sales			
Total cost of sales for reportable segments		**15,883,600,917**	13,921,975,479
Elimination of inter-segments purchases		**-**	(23,460,000)
Total cost of sales		**15,883,600,917**	13,898,515,479
26.3 Assets			
Total assets for reportable segments	25.1	**18,152,096,943**	15,988,693,966
Administrative capital assets		**160,953,862**	342,443,164
Long term investments	5	**3,925,677,319**	4,272,437,640
Total assets		**22,238,728,124**	20,603,574,770
26.4 Liabilities			
Total liabilities for reportable segments	25.3	**5,175,998,864**	6,347,552,536
Sponsors' loan - subordinated	17	**902,151,770**	902,151,770
Deferred liabilities	20.2	**1,037,472,576**	674,516,776
Long term finance	18	**8,602,902,294**	6,419,779,919
Liabilities against assets subject to finance lease	19	**248,553,707**	260,688,914
Total liabilities		**15,967,079,211**	14,604,689,915

27 COST OF SALES

	Note	Food segment 2017	Food segment 2016	Plastic segment 2017	Plastic segment 2016	Total 2017	Total 2016
		-----	-----	-----	Rupees	-----	-----
Raw materials consumed	27.1	**6,902,295,972**	5,538,343,948	**3,582,213,620**	2,821,511,888	**10,484,509,592**	8,359,855,836
Packing materials consumed	27.2	**2,590,628,965**	2,850,176,569	**128,573,164**	121,262,700	**2,719,202,129**	2,971,439,269
Stores and spares consumed	27.3	**209,614,446**	176,173,618	**62,568,920**	68,170,222	**272,183,366**	244,343,840
Salaries, wages and other benefits		**714,080,339**	474,970,499	**184,358,183**	158,576,300	**898,438,522**	633,546,799
Electricity, gas, fuel and lubricants		**306,076,580**	314,758,953	**196,067,315**	181,204,529	**502,143,895**	495,963,482
Repairs and maintenance		**46,126,258**	25,022,709	**12,277,758**	10,806,668	**58,404,016**	35,829,377
Cold storage - rent & maintenance		**16,105,037**	16,147,625	**-**	-	**16,105,037**	16,147,625
Printing and stationery		**587,556**	586,251	**280,184**	208,043	**867,740**	794,294
Insurance		**18,083,733**	15,128,130	**11,866,556**	11,809,541	**29,950,289**	26,937,671
Rent, rates and taxes		**16,208,465**	43,214,959	**1,045,289**	805,577	**17,253,754**	44,020,536
Water charges		**15,118,736**	26,824,075	**7,628,428**	6,710,950	**22,747,164**	33,535,025
Postage and telephone		**2,944,137**	2,532,459	**1,101,373**	826,187	**4,045,510**	3,358,646
Travelling and conveyance		**690,189**	1,376,420	**1,319,174**	153,185	**2,009,363**	1,529,605
Vehicle running and maintenance		**8,753,102**	7,929,686	**2,925,559**	2,987,628	**11,678,661**	10,917,314
Depreciation	4.1	**451,920,563**	390,844,570	**287,586,042**	299,264,864	**739,506,605**	690,109,434
Laboratory expenses		**2,863,960**	2,187,721	**-**	-	**2,863,960**	2,187,721
Fees and subscription		**2,103,536**	663,383	**478,614**	153,000	**2,582,150**	816,383
Cartage		**5,846,704**	3,095,226	**105,243**	30,100	**5,951,947**	3,125,326
Procurement expenses		**9,137,317**	2,774,347	**15,000**	-	**9,152,317**	2,774,347
Processing charges		**-**	-	**-**	-	**-**	-
Other manufacturing expenses		**1,652,227**	488,201	**971,048**	954,325	**2,623,275**	1,442,526
		11,320,837,822	9,893,239,349	**4,481,381,470**	3,685,435,707	**15,802,219,292**	13,578,675,056
Work-in-process at the beginning	8	**9,354,573**	8,467,144	**56,572,878**	28,377,240	**65,927,451**	36,844,384
Transfer from APL		**-**	-	**-**	40,759,158	**-**	40,759,158
Work-in-process at the end	8	**(25,549,994)**	(9,354,573)	**(125,615,809)**	(56,572,878)	**(151,165,803)**	(65,927,451)
		(16,195,421)	(887,429)	**(69,042,931)**	12,563,520	**(85,238,352)**	11,676,091
Cost of goods manufactured		**11,304,642,401**	9,892,351,920	**4,412,338,539**	3,697,999,227	**15,716,980,940**	13,590,351,147
Stock of finished goods at beginning of the year	8	**1,331,306,923**	1,583,304,050	**46,730,911**	38,462,723	**1,378,037,834**	1,621,766,773
Transfer from APL		**-**	-	**-**	38,590,164	**-**	38,590,164
Purchase of finished goods		**36,760,550**	44,992,507	**-**	86,812,722	**36,760,550**	131,805,229
Insurance claim		**-**	(82,500,000)	**-**	-	**-**	(82,500,000)
Stock of finished goods at end of the year	8	**(1,141,365,251)**	(1,331,306,923)	**(106,813,156)**	(46,730,911)	**(1,248,178,407)**	(1,378,037,834)
		226,702,222	214,489,634	**(60,082,245)**	117,134,698	**166,619,977**	331,624,332
		11,531,344,623	10,106,841,554	**4,352,256,294**	3,815,133,925	**15,883,600,917**	13,921,975,479

	Note	Food segment 2017	Food segment 2016	Plastic segment 2017	Plastic segment 2016	Total 2017	Total 2016
		-----------------Rupees-----------------					
27.1 Raw materials consumed							
Stock of raw materials at beginning of the year	8	**1,764,105,953**	2,193,952,268	**2,200,550,215**	919,909,792	**3,964,656,168**	3,113,862,060
Transfer from APL		**-**	-	**-**	1,157,932,780	**-**	1,157,932,780
Purchases		**6,634,304,630**	5,091,063,747	**2,974,018,330**	2,944,219,531	**9,608,322,960**	8,035,283,278
Cartage inward		**37,645,770**	20,426,681	**332,250**	-	**37,978,020**	20,426,681
Purchase discount		**(217,418)**	(2,992,795)	**-**	-	**(217,418)**	(2,992,795)
		8,435,838,935	7,302,449,901	**5,174,900,795**	5,022,062,103	**13,610,739,730**	12,324,512,004
Stock of raw materials at end of the year	8.1	**(1,533,542,963)**	(1,764,105,953)	**(1,592,687,175)**	(2,200,550,215)	**(3,126,230,138)**	(3,964,656,168)
		6,902,295,972	5,538,343,948	**3,582,213,620**	2,821,511,888	**10,484,509,592**	8,359,855,836
27.2 Packing materials consumed							
Stock of packing materials at beginning of the year	8.1	**497,054,866**	583,483,942	**7,980,275**	3,113,136	**505,035,141**	586,597,078
Transfer from APL		**-**	-	**-**	5,612,797	**-**	5,612,797
Purchases		**2,586,095,151**	2,740,451,655	**130,266,777**	119,620,442	**2,716,361,928**	2,860,072,097
Cartage inward		**-**	4,800	**907,600**	896,600	**907,600**	901,400
Inter-segment purchases	26.2	**-**	23,460,000	**-**	-	**-**	23,460,000
Purchase discount		**(1,337,593)**	(1,224,812)	**(77,106)**	-	**(1,414,699)**	(1,224,812)
		3,081,812,424	3,346,175,585	**139,077,546**	129,242,975	**3,220,889,970**	3,475,418,560
Provision for the year	8.1	**(32,115,829)**	1,055,850	**-**	-	**(32,115,829)**	1,055,850
Stock of packing materials at end of the year	8.1	**(459,067,630)**	(497,054,866)	**(10,504,382)**	(7,980,275)	**(469,572,012)**	(505,035,141)
		2,590,628,965	2,850,176,569	**128,573,164**	121,262,700	**2,719,202,129**	2,971,439,269
27.3 Stores and spares consumed							
Stock of stores and spares at beginning of the year	7	**96,887,932**	76,144,566	**52,305,948**	13,661,619	**149,193,880**	89,806,185
Transfer from APL		**-**	-	**-**	30,040,851	**-**	30,040,851
Purchases		**216,630,802**	195,731,449	**81,415,540**	76,713,352	**298,046,342**	272,444,801
Cartage inward		**693,823**	695,215	**40,351**	85,572	**734,174**	780,787
Purchase discounts		**(6,377)**	(49,680)	**(7,274)**	(25,224)	**(13,651)**	(74,904)
		314,206,180	272,521,550	**133,754,565**	120,476,170	**447,960,745**	392,997,720
Provision for the year	7.1	**540,000**	540,000	**-**	-	**540,000**	540,000
Stock of stores and spares at end of the year	7	**(105,131,734)**	(96,887,932)	**(71,185,645)**	(52,305,948)	**(176,317,379)**	(149,193,880)
		209,614,446	176,173,618	**62,568,920**	68,170,222	**272,183,366**	244,343,840
28 SELLING AND DISTRIBUTION EXPENSES		-					
Salaries and other benefits		**433,368,509**	297,316,563	**19,538,821**	14,712,230	**452,907,330**	312,028,793
Cartage outward		**415,402,949**	378,236,746	**91,549,447**	79,580,610	**506,952,396**	457,817,356
Export expenses		**38,013,986**	20,031,699	**21,112,232**	19,289,443	**59,126,218**	39,321,142
Advertisements		**430,611,084**	408,094,890	**15,000**	-	**430,626,084**	408,094,890
Entertainment		**3,307,879**	2,903,881	**180,300**	91,840	**3,488,179**	2,995,721
Vehicle running and maintenance		**99,854,011**	63,827,514	**1,028,348**	1,547,990	**100,882,359**	65,375,504
Printing and stationery		**4,101,000**	6,612,507	**1,131,001**	251,556	**5,232,001**	6,864,063
Postage and telephone		**15,952,811**	9,562,337	**711,860**	520,620	**16,664,671**	10,082,957
Conveyance and travelling		**18,862,791**	15,101,867	**1,081,923**	2,357,457	**19,944,714**	17,459,324
Samples		**1,898,662**	727,865	**248,757**	3,500	**2,147,419**	731,365
Utilities		**3,717,719**	3,853,103	**394,194**	331,249	**4,111,913**	4,184,352
Repairs and maintenance		**2,333,572**	2,128,878	**134,422**	913,548	**2,467,994**	3,042,426
Rent		**28,451,608**	22,073,551	**2,956,250**	1,591,000	**31,407,858**	23,664,551
Depreciation	4.1	**15,570,408**	7,955,489	**55,432**	62,522	**15,625,840**	8,018,011
Fee and subscription		**211,863**	10,000	**-**	-	**211,863**	10,000
Insurance		**4,647,612**	3,200,724	**914,564**	923,716	**5,562,176**	4,124,440
Provision for doubtful trade debts	9	**3,600,000**	3,600,000	**-**	-	**3,600,000**	3,600,000
Miscellaneous		**2,083,082**	-	**1,600**	-	**2,084,682**	-
		1,521,989,546	1,245,237,614	**141,054,151**	122,177,281	**1,663,043,697**	1,367,414,895

	Note	Food segment 2017	Food segment 2016	Plastic segment 2017	Plastic segment 2016	Total 2017	Total 2016
		-----------------Rupees-----------------					
29 ADMINISTRATIVE EXPENSES							
Salaries and other benefits including director's remuneration		**152,339,117**	96,662,311	**11,400,310**	10,969,741	**163,739,455**	107,632,052
Conveyance and travelling		**11,822,712**	10,046,557	**-**	342,580	**11,822,684**	10,389,137
Postage and telephone		**10,703,049**	5,756,623	**219,020**	182,521	**10,922,069**	5,939,144
Printing and stationery		**6,548,835**	4,517,203	**3,830**	202,896	**6,552,665**	4,720,099
Repairs and maintenance		**9,327,025**	2,842,488	**-**	-	**9,327,025**	2,842,488
Electricity and utilities		**5,362,083**	6,053,117	**-**	-	**5,362,083**	6,053,117
Insurance		**5,224,896**	3,888,600	**171,497**	24,768	**5,396,393**	3,913,368
Advertisement		**205,300**	590,696	**-**	-	**205,300**	590,696
Entertainment		**1,323,234**	757,655	**3,960**	8,820	**1,327,194**	766,475
Vehicle running and maintenance		**8,670,338**	6,801,240	**101,104**	92,289	**8,771,442**	6,893,529
Rent, rates and taxes		**348,000**	900,250	**-**	-	**348,000**	900,250
Fee and subscription		**3,763,570**	9,216,119	**709,705**	380,283	**4,473,275**	9,596,402
Legal and professional charges		**7,504,510**	11,344,054	**371,000**	7,999,800	**7,875,510**	19,343,854
Depreciation	4.1	**23,187,224**	11,798,823	**352,521**	502,697	**23,539,745**	12,301,520
General meeting expenses		**113,946**	117,579	**-**	-	**113,946**	117,579
		246,443,839	171,293,315	**13,332,947**	20,706,395	**259,776,786**	191,999,710

	Note	2017	2016
		--------- Rupees ---------	
30 OTHER OPERATING EXPENSES			
Contribution to:			
- workers' profits participation fund		**88,250,393**	67,931,688
- workers' welfare fund		**33,535,150**	25,814,038
Auditors' remuneration	30.1	**3,107,897**	2,747,360
Exchange loss		**-**	28,539,082
Donations	30.2	**21,747,751**	4,087,000
Other		**845,098**	2,612,824
		147,486,289	131,731,992
30.1 Auditor's remuneration			
Audit fee -		**1,500,000**	1,400,000
Audit fee - consolidated		**400,000**	300,000
Fee for other certification		**90,000**	139,450
Fee for half yearly review		**400,000**	250,000
Out-of-pocket expense		**717,897**	657,910
		3,107,897	2,747,360

30.2 None of the directors or their spouses had any interest in the donees.

	Note	2017	2016
31 OTHER INCOME			
Income from non-financial assets			
Recovery from sale of production scrap		**154,022,825**	131,305,194
Profit on sale of shares		**635,104**	
Exchange Gain		**2,096,636**	-
Gain on disposal of property, plant and equipment		**14,417,716**	2,477,831
Processing income		**21,198,631**	31,761,590
Others		**2,850,903**	590,386
		195,221,815	166,135,001

32 FINANCE COST

	2017	2016
	--------- Rupees ---------	
Mark up on:		
- long term finances -conventional	331,959,025	258,829,164
- long term finances-islamic	129,067,050	115,608,238
- short term finances-conventional	87,014,383	267,296,436
- short term finances-islamic	93,035,426	111,931,305
Interest on workers' profits participation fund	5,801,139	7,834,246
Finance charge on finance leases	13,446,887	15,936,178
Bank charges	10,918,367	20,946,635
	671,242,277	798,382,202

33 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2017				2016			
	Chief Executive Officer	Executive Directors	Non-Executive Directors	Executives	Chief Executive Officer	Executive Directors	Non-Executive Directors	Executives
	Rupees							
Managerial remuneration	5,700,000	11,475,000	3,000,000	269,654,952	5,700,000	10,296,000	-	125,945,156
Gratuity	-	-	-	88,337,605	-	-	-	37,037,388
Reimbursement of expenses								
Utilities	1,000,000	1,749,998	833,330	-	1,000,000	700,000	-	-
	6,700,000	13,224,998	3,833,330	357,992,557	6,700,000	10,996,000	-	162,982,544
Number of persons	1	3	6	151	1	2	6	84

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

During the year the Company has paid remunerations to two Non-Executive Directors who were Executive Directors before election.

33.1 The remuneration has been allocated as follows:

	2017				2016			
	Chief Executive Officer	Executive Directors	Non-Executive Directors	Executives	Chief Executive Officer	Executive Directors	Non-Executive Directors	Executives
	Rupees							
Cost of goods sold	-	-	-	201,119,977	-	-	-	72,730,418
Selling and distribution expenses	-	-	-	94,910,644	-	-	-	61,775,132
Administrative expenses	6,700,000	13,224,998	3,833,330	61,961,936	6,700,000	10,996,000	-	28,476,994
	6,700,000	13,224,998	3,833,330	357,992,557	6,700,000	10,996,000	-	162,982,544
Number of persons	1	2	6	151	1	2	6	84

34 CLASSIFICATION OF EXPENSES

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

	Note	2016 Local	Export	Common expenses	Total
		Rupees			
Selling and distribution expenses	28	1,317,778,918	49,635,977	-	1,367,414,895
Administrative expenses	29	-	-	191,999,710	191,999,710
Finance cost	32	782,925,423	15,456,779	-	798,382,202

35 TAXATION

	2017	2016
	--------- Rupees ---------	
Current	108,289,855	167,131,422
Prior year	-	1,993,931
Deferred	368,918,025	121,469,718
	477,207,880	290,595,071

35.1 The relationship between accounting profit and tax expense

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

36 EARNING PER SHARES

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

	2017	2016
	--------- Rupees ---------	
Basic earnings per share		
Profit for the year	1,166,014,445	1,001,866,892
	Number of shares	
Weighted average number of ordinary shares during the year	63,804,750	50,520,750
Number of ordinary shares to be issued pursuant to amalgamation	-	13,284,000
Weighted average number of shares outstanding as at year end	63,804,750	63,804,750
Basic earnings per share	18.27	15.70

37 NUMBER OF EMPLOYEES

	2017	2016
Number of employees as at the year end	1,972	1,547
Average number of employees during the year	1,889	1,459

38 CASH GENERATED FROM OPERATIONS

	Note	2017	2016
		--------- Rupees ---------	
Profit before income tax		1,643,222,325	1,292,461,963
Adjustments for non-cash and other items:			
Depreciation	4.1	778,672,190	710,428,965
Gain on disposal of property, plant and equipment - net	4.2	(14,417,716)	(2,477,831)
Provision for staff gratuity scheme - unfunded	20.1.5	42,493,795	32,764,807
Finance cost	32	671,242,277	798,382,202
Share of profit from associated undertaking	5.2.3	(468,289,213)	(506,400,223)
Provision for slow moving - stores and spares		540,000	540,000
Provision for slow moving - stock in trade		5,500,000	32,400,000
Provision for doubtful trade debts		3,600,000	3,600,000
Exchange loss		(2,096,636)	28,539,082
		2,660,467,022	2,390,238,965

Increase / (decrease) in working capital	2017	2016
	--------- Rupees ---------	
(Increase) / Decrease in current assets		
Stores and spares	**(17,600,076)**	(38,168,787)
Stock in trade	**880,894,407**	656,965,019
Trade debts	**(262,529,008)**	(27,933,313)
Advances - considered good	**(226,169,441)**	2,247,651
Trade deposits and short term prepayments	**10,658,249**	(1,695,684)
Other receivables	**221,599,647**	(7,967,166)
	606,853,778	583,447,720
(Decrease) / Increase in current liabilities		
Trade and other payables	**(545,605,288)**	139,354,724
Short term finances	**236,362,577**	(1,128,568,652)
Advance from customers	**(24,748,849)**	(27,119,411)
	(333,991,560)	(1,016,333,339)
Net increase / (decrease) increase in working capital	**272,862,218**	(432,885,619)
Cash generated from operations	**2,933,329,240**	1,957,353,346

39 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial instruments by category

	Note	2017	2016
Financial assets			
Available for sale			
Long term investments	5.3	**308,840,000**	294,840,000
Short term investments	11	**-**	37,447,999
Loans and receivables at amortized cost			
Long term deposits	6	**33,358,415**	56,549,476
Trade debts	9	**1,442,852,765**	1,181,827,121
Advances - considered good		**24,520,243**	20,917,950
Trade deposits	12	**9,656,762**	9,194,168
Cash and bank balances	15	**30,853,353**	57,679,519
Total financial assets		**1,850,081,538**	1,658,456,233
Financial liabilities			
Financial liabilities at amortized cost			
Sponsors' loan - subordinated (interest-free)	17	**902,151,770**	902,151,770
Long term finances	18	**8,602,902,294**	6,419,779,919
Liabilities against assets subject to finance lease	19	**248,553,707**	260,688,914
Trade and other payables	21	**1,038,113,662**	1,583,216,525
Accrued mark-up	22	**93,598,715**	80,996,630
Short term finances	23	**3,783,293,527**	4,447,779,750
Total financial liabilities		**14,668,613,675**	13,694,613,508

39.2 Fair value of financial assets and liabilities

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

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

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability,
c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

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

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

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

The fair value of financial instruments traded in active markets is based on market value of shares at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
The following table analysis within the fair value hierarchy of the Company's financial assets (by class) measured at fair value at June 30, 2017:

	2017			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	-------------------Rupees -------------------			
Financial investments: Available for sale	**4,100,654,738**	**-**	**-**	**4,100,654,738**
	2016			
Financial assets	Level 1	Level 2	Level 3	Total
	-------------------Rupees -------------------			
Financial investments: Available	3,322,879,990	-	-	3,322,879,990

39.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

39.3.1 Credit risk

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

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

Trade debts

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

The Company establishes an allowance for the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. The allowance is based on the management assessment of a specific loss component that relates to individually significant exposures.

Bank balances

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

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

	Short- term Ratings	2017 Rupees	2016 Rupees
Al Baraka Bank Pakistan Ltd	A1	**24,444**	1,034,603
Allied Bank Limited	A1+	**(1,767,720)**	(401,974,775)
Askari Bank Ltd	A1+	**70,827**	(49,113,750)
Bank Al Falah Limited	A1+	**(288,090,150)**	(35,002,887)
Bank Al Habib Limited	A1+	**(144,737,416)**	(9,186,481)
Bank Islami Pakistan Ltd	A1+	**380,765**	2,084,209
Dubai Islamic Bank Pakistan Limited	A1	**585,509**	669,163
Faysal Bank Limited	A-1	**(83,415,336)**	(263,286,761)
Habib Bank Limited	A1+	**2,342,444**	1,483,707
Habib Metropolitan Bank Limited	A-1+	**2,159,405**	(24,424,053)
Industrial & Commercial Bank of China	A1+	**559,157**	590,812
JS Bank Limited	A1+	**(177,207,048)**	(286,999,331)
MCB Bank Limited	A1+	**713,294**	(135,930)
MCB Islamic Bank Limited	A1+	**1,194,783**	3,042,211
Meezan Bank Limited	A1+	**1,580,456**	5,736,420
National Bank Of Pakistan	A1+	**(94,984,995)**	(219,701,189)
NIB Bank Limited	A-1+	**774,743**	914,428
Samba Bank Ltd	A-1+	**56,185**	5,153,747
Soneri Bank Ltd	A1+	**51,611**	122,457
Standard Chartered Bank (Pakistan) Limited	A1+	**6,035,898**	(174,100,036)
Summit Bank Ltd	A-1+	**(2,149,069)**	(207,881,904)
The Bank Of Khyber	A1+	**59,543**	59,578
The Bank of Punjab	A1+	**399,631**	1,646,102
Burj Bank Limited		**-**	1,648,315
Silk Bank Limited		**-**	7,459
United Bank Limited		**-**	(1,771,785)
		(775,363,039)	(1,649,385,671)

Exposure to credit risk

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

	Note	2017	2016
		--------- Rupees ---------	
Trade debts	9	**1,442,852,765**	1,181,827,121
Advances	10	**24,520,243**	20,917,950
Trade deposits	12	**9,656,762**	9,194,168
Bank balances	15	**3,765,957**	57,679,519
		1,480,795,727	1,269,618,758

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:

	2017	2016
	--------- Rupees ---------	
More than 45 days but not more than 3 months	**175,470,806**	117,994,471
More than 3 months but not more than 6 months	**169,115,819**	86,321,571
More than 6 months but not more than 1 year	**86,790,557**	72,572,721
	431,377,182	276,888,763

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.

39.3.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial 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:

	Note	2017 Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		---------------------------------Rupees-----------------------------			
Financial liabilities					
Interest bearing					
Long term finances - secured (Conventional)	18	**6%**	**5,921,235,633**	**1,441,857,599**	**4,479,378,034**
Long term finances - secured - Islamic		**5%**	**2,681,666,661**	**636,249,986**	**2,045,416,675**
Liabilities against assets subject to finance lease-conventional	19	**6.84% to 7.28%**	**144,574,108**	**65,905,246**	**78,668,862**
Liabilities against assets subject to finance lease-Islamic		**6.57% to 6.88%**	**103,979,599**	**14,472,049**	**89,507,550**
Short term finances - secured - conventional	23		**2,353,291,366**	**2,353,291,366**	**-**

	Note	Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		2017			
		---------- Rupees ----------			
Short term finances - secured- Islamic	18	6.22% to 6.31%	1,430,002,161	1,430,002,161	-
Non - interest bearing					
Sponsors' loan - subordinated	17	-	902,151,770	-	902,151,770
Trade and other payables	21	-	1,038,113,662	1,038,113,662	-
Accrued mark-up	22	-	93,598,715	93,598,715	-
			14,668,613,675	7,073,490,784	7,595,122,891

	Note	Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		2016			
		---------- Rupees ----------			
Financial liabilities					
Interest bearing					
Long term finances - secured - conventional	18	5%	4,740,613,260	1,725,867,014	3,014,746,246
Long term finances - secured - Islamic		7%	1,679,166,659	347,500,004	1,331,666,655
Liabilities against assets subject to finance lease-conventional	19	7.14% to 8.49%	185,751,806	70,993,069	114,758,737
Liabilities against assets subject		7.10% to 8.49%	74,937,108	41,254,217	33,682,891
to finance lease-Islamic			-	-	-
Short term finances - secured - conventional	23	6.42% to 8.51%	3,448,469,979	3,448,469,979	-
Short term finances - secured-Islamic		6.39% to 7.78%	999,309,771	999,309,771	-
Non - interest bearing					
Sponsors' loan - subordinated	17	-	902,151,770	-	902,151,770
Trade and other payables	21	-	1,583,216,525	1,583,216,525	-
Accrued mark-up	22	-	80,996,630	80,996,630	-
			13,694,613,508	8,297,607,209	5,397,006,299

(a) On balance sheet gap represents the net amounts of balance sheet items.

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

	2017	2016
Financial liabilities	--------- Rupees ---------	
Long term finances - secured	8,602,902,294	6,419,779,919
Short term borrowings	3,783,293,527	4,447,779,750

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2017, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 85.74 million (2016: Rs. 64.41 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2017, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 37.71 million (2016: Rs. 44.63 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

39.3.3 Market risk

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

a) Foreign currency risk

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

Exposure to Foreign currency risk

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

	2017	2016
	---------- Amount in USD ----------	
Trade debts	592,986	677,839
Cash and bank balances	98,195	-
Borrowings from financial institutions		
Letter of credit	(937,630)	(2,805,361)
Advance from customer	(249,709)	(169,859)
	(496,158)	(2,297,381)
Off balance sheet exposures		
Forward rate agreements	(7,460,803)	(13,471,056)
Net Exposure	(7,956,961)	(15,768,437)

The following significant exchange rates were applied during the year.

	2017	2016
	Rupee per USD	
Average rate	104.85	104.37
Reporting date rate	105.00	104.70

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2016 would have effect on the equity and profit and loss of the company as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2017.

	2017	2016
	--------- Rupees ---------	
Strengthening of PKR against respective currencies	83,548,091	165,095,535
Weakening of PKR against respective currencies	(83,548,091)	(165,095,535)

As at 30 June 2016, 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. 83.55 million (2016: Rs. 165.095 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	2017	2016
		--------- Rupees ---------	
Export debtors	9	124,849,742	138,962,888
Import creditors		294,738,978	751,055,634
		419,588,720	890,018,522

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	
	2017	2016
	--------- **Rupees** ---------	
Fixed rate instruments	**-**	-
Variable rate instruments		
Financial assets	**-**	-
Financial liabilities	**12,634,749,528**	11,128,248,583
	12,634,749,528	11,128,248,583

As at 30 June 2017, 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. 12.634 million. (2016: Rs. 11.13 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:

	2017	2016
	--------- **Rupees** ---------	
Share capital	**638,047,500**	505,207,500
Reserves	**5,633,601,413**	5,360,837,355
	6,271,648,913	5,866,044,855

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

During 2017 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2017 and 2016 were as follows:

	Note	**2017**	2016
		----------- Rupees -----------	
Total borrowings		**9,505,054,064**	7,321,931,689
Less: Cash and bank		**32,655,755**	60,140,043
Net debt		**9,537,709,819**	7,382,071,732
Total equity		**6,271,648,913**	5,998,884,855
Total equity and debt		**15,809,358,732**	13,380,956,587
Gearing ratio (%)		**60.3%**	55.17%

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

41 PLANT CAPACITY AND ACTUAL PRODUCTION

	2017		2016	
	Metric Ton		Metric Ton	
	Rated Capacity	**Actual Production**	Rated Capacity	Actual Production
Food processing	**107,290**	**71,133**	93,250	63,559
Plastic film	**33,000**	**25,139**	32,720	21,489

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:

	2017	2016
	--------- **Rupees** ---------	
Transaction		
Plastiflex Films (Private) Limited		
- Receivable against service (Transfer from APL)	**-**	(9,600,000.00)
- Purchase of Fixed Assets	**-**	378,812,072
- Purchase of Raw Materials	**44,302,195**	300,184,410
- Purchase of Packing Materials	**-**	45,594,055
- Purchase of Work in process	**-**	41,137,708
- Purchase of Stores & Spares	**-**	797,057
- Purchase of Finished goods	**-**	60,262,712
- Transfer of Staff Loan from APL	**-**	60,000
- Payment against purchases	**(46,742,412)**	(806,216,941)

Balances		
Plastiflex Films (Private) Limited		
- Payable to associate	**15,092,655**	17,532,872
Director's subordinated - loan		
- Payable to directors'	**902,151,770**	902,151,770
Key management personnel		
Payment to chief executive officer against purchase of land	**-**	283,403,500
Rent paid to chief executive officer	**-**	1,663,750

43 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET

43.1 The board of directors in its meeting held on September 22, 2017 has proposed dividend in respect of the year ended June 30, 2017 of Rs. 2.75/- per share (2016: Rs. 6.50/- per share) for approval of the members at the annual general meeting. The financial statements for the year ended June 30, 2017 do not include the effect of proposed dividend, which will be accounted for in the financial statements for the year ending June 30, 2018.

The proposed dividend for the year ended June 30, 2017 compiles with the requirement 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 22, 2017 by the board of directors of the Company.

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Ismail Industries Limited** (the Holding Company) and its subsidiary company **Hudson Pharma (Private) Limited** (the subsidiary) as at **June 30, 2017** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company and its Subsidiary company **Hudson Pharma (Private) Limited**. These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary company as at **June 30, 2017** and the results of their operations for the year then ended.

Karachi
Date: September 22, 2017

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

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2017

	Note	2017	2016
		------------ Rupees	------------
ASSETS			
Non-current assets			
Property, plant and equipment	4	**11,362,732,876**	8,823,282,127
Goodwill	5	**11,959,187**	11,959,187
Long term investments	6	**3,319,693,319**	3,666,453,640
Long term deposits	7	**35,635,973**	58,594,534
Total non-current assets		**14,730,021,355**	12,560,289,488
Current assets			
Stores and spares	8	**169,495,028**	152,434,952
Stock-in-trade	9	**4,863,525,805**	5,749,920,212
Trade debts	10	**1,442,852,765**	1,181,827,121
Advances-considered good	11	**376,350,875**	147,707,998
Short term investment	12	**-**	37,447,999
Trade deposits and short term prepayments	13	**21,688,637**	32,346,886
Other receivables	14	**217,475,557**	439,047,661
Taxation-net	15	**774,157,713**	505,359,100
Cash and bank balances	16	**34,125,833**	61,458,777
Total current assets		**7,899,672,213**	8,307,550,706
Total assets		**22,629,693,568**	20,867,840,194

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2017

	Note	2017	2016
		------------ Rupees ------------	
EQUITY AND LIABILITIES			
Shareholders' equity			
Authorized capital			
250,000,000 (2016: 250,000,000) ordinary shares of Rs. 10 each		**2,500,000,000**	2,500,000,000
Issued, subscribed and paid-up capital		**638,047,500**	505,207,500
Capital to be issued pursuant to amalgamation		**-**	132,840,000
Non-controlling interest		**231,091,188**	239,226,433
Reserves	17	**5,613,640,729**	5,360,837,355
Total shareholders' equity		**6,482,779,417**	6,238,111,288
Non-current liabilities			
Sponsors' loan-subordinated	18	**902,151,770**	902,151,770
Long term finances-secured	19	**6,674,794,709**	4,346,412,901
Liabilities against assets subject to finance lease	20	**168,176,412**	148,441,628
Deferred liabilities	21	**1,215,829,176**	801,197,655
Total non-current liabilities		**8,960,952,067**	6,198,203,954
Current liabilities			
Trade and other payables	22	**1,065,505,368**	1,607,305,825
Accrued mark-up	23	**93,598,715**	80,996,630
Short term finances-secured	24	**3,783,293,527**	4,447,779,750
Current portion of:			
- long term finances	19	**2,078,107,585**	2,073,367,018
- liabilities against assets subject to finance lease	20	**80,377,295**	112,247,286
Advances from customers		**85,079,594**	109,828,443
Total current liabilities		**7,185,962,084**	8,431,524,952
Total liabilities		**16,146,914,151**	14,629,728,906
Contingencies and commitments	25		
Total equity and liabilities		**22,629,693,568**	20,867,840,194

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

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		------------ Rupees ------------	
Sales	27.1	**23,014,395,587**	20,004,048,716
Sales tax	26	**(3,409,534,324)**	(2,996,077,699)
Net Sales		**19,604,861,263**	17,007,971,017
Cost of sales	27.2	**(15,883,600,917)**	(13,898,515,479)
Gross profit		**3,721,260,346**	3,109,455,538
Selling and distribution expenses	29	**(1,663,043,697)**	(1,367,414,895)
Administrative expenses	30	**(287,688,879)**	(191,999,710)
Operating profit		**1,770,527,770**	1,550,040,933
Other operating expenses	31	**(147,686,289)**	(131,731,992)
Other income	32	**195,266,876**	166,135,001
		1,818,108,357	1,584,443,942
Finance cost	33	**(671,271,174)**	(798,382,202)
		1,146,837,183	786,061,740
Share of profit from associated undertaking	6.2.3	**468,289,213**	506,400,223
Profit before tax		**1,615,126,396**	1,292,461,963
Taxation	36	**(477,207,880)**	(290,595,071)
Profit for the year		**1,137,918,516**	1,001,866,892
Profit for the period attributable to:			
Shareholders of the Holding Company		**1,146,053,761**	-
Non-controlling interest		**(8,135,245)**	-
		1,137,918,516	-
Earnings per share - basic and diluted	37	**17.83**	15.70

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

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----------- Rupees	-----------
Profit for the year		**1,137,918,516**	1,001,866,892
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Loss on remeasurements of post employment benefit obligations-net of tax	21.1.7	**(22,323,525)**	(7,403,824)
Items that may be reclassified to profit or loss in subsequent periods:			
Unrealized appreciation during the year on re-measurement of investment classified as available for sale-net of tax	6.3.1	**10,395,000**	8,174,613
Share of other comprehensive income from associate-net of tax	6.2.3	**(466,590,987)**	274,507,139
Other comprehensive income-net of tax		**(478,519,512)**	275,277,928
Total comprehensive income for the year		**659,399,004**	1,277,144,820

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

Munsarim Saifullah **Chief Executive**	Maqsood Ismail **Director**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		----------- Rupees	-----------
Cash Flows From Operating Activities			
Cash generated from operations	39	**2,910,827,468**	1,957,353,346
Gratuity paid	21.1.3	**(24,202,370)**	(18,900,707)
Income tax paid (net of refund)		**(377,088,466)**	(214,233,283)
Long term deposits received / (paid)		**22,958,561**	(2,380,384)
Net cash generated from operating activities		**2,532,495,193**	1,721,838,972
Cash Flows From Investing Activities			
Capital expenditure (including CWIP)		**(3,335,273,091)**	(1,598,151,069)
Long term investment		**-**	(604,665,266)
Short term investment		**37,447,999**	(36,545,584)
Dividend received		**362,458,547**	302,048,789
Proceeds from disposal of property, plant and equipment	4.2	**28,297,579**	4,163,000
Net cash used in investing activities		**(2,907,068,966)**	(1,933,150,130)
Cash Flows From Financing Activities			
Receipts from long term financing-net		**2,333,122,375**	1,320,568,184
Lease repayments net of sale and lease back		**(12,135,207)**	122,593,335
Payment against purchase of shares		**-**	(9,333,303)
Interest / mark-up paid		**(658,669,089)**	(866,463,857)
Dividend paid		**(414,228,450)**	(302,595,909)
Net cash generated from financing activities		**1,248,089,629**	264,768,450
Net increase in cash and cash equivalents		**873,515,856**	53,457,292
Cash and cash equivalents at beginning of the year		**(1,645,606,413)**	(630,342,533)
Transfer from APL		**-**	(1,068,721,172)
Cash and cash equivalents as at end of the year		**(772,090,557)**	(1,645,606,413)
Cash and cash equivalents as at end of the year comprise of:			
Cash and bank balances	16	**34,125,833**	61,458,777
Running finance utilized under mark-up arrangements	24	**(806,216,390)**	(1,707,065,190)
		(772,090,557)	(1,645,606,413)

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

Munsarim Saifullah **Chief Executive**	Maqsood Ismail **Director**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Capital to be issued pursuant to amalgamation	Total Reserves: Capital reserve: Share premiun	Total Reserves: Capital reserve: Amalgamation reserves	Total Reserves: Revenue reserve: Share of AFS remeasurement from associate	Total Reserves: Revenue reserve: Remeasurement of investment classified as 'available for sale'	Total Reserves: Revenue reserve: Unappropriated profit	Total reserves	Non-controlling Interest	Total shareholders' equity
	------------------------- Rupees -------------------------									
Balance as at July 01, 2015	505,207,500	-	579,265,000	-	108,298,558	4,900,000	2,777,491,410	3,469,954,968	-	3,975,162,468
Capital to be issued pursuant to amalgamation	-	132,840,000	-	-	-	-	-	-	-	132,840,000
Profit for the year	-	-	-	-	-	-	1,001,866,892	1,001,866,892	-	1,001,866,892
Acquisition of subsidiary	-	-	-	-	-	-	-	-	239,226,433	239,226,433
Remeasurement of defined benefit	-	-	-	-	-	-	(7,403,824)	(7,403,824)	-	(7,403,824)
Share of other comprehensive income from associate - net of tax	-	-	-	-	274,507,139	-	-	274,507,139	-	274,507,139
Unrealized appreciation on revaluation of investment - net of tax	-	-	-	-	-	8,174,613	-	8,174,613	-	8,174,613
Reverse be arisising on amalgamation	-	-	-	916,862,067	-	-	-	916,862,067	-	916,862,067
Total comprehensive income for the year	-	-	-	916,862,067	274,507,139	8,174,613	994,463,068	2,194,006,887	239,226,433	2,433,233,320
Transactions with owners recognized directly in equity:										
Final dividend for the year ended June 30, 2015 @ Re. 6.00 per share	-	-	-	-	-		(303,124,500)	(303,124,500)	-	(303,124,500)
Balance as at June 30, 2016	505,207,500	132,840,000	579,265,000	916,862,067	382,805,697	13,074,613	3,468,829,978	5,360,837,355	239,226,433	6,238,111,288
Capital to be issued pursuant to amalgamation	132,840,000	(132,840,000)	-	-	-	-	-	-		-
Profit for the year	-	-	-	-	-	-	1,146,053,761	1,146,053,761	(8,135,245)	1,137,918,516
Acquisition of subsidiary										
Remeasurement of defined benefit liability - net of tax - note 20.1.7	-	-	-	-	-	-	(22,323,525)	(22,323,525)	-	(22,323,525)
Share of other comprehensive income from associate-net of tax	-	-	-	-	(466,590,987)	-	-	(466,590,987)	-	(466,590,987)
Unrealized appreciation on revaluation of investment - net of tax	-	-	-	-	-	10,395,000	-	10,395,000	-	10,395,000
Total comprehensive income for the year	-	-	-	-	(466,590,987)	10,395,000	1,123,730,236	667,534,249	(8,135,245)	659,399,004
Transactions with owners recognized directly in equity:										
Final dividend for the year ended June 30, 2016 @ Re. 6.50 per share	-	-	-	-	-	-	(414,730,875)	(414,730,875)	-	(414,730,875)
Balance as at June 30, 2017	638,047,500	-	579,265,000	916,862,067	(83,785,290)	23,469,613	4,177,829,339	5,613,640,729	231,091,188	6,482,779,417

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

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1 LEGAL STATUS AND OPERATIONS

1.1 The Group consist of:

Holding company : Ismail Industries Limited

Subsidiary companies : Hudson Pharma (Private) Limited

a) Ismail Industries Limited

The Holding Company was incorporated in Karachi, Pakistan as a private limited company on June 21, 1988. On November 01, 1989 the Company was converted into a public limited company. The registered office of the Company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan. Previously the shares of the Company were listed on the Karachi and Lahore Stock Exchanges. However, due to integration of these Stock Exchanges into Pakistan Stock Exchange effective January 11, 2016 the shares of the company are now quoted on Pakistan Stock Exchange. Principal activities of the Company are manufacturing and trading of sugar confectionery items, biscuits, potato chips, cast polypropylene (CPP) and Biaxially-oriented polyethylene terephthalate (BOPET) film under the brands of 'CandyLand', 'Bisconni', 'Snackcity' and 'Astro films' respectively.

b) Hudson Pharma (Private) Limited

The company is incorporated in Pakistan under the Companies Ordinance, 1984 (the Ordinance) as a private company limited by shares. The registered office of the company is located at 17, Bangalore Town, Main Shahra-e-Faisal, Karachi. Principal activities of the company are manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing, wholesale and retail, trading and selling of all kinds of pharmaceutical drugs and medicines.

2 BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no.17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their consolidated financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with 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 (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. Incase requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Standard, Amendment or interpretation to published approved accounting standards

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

The Group has adopted the following new standards, amendments to published standards and

	(Annual periods beginning on or after)
IAS 1 - Disclosure Initiative (Amendments to IAS 1 Presentation of Consolidated Financial Statements)	January 1, 2016
IFRS 10, IFRS 12 and IAS 28 - Investment Entities : Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

Annual Improvements to IFRSs 2012 - 2014 Cycle	January 1, 2016
IAS 16 and IAS 41 - Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016
IAS 27 - Equity method in Separate Consolidated Financial Statements (Amendments to IAS 27)	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
IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	January 1, 2016

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2016 and 2017.

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

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on June 01, 2016 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations and are therefore not presented here.

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Postponed
IAS 7 - Disclosure Initiative (Amendments to IAS 7)	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendments to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvements to IFRSs 2014-2016	January 1, 2018
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019

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

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

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

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 9 - Financial Instruments (2014) and consequent amendments to IFRS 4 Insurance Contracts	January 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRS 17 - Insurance Contracts	January 1, 2021

2.3 Basis of measurement

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

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

In the process of applying the Group's accounting policies, management has made the following accounting estimates and judgments which are significant to the consolidated 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 Group reviews appropriateness of the rate of depreciation, useful life and residual value used in the calculation of depreciation. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with corresponding effects on the depreciation charge and impairment.

2.4.2 Stock-in-trade, stores and spares

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

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 Group, the management refer to 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 Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognized. Normal repairs and maintenance are charged to profit and loss as and when incurred. Major renewals and improvements are capitalized.

Depreciation on assets other than leasehold land is calculated so as to write-off the assets over their expected economic lives under the diminishing balance method at rates given in note 4 to the financial statements. Depreciation on leasehold land is charged to income applying the straight-line method at rates given in note 4 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 Group assumes substantially all the risks and rewards incidental to ownership are capitalized at the inception of the lease at the fair value of leased assets or, if lower, at the present value of the minimum lease payments.

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

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

Classification of investments

3.2.1 Investments in subsidiaries

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

3.2.2 Investments in associates

Associates are all entities over which the Group 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 Group'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.

3.2.3 Investment - Available for sale

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

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

3.3 Financial instruments

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

Financial assets carried on the balance sheet include long term investments (note 6), long term deposits (note 7), trade debts (note 10), advances (note 11), trade deposits (note 13), other receivables (note 14), cash and bank balances (note 16).

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

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

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 Group 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 profit and loss account 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 Group 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 profit and loss account in the period in which they are incurred.

3.12 Staff retirement benefits - gratuity

Holding Company

The Group operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Group. Provision for gratuity is made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period. Provision has been made in accordance with actuarial recommendations summarized in note 21.1, using the projected unit credit method.

Subsidiary Company

The Group operates an unfunded gratuity scheme covering all its permanent employees with one or more years of service with the Group. Provision for gratuity is made to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period.

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 recognized using the balance sheet liability method on all temporary differences between the carrying amount of the assets and liabilities and their tax bases.

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

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

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

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

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

3.14 Provisions

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

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

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 Group 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

	Note	2017	2016
		---------- Rupees ----------	
Operating assets		9,254,678,591	7,301,104,101
Capital work in progress - at cost	4.3	2,108,054,286	1,522,178,026
		11,362,732,877	8,823,282,127

2017	Owned assets								Leased assets			Grand total
	Leasehold land	Building on leasehold land	Plant and machinery	Furniture and fittings	Equipment's	Computers	Vehicles	Sub-total	Plant and machinery	Vehicles	Sub-total	
	---------- Rupees ----------											
As at June 30, 2016												
Cost	439,832,898	1,634,121,717	8,306,713,011	57,700,630	88,120,314	19,764,276	169,750,230	10,716,003,076	216,206,031	95,907,657	312,113,688	11,028,116,764
Accumulated depreciation	(21,837,984)	(542,615,836)	(2,934,266,191)	(25,374,004)	(34,196,254)	(10,817,673)	(91,422,461)	(3,660,530,403)	(44,484,333)	(21,997,927)	(66,482,260)	(3,727,012,663)
Net book amount	417,994,914	1,091,505,881	5,372,446,820	32,326,626	53,924,060	8,946,603	78,327,769	7,055,472,673	171,721,698	73,909,730	245,631,428	7,301,104,101
June 30, 2016												
Opening net book amount	417,994,914	1,091,505,881	5,372,446,820	32,326,626	53,924,060	8,946,603	78,327,769	7,055,472,673	171,721,698	73,909,730	245,631,428	7,301,104,101
Transfer from Hudson Pharma (Private) Limited												
Addition during the year	-	-	-	-	519,880	409,331	12,647,173	13,576,384	-	-	-	13,576,384
Disposal during the year	-	-	-	-	-	-	(647,942)	(647,942)	-	-	-	(647,942)
Accumulated depreciation	-	-	-	-	(336,096)	(287,259)	(2,691,994)	(3,315,349)	-	-	-	(3,315,349)
	-	-	-	-	183,784	122,072	9,307,237	9,613,093	-	-	-	9,613,093
Additions / Transfers from CWIP	126,994,641	750,065,549	1,634,149,323	4,046,715	42,208,934	3,255,201	49,686,480	2,610,406,843	51,458,322	73,955,285	125,413,607	2,735,820,450
Transfer from leased assets to owned assets												
Cost	-	-	102,137,077	-	-	-	23,787,487	125,924,564	(102,137,077)	(23,787,487)	(125,924,564)	-
Accumulated depreciation	-	-	(18,953,735)	-	-	-	(9,661,025)	(28,614,760)	18,953,735	9,661,025	28,614,760	-
	-	-	83,183,342	-	-	-	14,126,462	97,309,804	(83,183,342)	(14,126,462)	(97,309,804)	-
Disposal												
Cost	-	-	-	-	(159,700)	(48,000)	(44,413,783)	(44,621,483)	-	-	-	(44,621,483)
Accumulated depreciation	-	-	-	-	105,762	4,604	31,324,253	31,434,619	-	-	-	31,434,619
	-	-	-	-	(53,938)	(43,396)	(13,089,529)	(13,186,863)	-	-	-	(13,186,863)
Deprecation charge	(7,329,330)	(123,766,782)	(583,069,648)	(3,248,881)	(6,495,965)	(1,768,066)	(18,906,307)	(744,584,979)	(13,841,420)	(20,245,791)	(34,087,211)	(778,672,190)
Closing net book amount	537,660,225	1,717,804,648	6,506,709,837	33,124,460	89,766,875	10,512,414	119,452,112	9,015,030,571	126,155,258	113,492,762	239,648,020	9,254,678,591
As at June 30, 2017												
Cost	566,827,539	2,384,187,266	10,042,999,411	61,747,345	130,689,428	23,380,808	210,809,645	13,420,641,442	165,527,276	146,075,455	311,602,731	13,732,244,173
Accumulated depreciation	(29,167,314)	(666,382,618)	(3,536,289,574)	(28,622,885)	(40,922,553)	(12,868,394)	(91,357,534)	(4,405,610,872)	(39,372,018)	(32,582,693)	(71,954,711)	(4,477,565,583)
Net book amount	537,660,225	1,717,804,648	6,506,709,837	33,124,460	89,766,875	10,512,414	119,452,112	9,015,030,571	126,155,258	113,492,762	239,648,020	9,254,678,591
Depreciation rate (%)	1 to 3.03	10	10 to 33	10	10	20	20		10	20		

4.1 The depreciation expense has been allocated as follows:

	Note	2017	2016
		---------- Rupees ----------	
Cost of sales	28	739,506,605	690,109,434
Selling and distribution expenses	29	15,625,840	8,018,011
Administrative expenses	30	26,855,094	12,301,520
		781,987,539	710,428,965

The following is a statement of operating assets:

2016	Owned assets: Leasehold land	Owned assets: Building on leasehold land	Owned assets: Plant and machinery	Owned assets: Furniture and fittings	Owned assets: Equipment's	Owned assets: Computers	Owned assets: Vehicles	Owned assets: Sub-total	Leased assets: Plant and machinery	Leased assets: Vehicles	Leased assets: Sub-total	Grand total
	Rupees											
As at June 30, 2015												
Cost	53,136,745	1,084,369,625	4,782,729,617	41,459,562	62,650,392	13,402,365	152,569,559	6,190,317,865	200,156,071	54,822,382	254,978,453	6,445,296,318
Accumulated depreciation	(4,174,600)	(342,754,439)	(1,773,594,666)	(19,161,127)	(26,046,156)	(8,707,702)	(73,805,366)	(2,248,244,056)	(49,877,074)	(14,241,452)	(64,118,526)	(2,312,362,582)
Net book amount	**48,962,145**	**741,615,186**	**3,009,134,951**	**22,298,435**	**36,604,236**	**4,694,663**	**78,764,193**	**3,942,073,809**	**150,278,997**	**40,580,930**	**190,859,927**	**4,132,933,736**
June 30, 2015												
Opening net book amount	48,962,145	741,615,186	3,009,134,951	22,298,435	36,604,236	4,694,663	78,764,193	3,942,073,809	150,278,997	40,580,930	190,859,927	4,132,933,736
Transfer from APL												
Cost	148,313,358	490,225,952	2,729,978,134	10,611,361	11,803,718	1,397,584	7,502,798	3,399,832,905	24,581,143	-	24,581,143	3,424,414,048
Accumulated depreciation	(12,638,809)	(89,695,617)	(589,042,631)	(3,278,030)	(3,100,761)	(735,608)	(3,891,380)	(702,382,836)	(5,312,874)	-	(5,312,874)	(707,695,710)
	135,674,549	400,530,335	2,140,935,503	7,333,331	8,702,957	661,976	3,611,418	2,697,450,069	19,268,269	-	19,268,269	2,716,718,338
Transfer from Hudson Pharma (Private) Limited												
Cost	13,382,795	-	-	-	2,871,153	1,205,168	7,115,610	24,574,726	-	-	-	24,574,726
Accumulated depreciation	-	-	-	-	(100,251)	(107,502)	(463,782)	(671,535)	-	-	-	(671,535)
	13,382,795	-	-	-	2,770,902	1,097,666	6,651,828	23,903,191	-	-	-	23,903,191
Additions / Transfers from CWIP	225,000,000	59,526,140	721,375,853	5,629,707	10,795,051	3,807,159	3,237,026	1,029,370,936	64,098,224	46,193,810	110,292,034	1,139,662,970
Transfer from leased assets to owned assets												
Cost	-	-	72,629,407	-	-	-	5,108,535	77,737,942	(72,629,407)	(5,108,535)	(77,737,942)	-
Accumulated depreciation	-	-	(28,009,413)	-	-	-	(2,183,940)	(30,193,353)	28,009,413	2,183,940	30,193,353	-
	-	-	44,619,994	-	-	-	2,924,595	47,544,589	(44,619,994)	(2,924,595)	(47,544,589)	-
Disposal												
Cost	-	-	-	-	-	(48,000)	(5,783,298)	(5,831,298)	-	-	-	(5,831,298)
Accumulated depreciation	-	-	-	-	-	13,122	4,133,007	4,146,129	-	-	-	4,146,129
	-	-	-	-	-	(34,878)	(1,650,291)	(1,685,169)	-	-	-	(1,685,169)
Deprecation charge for the year	(5,024,575)	(110,165,780)	(543,619,481)	(2,934,847)	(4,949,086)	(1,279,983)	(15,211,000)	(683,184,752)	(17,303,798)	(9,940,415)	(27,244,213)	(710,428,965)
Closing net book amount	**417,994,914**	**1,091,505,881**	**5,372,446,820**	**32,326,626**	**53,924,060**	**8,946,603**	**78,327,769**	**7,055,472,673**	**171,721,698**	**73,909,730**	**245,631,428**	**7,301,104,101**
As at June 30, 2016												
Cost	439,832,898	1,634,121,717	8,306,713,011	57,700,630	88,120,314	19,764,276	169,750,230	10,716,003,076	216,206,031	95,907,657	312,113,688	11,028,116,764
Accumulated depreciation	(21,837,984)	(542,615,836)	(2,934,266,191)	(25,374,004)	(34,196,254)	(10,817,673)	(91,422,461)	(3,660,530,403)	(44,484,333)	(21,997,927)	(66,482,260)	(3,727,012,663)
Net book amount	**417,994,914**	**1,091,505,881**	**5,372,446,820**	**32,326,626**	**53,924,060**	**8,946,603**	**78,327,769**	**7,055,472,673**	**171,721,698**	**73,909,730**	**245,631,428**	**7,301,104,101**
Depreciation rate (%)	**1 to 3.03**	**10**	**10 to 33**	**10**	**10**	**20**	**20**		**10**	**20**		

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

	Cost	Accumulated depreciation	Net book amount	Sale proceeds	Gain	Mode of disposal	Particulars of buyer	Relationship
	Rupees							
Mode of disposal - negotiation								
Vehicles								
Honda Civic								
	1,563,500	1,324,016	239,484	1,060,000	820,516	Negotiation	Abid Ali	Independent party
	1,634,500	1,335,162	299,338	1,000,000	700,662	Negotiation	Muhammad Farooq	Key management personnel
Honda City								
	891,000	780,141	110,859	603,000	492,141	Negotiation	Muhammed Ibrahim	Independent party
	846,000	735,296	110,704	605,000	494,296	Negotiation	Muhammed Ibrahim	Independent party
Toyota Corolla								
	1,354,000	1,050,620	303,380	1,056,000	752,620	Negotiation	Ali Raza Kazmi	Independent party
	1,888,500	620,542	1,267,958	1,596,807	328,849	Negotiation	Nizar Nooruddin	Key management personnel
	1,309,000	1,151,516	157,484	764,800	607,316	Negotiation	Abid Ali	Key management personnel
	1,479,000	1,022,940	456,060	700,000	243,940	Negotiation	Ali Mardan	Key management personnel
Toyota Camry								
	3,162,200	2,881,103	281,097	1,055,000	773,903	Negotiation	Ali Raza Kazmi	Independent party
Suzuki Cultus								
	1,010,000	574,127	435,873	710,000	274,127	Negotiation	Ali Raza Kazmi	Independent party
	896,000	633,298	262,702	677,100	414,398	Negotiation	Syed Khurram Ali	Independent party
	950,000	566,677	383,323	673,000	289,677	Negotiation	Nadeem	Key management personnel
	626,473	519,202	107,271	280,000	172,729	Negotiation	Muhammad Tariq Qureshi	Independent party
	891,000	620,833	270,167	590,000	319,833	Negotiation	Asghar Ali	Independent party
	911,000	634,769	276,231	579,500	303,269	Negotiation	Qari Syed Ahmed Ali Hashmi	Independent party
	923,500	638,733	284,767	600,000	315,233	Negotiation	Muhammed Ibrahim	Independent party
	916,000	618,938	297,062	666,000	368,938	Negotiation	Ali Raza Kazmi	Independent party
	995,000	632,032	362,968	582,500	219,532	Negotiation	M.Sohail	Independent party
Suzuki Alto								
	710,000	508,713	201,287	440,000	238,713	Negotiation	Ali Raza Kazmi	Independent party
	667,000	498,892	168,108	448,000	279,892	Negotiation	Aamir Arif	Independent party
	667,000	504,449	162,551	410,000	247,449	Negotiation	Muhammed Ibrahim	Independent party
	732,000	494,610	237,390	440,000	202,610	Negotiation	Ali Raza Kazmi	Independent party
	732,000	494,610	237,390	531,000	293,610	Negotiation	Muhammad Nadeem	Independent party
	771,000	512,414	258,586	510,000	251,414	Negotiation	Ali Raza Kazmi	Independent party
	776,000	497,639	278,361	475,000	196,639	Negotiation	Khalid Ahmed	Independent party
	771,000	499,042	271,958	415,000	143,042	Negotiation	Muhammad Asif Hussain	Independent party
	801,000	508,801	292,199	465,000	172,801	Negotiation	M.Sohail	Independent party
	801,000	508,801	292,199	515,000	222,801	Negotiation	M.Sohail	Independent party
	754,000	505,331	248,669	465,000	216,331	Negotiation	Syed Mujahid Hussain	Independent party
	504,000	443,365	60,635	300,000	239,365	Negotiation	Muhammad Islam Khan	Independent party
	504,000	440,229	63,771	370,000	306,229	Negotiation	Ali Raza Kazmi	Independent party
	710,000	505,302	204,698	410,000	205,302	Negotiation	Muhammed Sharif	Independent party
	725,000	493,799	231,201	471,786	240,585	Negotiation	M. Islam Khan	Independent party
	710,000	475,842	234,158	465,000	230,842	Negotiation	Ali Raza Kazmi	Independent party
	732,000	486,495	245,505	445,000	199,495	Negotiation	Muhammed Sharif	Independent party
	732,000	490,587	241,413	400,000	158,587	Negotiation	Masroor Ahmed Siddiqui	Independent party
	732,000	490,587	241,413	410,000	168,587	Negotiation	Syed Khurram Ali	Independent party
	732,000	494,610	237,390	356,000	118,610	Negotiation	Ali Raza Kazmi	Independent party
	732,000	486,495	245,505	435,000	189,495	Negotiation	Asghar Ali	Independent party
	801,000	508,801	292,199	515,000	222,801	Negotiation	M.Sohail	Independent party
	777,604	493,720	283,884	510,000	226,116	Negotiation	Ali Raza Kazmi	Independent party
	742,000	466,736	275,264	510,000	234,736	Negotiation	Ali Raza Kazmi	Independent party
	777,610	468,836	308,774	521,000	212,226	Negotiation	Aamir Arif	Independent party
	754,000	501,117	252,883	410,000	157,117	Negotiation	Syed Khurram Ali	Independent party
Suzuki Mehran								
	504,000	383,220	120,780	330,000	209,220	Negotiation	Muhammad Islam Khan	Independent party
	519,000	385,976	133,024	376,786	243,762	Negotiation	M. Islam Khan	Independent party
	572,000	370,236	201,764	403,000	201,236	Negotiation	M. Islam Khan	Independent party
	612,610	369,543	243,067	410,000	166,933	Negotiation	Syed Khurram Ali	Independent party
	693,000	45,058	647,942	693,000	45,058		EFU General Insurance	Insurance claim
Suzuki Ravi Pickup								
	577,420	396,351	181,069	325,000	143,931	Negotiation	Muhammad Yousuf	Independent party
	44,571,917	**31,070,152**	**13,501,765**	**27,979,279**	**14,477,514**			

Aggregate of assets disposed off having net book amount below Rs. 50,000 each

Balance brought forward	**44,571,917**	**31,070,152**	**13,501,765**	**27,979,279**	**14,477,514**
Vehicles	534,866	299,162	235,704	228,300	(7,404)
Equipment's	159,700	105,762	53,938	40,000	(13,937)
Computer	48,000	4,604	43,396	50,000	6,604
Sub-total	**742,566**	**409,528**	**333,038**	**318,300**	**(14,737)**
2017 - total	**45,314,483**	**31,479,680**	**13,834,803**	**28,297,579**	**14,462,777**
2016 - total	5,831,298	4,146,129	1,685,169	4,163,000	2,477,831

		Note	2017	2016
			-----------Rupees---------	
4.3	**Capital work-in-progress**			
	Civil works		913,617,393	968,594,689
	Plant and machinery		1,022,354,253	405,563,125
	Equipment and fittings		154,674,314	128,473,216
	Operating fixed asset under construction		11,745,886	19,546,996
		4.3.1	2,102,391,846	1,522,178,026
	Software development	4.3.2	5,662,440	-
			2,108,054,286	1,522,178,026

4.3.1 Movement of capital work in progress:

	Civil works	Plant and machinery	Equipment and fittings	Total
	-----------------------------	-Rupees-	-----------------------------	
Balance as at July 1, 2015	132,818,371	106,225,807	95,002	239,139,180
Transfer from APL	-	3,306,321	-	3,306,321
Transfer from Hudson Pharma (Private) Limited	305,237,355	367,986,859	128,473,216	801,697,430
Capital expenditure incurred during the year	590,065,103	649,419,991	10,700,049	1,250,185,143
Transferred to operating fixed assets	(59,526,140)	(721,375,853)	(10,795,051)	(791,697,044)
Balance as at June 30, 2016	**968,594,689**	**405,563,125**	**128,473,216**	**1,502,631,030**
Transfer from Hudson Pharma (Private) Limited	**84,305,763**	**9,017,128**	**26,201,098**	**119,523,989**
Capital expenditure incurred during the year	**610,782,490**	**2,241,923,323**	**10,700,049**	**2,863,405,862**
Transferred to operating fixed assets	**(750,065,549)**	**(1,634,149,323)**	**(10,700,049)**	**(2,394,914,921)**
Balance as at June 30, 2017	913,617,393	1,022,354,253	154,674,314	2,090,645,960

4.3.2 During the year company has in phase of implementation System Applications and Products.

		Note	2017	2016
			-----------Rupees---------	
5	**INTANGIBLES**		11,959,187	11,959,187
5.1	This represents amount recognized on acquisition of subsidiary			
6	**LONG TERM INVESTMENTS**			
6.1	**Investment in associated undertakings**			
	Novelty Enterprises (Private) Limited	6.2.1	228,737,812	228,763,991
	The Bank of Khyber	6.2.2	2,782,115,507	3,142,849,649
			3,010,853,319	3,371,613,640
6.2	**Other investment - Available for sale**			
	Bank Islamic Pakistan Limited	6.3.1	308,840,000	294,840,000
			3,319,693,319	3,666,453,640

6.2.1 Novelty Enterprises (Private) Limited

The Holding Company holds 33% (2016: 33%) voting and equity interest in Novelty Enterprises (Private) Limited (NEL). The shares of NEL are not publicly listed on a stock exchange and hence published price quotes are not available. The financial reporting date of NEL is June 30.

Total equity / net assets of NEL as at June 30, 2017 based on un-audited financial statements amounted to Rs. 561.518 million (2016: Rs. 561.518 million based on audited financial statements). However, as per report of an independent valuer, Masud Associates dated December 31, 2015 fair value of fixed assets of NEL amounted to Rs. 1,016.32 million resulting in surplus on fixed assets of Rs. 483.607 million. Revised net assets after the revaluation surplus amounted to Rs.1,045.125 million (2016: Rs. 758.30 million). Accordingly, the management is of the view that it would be able to recover carrying values of its investment.

NEL has not commenced operations as of the reporting date and hence the investment is stated at cost.

6.2.2 The Bank of Khyber

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

The market value of holding in the Bank as on June 30, 2017 was Rs. 3,805.815 million (June 30, 2016: Rs. 3,032.57 million)

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

6.2.3

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2017	2016	**2017**	2016
	-----------Rupees---------			
Balance as at July 1	**3,142,849,649**	2,663,030,998	**228,763,991**	229,724,069
Purchase during the year	**-**	-	**-**	-
Share of profit/(loss) relating to profit and loss account	**468,315,392**	507,360,301	**(26,179)**	(960,078)
Dividend received	**(362,458,547)**	(302,048,789)	**-**	-
Share of other comprehensive income/(loss)	**(539,704,283)**	313,722,444	**-**	-
Related deferred tax on OCI	**73,113,296**	(39,215,305)	**-**	-
	(466,590,987)	274,507,139	**-**	-
Balance as at June 30	**2,782,115,507**	3,142,849,649	**228,737,812**	228,763,991

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

	The Bank of Khyber		Novelty Enterprises (Private) Limited	
	2017	2016	**2017**	2016
	-----------Rupees---------			
Assets	**261,873,963,000**	174,742,697,000	**561,518,132**	561,548,132
Liabilities	**15,328,401,000**	157,644,972,000	**28,000**	12,695
Revenue	**4,393,471,000**	4,446,644,000	**-**	-
Profit / (loss)	**1,938,581,000**	2,100,192,000	**(30,000)**	(34,025)

All transfers of funds to the Holding Company, i.e. distribution of cash dividends, are subject to approval by means of a resolution passed by the shareholders of the associates. The Holding Company has received cash dividend from Bank of Khyber during the year amounting to Rs 1.50 per shares (2016: Rs. 1.25)

	Note	2017 Rupees	2016 Rupees
6.3.1 Bank Islamic Pakistan Limited			
Carrying value of investment		**294,840,000**	285,600,000
Unrealized appreciation in value of investments		**14,000,000**	9,240,000
Fair value of investments		**308,840,000**	294,840,000

7 LONG TERM DEPOSITS

	Note	2017 Rupees	2016 Rupees
Lease - Conventional		**24,139,798**	40,104,601
Less: Current maturity - Conventional	13	**(9,739,348)**	(1,760,700)
		14,400,450	38,343,901
Lease - Islamic		**-**	1,350,634
Less: Current maturity - Islamic	13	**-**	(1,350,634)
		-	-
Utilities		**12,889,451**	12,693,561
Others		**8,346,072**	7,557,072
		35,635,973	58,594,534

8 STORES AND SPARES

	Note	2017 Rupees	2016 Rupees
Stores	7.1	**86,632,438**	88,026,477
Spare parts	7.1	**81,633,521**	53,655,983
Diesel and liquefied petroleum gas (LPG)	7.1	**1,167,269**	1,252,300
Others	7.1	**61,800**	9,500,192
		169,495,028	152,434,952

7.1 Reconciliation of provision for slow moving spare parts

2017

	Note	Stores	Spare parts	Diesel and LPG	Others
		Rupees			
Stock - gross		94,683,858	81,633,521	1,167,269	61,800
Provision for slow moving					
- opening		(7,511,420)	-	-	-
- charge for the year	28.3	(540,000)	-	-	-
- closing		(8,051,420)	-	-	-
Stock - net		86,632,438	81,633,521	1,167,269	61,800

2016

	Note	Stores	Spare parts	Diesel and LPG	Others
		Rupees			
Stock - gross		95,537,897	53,655,983	1,252,300	9,500,192
Provision for slow moving					
- opening		(6,971,420)	-	-	-
- charge for the year	28.3	(540,000)	-	-	-
- closing		(7,511,420)	-	-	-
Stock - net		88,026,477	53,655,983	1,252,300	9,500,192

9 STOCK-IN-TRADE

	Note	2017 Rupees	2016 Rupees
Raw materials	9.1 & 9.2	**3,112,825,860**	3,951,251,890
Packing materials	9.1 & 9.2	**351,355,736**	354,703,036
Work-in-process	28	**151,165,802**	65,927,451
Finished goods	9.1	**1,248,178,407**	1,378,037,835
		4,863,525,805	5,749,920,212

9.1 Reconciliation of provision for stock-in-trade

2017

	Note	Raw materials	Packing materials	Finished goods
		Rupees		
Stock-in-trade (gross)		3,126,230,138	469,572,012	1,248,178,407
Provision for slow moving				
- opening		(13,404,278)	(150,332,105)	-
- charge for the year		-	(5,500,000)	-
- written off	28.2	-	37,615,829	-
- closing		(13,404,278)	(118,216,276)	-
Stock-in-trade (net)		3,112,825,860	351,355,736	1,248,178,407

2016

	Note	Raw materials	Packing materials	Finished goods
		Rupees		
Stock-in-trade (gross)		3,964,656,168	505,035,141	1,378,037,835
Provision for slow moving				
- opening		(13,404,278)	(149,276,255)	-
- charge for the year		-	(32,400,000)	-
- written off	28.2	-	31,344,150	-
- closing		(13,404,278)	(150,332,105)	-
Stock-in-trade (net)		3,951,251,890	354,703,036	1,378,037,835

9.2 This includes raw materials amounting to Rs. 67,652,982 (June 30, 2016: Rs. 148,924,096).

10 TRADE DEBTS

	Note	2017 Rupees	2016 Rupees
Considered good			
-export-secured		**124,849,742**	138,962,888
-local- unsecured		**1,318,003,023**	1,042,864,233
		1,442,852,765	1,181,827,121
Considered doubtful	10.1	**42,313,694**	39,964,885
Trade debts - gross		**1,485,166,459**	1,221,792,006
Provision for doubtful debts - opening balance		**(38,713,694)**	(36,364,885)
Charge for the year	29	**(3,600,000)**	(3,600,000)
Provision for doubtful debts - closing balance		**(42,313,694)**	(39,964,885)
Trade debts - net		**1,442,852,765**	1,181,827,121

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

10.2 Age analysis

	Note	2017	2016
		------------Rupees---------	
Not Due			
More than 45 days but not more than 3 months		175,470,806	117,994,471
More than 3 months but not more than 6 months		169,115,819	86,321,571
More than 6 months but not more than 1 year		86,790,557	72,572,721
		431,377,182	276,888,763

11 ADVANCES

	Note	2017	2016
Secured, considered good			
- advances to employees	11.1	18,026,731	16,537,152
Unsecured			
- advances to suppliers		351,815,632	126,740,052
- advances to others		6,508,512	4,430,794
		376,350,875	147,707,998

11.1 These include advances to employees against salary. The reconciliation of amounts due from executives and non-executives of the Group is given as follows:

	Note	2017	2016
Amount due from executives		------------Rupees---------	
Opening balance		6,191,830	2,496,500
Disbursement during the year		7,460,000	7,169,500
Repayments during the year		(7,519,000)	(3,474,170)
Closing balance		6,132,830	6,191,830
Amount due from other than executives			
Opening balance		10,345,322	8,928,960
Transfer From APL		-	110,691
Disbursement during the year		53,859,741	57,611,667
Repayments during the year		(52,296,162)	(56,305,996)
Closing balance		11,908,901	10,345,322

12 SHORT TERM INVESTMENT - available for sale

	Note	2017	2016
Fair value of investment	12.1	37,447,999	36,545,584
Purchase of shares		24,791,826	-
Sale of Shares		(62,874,929)	902,415
Profit on sale of shares		635,104	-
		-	37,447,999

12.1 During the year, the holding company has purchased 100,000 shares of Habib Bank Limited (June 30, 2016: 100,000 shares of Habib Bank Limited & United Bank Limited each.)

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2017	2016
		------------Rupees---------	
Trade deposits - unsecured		9,656,762	9,194,168
Short term prepayments		2,292,527	20,041,384
Current maturity of lease deposits-			
Conventional	7	9,739,348	1,760,700
Islamic	7	-	1,350,634
		21,688,637	32,346,886

14 OTHER RECEIVABLES

	Note	2017	2016
Export rebate		34,968,861	34,012,974
Sales tax receivable		36,398,025	299,166,683
Federal excise duty		3,021,564	2,891,947
Other receivables	14.2	143,087,107	102,976,057
		217,475,557	439,047,661

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

14.2 This amounts includes Rs. 143.017 million (June 30 2016 Rs.100.217 million) due from Nazir of the High court as refer in note 25.1.3 & 25.1.8.

15 TAXATION - net

	Note	2017	2016
		------------Rupees---------	
Advance income tax		882,447,568	672,490,522
Provision for taxation	36	(108,289,855)	(167,131,422)
		774,157,713	505,359,100

16 CASH AND BANK BALANCES

	Note	2017	2016
Cash in hand		1,928,660	2,547,471
Cash with banks in:			
- current accounts - conventional		28,431,216	48,323,330
- current accounts - Islamic		3,765,957	10,587,976
		34,125,833	61,458,777

17 RESERVES

	Note	2017	2016
Capital Reserve			
- Share premium	17.1	579,265,000	579,265,000
- Share of AFS re-measurement from associate		(83,785,290)	382,805,697
- Reserve arising due to amalgamation		916,862,067	916,862,067
Revenue Reserve			
- Unappropriated profit		4,177,829,339	3,468,829,978
- Remeasurement of investment classified as 'available for sale'		23,469,613	13,074,613
		5,613,640,729	5,360,837,355

17.1 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 Repealed Companies Ordinance, 1984.

17.2 In accordance with the scheme of amalgamation, the Holding Company has issued 13,284,000 ordinary shares of Rs. 10 each to the shareholders.

17.3 Reconciliation of ordinary shares

Number of Shares 2017	Number of Shares 2016		2017	2016
			------------Rupees---------	
50,520,750	50,520,750	Opening balance of ordinary shares of Rs. 10 each	505,207,500	505,207,500
13,284,000	-		132,840,000	-
63,804,750	50,520,750	Closing balance of ordinary shares of Rs. 10 each	638,047,500	505,207,500

18 SPONSORS' LOAN - subordinated

	2017	2016
	------------Rupees---------	
Opening balance	902,151,770	602,151,770
Additions received during the year	-	-
Transfer from APL	-	300,000,000
Closing balance	902,151,770	902,151,770

18.1 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 the Company's assets. These loans will be converted into ordinary shares and management are under advance stage of discussion for conversion to ordinary shares. The required formalities would be completed once final decision and agreement has been reached.

19 LONG TERM FINANCES - secured

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2017	2016
					--------- Rupees ---------	
Loans from banking companies and financial institutions						
CONVENTIONAL						
Habib Bank Limited						
- Term finance	Quarterly	2012-2017	3 month KIBOR + 1.75%	19	**-**	7,894,736
- Term finance	Monthly	2013-2017	1 month KIBOR + 1.60%	42	**-**	23,809,522
- Term finance	Monthly	2017-2019	1 month KIBOR + 0.25%	36	**202,486,665**	300,000,000
- SBP-LTFF	Quarterly	2018-2027	SBP + 0.25%	36	**462,886,200**	-
- Term finance	Monthly	2017-2022	1 month KIBOR + 0.25%	60	**483,333,334**	-
Bank Al-Habib Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 1%	48	**-**	90,000,000
- Term finance	Monthly	2018-2021	3 month KIBOR + 0.25%	42	**150,000,000**	-
- SBP-LTFF	Quarterly	2019-2028	SBP + 0.75%	32	**282,135,000**	-
MCB Bank Limited						
- Term finance	Monthly	2014-2018	1 month KIBOR + 1.5%	54	**-**	49,780,000
- SBP-LTFF	Quarterly	2018-2027	SBP + 0.75%	36	**341,677,343**	-
NIB Bank Limited						
- Term finance	Monthly	2014-2017	1 month KIBOR + 1.5%	42	**-**	28,568,343
Allied Bank Limited						
- Term finance	Monthly	2015-2020	3 month KIBOR + 0.25%	60	**269,309,690**	364,359,701
- Term finance	Monthly	2019-2021	3 month KIBOR + 0.25%	36	**300,000,000**	-
- Term finance	Monthly	2016-2021	3 months KIBOR + 0.25%	60	**250,510,000**	314,670,000
Askari Bank Limited						
- Term finance	Monthly	2015-2018	1 month KIBOR + 0.75%	36	**-**	319,447,196
Pak Brunei Investment Company Limited						
- Term finance	Quarterly	2017-2020	3 month KIBOR + 0.50%	12	**166,666,666**	200,000,000
Carried forward					**2,909,004,898**	1,698,529,498

Financier / Facility type	Installments mode	Repayment period	Mark-up (Rate)	Number of Installments	2017	2016
Brought forward					**2,909,004,898**	1,698,529,498
Pak Oman Investment Company						
- Term finance	Quarterly	2014-2018	3 month KIBOR + 0.5%	20	**46,554,000**	86,558,000
- Term finance	Monthly	2016-2021	1 month KIBOR + 0.5%	60	**215,000,000**	275,000,000
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.5%	60	**76,666,679**	116,666,675
Bank Alfalah Limited						
- Term finance (Note 19.2)	Monthly	2014-2018	3 month KIBOR + 1%	60	**-**	80,000,000
- SBP-LTFF	Quarterly	2017-2027	SBP+0.25%	40	**479,004,000**	148,460,000
Soneri Bank Limited Term						
- Term finance (Note 19.2)	Monthly	2014-2018	1 month KIBOR + 1%	48	**-**	50,000,008
The Bank of Punjab						
- Term finance (Note 19.2)	Monthly	2014-2018	1 month KIBOR + 1%	48	**-**	99,999,992
- Term finance (Note 19.2)	Monthly	2014-2018	1 month KIBOR + 1%	48	**-**	124,999,994
Samba Bank Ltd						
- Term finance (Note 19.2)	Monthly	2014-2018	1 month KIBOR + 1%	48	**-**	150,800,000
- Term finance (Note 19.2)	Monthly	2017-2019	1 month KIBOR + 0.5%	36	**-**	500,000,000
JS Bank Limited						
- Term finance (Note 19.2)	Monthly	2014-2017	1 month KIBOR + 1.25%	42	**-**	10,833,335
- Term finance	Monthly	2016-2020	1 month KIBOR + 0.25%	42	**136,561,352**	193,069,498
- Term finance	Monthly	2019-2021	3 month KIBOR + 0.25%	42	**150,000,000**	-
Faysal Bank Limited						
- Term finance (Note 19.2)	Quarterly	2013-2018	3 months KIBOR + 1.5%	20	**-**	45,000,000
- Term finance	Monthly	2017-2021	3 months KIBOR + 0.25%	48	**437,500,000**	-
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	13	**244,217,538**	407,029,760
- Term finance	Quarterly	2018-2021	3 months KIBOR + 0.25%	16	**300,000,000**	300,000,000
National Bank						
- Term finance (Note 19.2)	Quarterly	2013-2018	3 months KIBOR + 1.5%	20	**-**	45,000,000
- Term finance	Quarterly	2016-2019	3 months KIBOR + 0.25%	13	**260,060,500**	408,666,500
- Term finance	Monthly	2019-2022	3 months KIBOR + 0.25%	48	**400,000,000**	-
Carried forward					**5,654,568,967**	**4,740,613,260**

Brought forward					5,654,568,967	4,740,613,260
Summit Bank Ltd						
- Term finance	Monthly	2017-2020	1 months KIBOR + 0.20%	36	416,666,666	-
Islamic						
Habib Bank Limited						
- Islamic financing	Monthly	2014-2018	1 month KIBOR + 0.25%	48	49,999,988	99,999,992
- Islamic financing	Monthly	2016-2021	1 month KIBOR + 0.25%	60	400,000,004	500,000,000
MCB Islamic Bank ltd						
- Islamic finance	Quarterly	2018-2022	3 month KIBOR + 0.25%	20	350,000,000	350,000,000
Dubai Islamic Bank Pakistan Limited						
- Term finance	Monthly	2014-2019	1 month KIBOR + 0.25%	60	115,000,000	175,000,000
- Term finance	Monthly	2015-2019	1 month KIBOR + 0.25%	48	229,166,669	354,166,667
- Term finance	Monthly	2017-2021	3 months KIBOR + 0.25%	16	187,500,000	200,000,000
Meezan Bank Limited						
- Term finance	Monthly	2018-2020	3 month KIBOR + 0.25%	24	500,000,000	-
- Term finance	Monthly	2019-2021	3 month KIBOR + 0.25%	36	400,000,000	-
Bank Islami Pakistan Limited						
- Term finance	Monthly	2018-2020	3 month KIBOR + 0.25%	24	450,000,000	-
					8,752,902,294	6,419,779,919
Less: Current portion of long term finances shown under current liabilities - conventional					(1,441,857,599)	(1,725,867,014)
Less: Current portion of long term finances shown under current liabilities - Islamic					(636,249,986)	(347,500,004)
					6,674,794,709	4,346,412,901

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

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

Under the agreements, lease rentals are payable in 36 to 48 equal monthly installments. Taxes, repairs, replacement and insurance costs, if any, are borne by the Company. The financings from conventional banks carry mark-up at rates ranging from 6.84% to 7.28% (2016: 7.14% to 8.49%) per annum and financing from islamic banks carry mark-up at rates ranging from 6.57% to 6.88% (2016: 7.10% to 8.49%) approximately which have been used as a discounting factor. The Holding Company has the option to purchase the asset upon completion of the lease period.

The net carrying amount of the assets held under finance lease arrangement is Rs. 239.648 million (2016: Rs. 245.631million) (refer note 4).

These are secured against deposits of Rs 24.14 million (2016: Rs 41.46 million), title of ownership of leased assets and personal guarantees of the directors of the Holding Company.

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

	2017			2016		
	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)					
Conventional						
Up to one year	72,582,536	6,677,290	65,905,246	81,832,728	10,839,659	70,993,069
Later than one year but not later than five years	81,417,928	2,749,066	78,668,862	120,324,780	5,566,043	114,758,737
	154,000,464	9,426,356	144,574,108	202,157,508	16,405,702	185,751,806
Islamic						
Up to one year	17,709,245	3,237,196	14,472,049	45,773,598	4,519,381	41,254,217
Later than one year but not later than five years	99,961,698	10,454,148	89,507,550	38,168,879	4,485,988	33,682,891
	117,670,943	13,691,344	103,979,599	83,942,477	9,005,369	74,937,108

	Note	2017	2016
		--------- Rupees ---------	
21 DEFERRED LIABILITIES			
Provision for staff gratuity scheme - unfunded			
- From Holding Company	21.1	175,913,366	125,731,191
- From Subsidiary Company	21.2	2,443,234	949,688
		178,356,600	126,680,879
Deferred tax liability	21.3	1,037,472,576	674,516,776
		1,215,829,176	801,197,655

21.1 Staff retirement benefits - unfunded

In accordance with the requirements of IAS-19 “Employee Benefits”, actuarial valuation was carried out as at June 30, 2017, using the “Projected Unit Credit Method”. Provision has been made in the financial statements to cover obligations in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned schemes are as follows:

21.1.1 **Significant actuarial assumptions**	Note	2017	2016
Financial assumptions			
Discount rate (per annum)		9.25%	9.00%
Expected rate of increase in salaries (per annum)		9.25%	9.00%
Demographic assumptions			
Mortality rates (for death in service)		Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Retirement assumption		60 years	60 years

	Note	2017	2016
		--------- Rupees ---------	
21.1.2 Balance sheet reconciliation			
Present value of defined benefit obligation	21.1.3	175,913,366	125,731,191
Fair value of plan assets		-	-
Net liability in balance sheet		175,913,366	125,731,191
21.1.3 Movement in the defined benefit obligation			
Present value of defined benefit obligation as at July 1		125,731,191	93,334,560
Transfer from APL		-	7,802,351
Current service cost		32,267,094	22,809,176
Interest cost		10,226,701	9,955,631
Re-measurement on obligation	21.1.7	31,890,750	10,730,180
Payments during the year		(24,202,370)	(18,900,707)
Present value of defined benefit obligation as at June 30		175,913,366	125,731,191
21.1.4 Movement in the net liability in the balance sheet is as follows:			
Opening balance of net liability		125,731,191	93,334,560
Transfer from APL		-	7,802,351
Charge for the year	21.1.5	42,493,795	32,764,807
Re-measurements recognized in 'Other Comprehensive Income'	21.1.7	31,890,750	10,730,180
Payments during the year		(24,202,370)	(18,900,707)
Closing balance of net liability		175,913,366	125,731,191
21.1.5 The amounts recognized in the profit and loss account against defined benefit scheme are as follows:			
Current service cost		32,267,094	22,809,176
Interest cost		10,226,701	9,955,631
Expected return on plan assets		-	-
Charge for the year		42,493,795	32,764,807

21.1.6 For the year ended June 30, 2018, expected provisions to the staff retirement benefit scheme is Rs.44.823 million.

	2016	2016
	--------- Rupees ---------	
21.1.7 Re-measurement recognized in 'other comprehensive income'		
Experience losses	31,890,750	10,730,180
Re-measurement of fair value of plan assets	-	-
	31,890,750	10,730,180
Related deferred tax	(9,567,225)	(3,326,356)
	22,323,525	7,403,824

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

Comparison for five years	2017	2016	2015	2014	2013
	-----Rupees-----				
Present value of defined benefit obligation	175,913,366	125,731,191	93,334,560	60,300,119	46,968,464

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

		Impact on defined benefit obligation	
	Change in assumptions	Increase in assumption	Decrease in assumption
		-----Rupees-----	
Discount rate	1%	158,716,260	(196,282,974)
Salary growth rate	1%	195,133,974	(159,244,023)

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

	Note	2017	2016
		--------- Rupees ---------	
21.2 Provision for Gratuity Scheme (unfunded)- Subsidiary Company			
Opening balance		949,691	549,871
Provision for the year		1,493,543	399,817
		2,443,234	949,688
Payment		-	-
Closing balance		2,443,234	949,688

	Note	2017	2016
		--------- Rupees ---------	
21.3 Deferred taxation			
Credit balance arising in respect of:			
- accelerated tax depreciation allowances		1,191,182,633	1,039,228,278
Debit balance arising in respect of:			
- provision for gratuity		(55,090,883)	(38,848,276)
- provision for doubtful debts		(12,694,108)	(12,389,114)
- investment in associates		124,419,176	76,753,668
- investment in AFS		3,605,000	1,967,802
- unabsorbed depreciation loss		(172,047,650)	(339,108,763)
- provision for stock in trade		(41,901,592)	(53,086,819)
Deferred tax liability		1,037,472,576	674,516,776

20.2.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2015	Recognized in profit and loss account	Recognized in other comprehensive	Balance as at June 30, 2016	Recognized in profit and loss account	Recognized in other comprehensive	Balance as at June 30, 2017
	-----Rupees-----						
Deferred tax debits:							
Provision for gratuity	(29,867,059)	5,654,864	3,326,353	(38,848,276)	6,675,382	9,567,225	(55,090,883)
Provision for doubtful debts	(11,636,763)	752,351	-	(12,389,114)	304,994	-	(12,694,108)
Investment in associates	40,034,455	(36,719,213)	-	76,753,668	(47,665,508)	-	124,419,176
Investment in AFS	-	-	(1,967,802)	1,967,802	1,967,802	(3,605,000)	3,605,000
Unabsorbed depreciation loss	-	339,108,763		(339,108,763)	(167,061,113)	-	(172,047,650)
Provision for stock in trade	(54,288,625)	(1,201,806)		(53,086,819)	(11,185,227)	-	(41,901,592)
	(55,757,992)	307,594,959	1,358,551	(364,711,502)	(216,963,670)	5,962,225	(153,710,057)
Deferred tax credits:							
Accelerated tax depreciation allowances	610,163,601	(429,064,677)	-	1,039,228,278	(151,954,355)	-	1,191,182,633
	610,163,601	(429,064,677)	-	1,039,228,278	(151,954,355)	-	1,191,182,633
	554,405,609	(121,469,718)	1,358,551	674,516,776	(368,918,025)	5,962,225	1,037,472,576

	Note	2017	2016
		--------- Rupees ---------	
22 TRADE AND OTHER PAYABLES			
Trade creditors		660,542,576	1,345,421,041
Advance from directors		13,205,967	13,205,967
Accrued liabilities		169,317,118	100,643,662
Workers' profit participation fund	22.1	92,931,532	73,917,434
Workers' welfare fund		75,978,320	42,181,216
Unclaimed dividend		2,028,446	1,526,021
Other liabilities		51,501,409	30,410,484
		1,065,505,368	1,607,305,825

		Note	2017	2016
			--------- Rupees ---------	
22.1	**Workers' profit participation fund**			
	Balance at beginning of the year		**73,917,434**	42,985,133
	Contribution for the year	31	**88,250,393**	67,931,688
	Interest on funds utilized in the Holding Company's business	33	**5,801,139**	7,834,246
			167,968,966	118,751,067
	Less: Payments made during the year		**(75,037,434)**	(44,833,633)
	Balance at end of the year		**92,931,530**	73,917,434
23	**ACCRUED MARK-UP**			
	Accrued mark-up on:			
	Conventional			
	- long term finances - secured		**34,174,012**	24,347,792
	- short term finances - secured		**59,424,703**	38,510,464
	Islamic			
	- long term finances - secured		**-**	7,812,187
	- short term finances - secured		**-**	10,326,187
			93,598,715	80,996,630
24	**SHORT TERM FINANCES - Secured**			
	From banking companies			
	Term finances - Conventional	24.1	**1,096,074,976**	1,573,404,789
	Term finances - Islamic	24.2	**1,430,002,161**	999,309,771
	Export refinances	24.3	**451,000,000**	168,000,000
	Running finance utilized under mark-up arrangements	24.4	**806,216,390**	1,707,065,190
			3,783,293,527	4,447,779,750

24.1 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,100 million (2016: Rs. 3,825 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Holding Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 5.98% to 7.05% per annum (2016: 6.42% to 7.49% per annum).

24.2 These represent facilities for term finances arranged from various banks/financial institutions aggregating to Rs. 2,400 million (2016: Rs. 2,700 million). These are secured against pari-passu / ranking hypothecation over stocks and book debts of the Holding Company along with the personal guarantees of the directors. These carry mark-up at the rates ranging from 6.22% to 6.31% per annum (2016: 6.39% to 7.86% per annum).

24.3 These represented facilities for export refinance arranged from various banks aggregating to Rs. 631 million (2016: Rs. 490 million). These were secured against pari-passu hypothecation of stocks, book debts and lien on export letters of credits of the Holding Company along with the personal guarantees of the directors. These carried mark-up at the rate ranging from 0.25% to 0.5% above the State Bank of Pakistan (SBP) rate per annum (2016: 0.75 to 1% above SBP rate per annum).

24.4 The facilities for running finances available from various banks aggregated to Rs. 3,509 million (2016: Rs. 3,325 million). These are secured against pari-passu / ranking hypothecation of stocks and book debts and personal guarantees of the directors. These carry mark-up at the rates ranging from 6.27% to 7.30% per annum (2016: 6.5% to 8.51 % per annum).

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

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

25.1.2 As the Ministry of Industries has declared BOPET film manufacturing project of The Holding Company as Pioneer Industry, after which imports of capital goods shall be duty free. The Holding Company approached Board of Investment (BOI) for the permission of imports who entertained the request and is in the process of evaluating the permission of import vide SRO 41(I)/2009. In the meantime, The Holding Company imported some capital goods and as per section 81 of The Customs Act, 1969, issued post dated cheques amounting to Rs. 557.403 million (2016: Rs. 557.403 million) for provisional clearance in favor of Collector of Custom. However, due to delay on the part of Federal Board of Revenue, the formal SRO to endorse the decision of Ministry of Industries is still awaited. The Holding Company had filed the subject petition to refrain FBR and Pakistan Customs to encash the securities submitted against the provisional release of the plant and machineries, and also to issue formal notification to endorse the earlier decision of the Ministry of Industries dated August 15 2012 The High Court vide order dated May 13 2015 has passed interim orders

decision of the Ministry of Industries dated August 15, 2012. The High Court vide order dated May 13, 2015, has passed interim orders in favor of The Holding Company which are still operative. The management of The Holding Company, based on legal counsel's opinion, is confident that exemption shall be granted on duties related to import of capital goods against BOPET project retrospective.

25.1.3 The Holding Company has filed suit against Federation of Pakistan, Federal Board of Revenue and Collectorate of Custom in Sindh High Court against the operation of SRO 170(I)/2013 dated March 04, 2013 which required 8% import duty on import of Poly Ethylene Terephthalate (PET). In this connection Sindh High Court vide order dated March 12, 2013 directed that custom duties at the rate of 3% to be paid by The Holding Company and insofar as differential amount is concerned 2.5% shall be deposited in cash and 2.5% shall be paid through post dated cheques to the Nazir of the High Court. In this connection The Holding Company has deposited pay orders amounting to Rs. 100.217 million (2016: Rs. 100.217 million) and issued post dated cheques amounting to Rs. 100.217 million (2016: Rs. 100.217 million) in favor of Nazir of High Court as directed. Further, The Holding Company has filed petition for rationalization of duty structure on PET Resin. Subsequent to the year end, the main grievance of The Holding Company for classifying the Pet Resin (Film Grade) and Pet Resin (Yarn Grade) under the same PCT Heading has already been redresses in Fiscal Budget (2015-16) and from 01st July, 2015, the major raw material for BOPET film manufacturing i.e. PET Resin – Film Grade is being imported on the same rate as applicable to PET Resin – Yarn Grade. However, the retrospective relief on the previous consignments has been regreted by the High Court which has been challenged in the Honorable Supreme Court of Pakistan. As per legal Counsel, there is no immediate financial liability against The Holding Company in the abovementioned matter and has a good prima facie case.

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

25.1.5 During the current year, Federal Board of Revenue has issued a show cause notice (SCN) on the basis of scrutiny of sales tax returns for the various tax periods which revealed that The Holding Company has claimed input tax of Astro Plastics (Private) Limited (APL) amounting to Rs. 477,804,698 in the sales tax return of the Ismail Industries Limited (IIL). In response of the SCN, The Holding Company has given the reference of the letter (Dated: October 2016) sent to Federal Board of Revenue in which it was mentioned that High Court of Sindh, at Karachi, has sanctioned the petition no. J.Misc. 13/ 2016 for amalgamation by way of merger of APL and its members with and into IIL and its members. However, the comapny has obtained the stay order from the Court and the case is still pending in the High Court.

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

25.1.7 The Holding Company has filed the suit in High Court against the Excise and Taxation Department in respect of infrastructure cess / fee being charged by the Government of Sindh on Imports and prayed to declare that Sindh Finance (Amendment) Act, 2009 and / or rules made thereunder to be unconstitutional, illegal, void ab initio, and of no legal effect. In all the five versions of the law i.e Sindh Finance Act / Ordinance, the incidence of tax arise upon ensuring of goods entering or leaving the province and such goods enter or leave the country through air or sea. Futhermore, import and export are within the exclusive domain of the federal legislature i.e. the sindh legislature throughout lacked the jurisdiction to impose the levy. The imported goods were not released by the custom authorities without paying the infrastructure cess / fee charged by the Government of Sindh. In order to release the goods from the

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

	2017	2016
	--------- Rupees ---------	
25.2 Commitments		
Outstanding letters of guarantee	**481,662,420**	432,740,600
Outstanding letters of credit for:		
- capital expenditure	**313,270,182**	1,345,595,856
- others	**653,704,383**	1,819,393,537
Rentals under Ijarah contracts		
Not later than one year	**-**	44,412,224
Over one year to five years	**-**	63,633,725
	-	**108,045,949**

	Note	Food segment 2017	Food segment 2016	Plastic segment 2017	Plastic segment 2016	Pharmaceutical segment 2017	Pharmaceutical segment 2016	Total 2017	Total 2016
		--------------------			Rupees		--------------------		
26 OPERATING RESULTS									
Sales									
Local sales		**18,039,453,755**	15,360,946,687	**5,384,567,009**	4,629,420,252	**-**	-	**23,424,020,764**	19,990,366,939
Inter-segment sales		**-**	-	**-**	23,460,000	**-**	-	**-**	23,460,000
Export sales		**627,782,124**	523,759,417	**242,730,829**	318,320,713	**-**	-	**870,512,953**	842,080,130
		18,667,235,879	15,884,706,104	**5,627,297,838**	4,971,200,965	**-**	-	**24,294,533,717**	20,855,907,069
Sales returns and discounts		**(1,259,599,504)**	(816,244,113)	**(31,871,925)**	(24,003,950)	**-**	-	**(1,291,471,429)**	(840,248,063)
		17,407,636,375	15,068,461,991	**5,595,425,913**	4,947,197,015	**-**	-	**23,003,062,288**	20,015,659,006
Add: Export rebate		**11,333,299**	10,441,200	**-**	1,408,510	**-**	-	**11,333,299**	11,849,710
		17,418,969,674	15,078,903,191	**5,595,425,913**	4,948,605,525	**-**	-	**23,014,395,587**	20,027,508,716
Sales tax		**(2,599,143,032)**	(2,295,254,198)	**(810,391,292)**	(700,823,501)	**-**	-	**(3,409,534,324)**	(2,996,077,699)
		14,819,826,642	12,783,648,993	4,785,034,621	4,247,782,024	-	-	**19,604,861,263**	17,031,431,017
Cost of sales	28	**11,531,344,623**	10,106,841,554	**4,352,256,294**	3,815,133,925	**-**	-	**15,883,600,917**	13,921,975,479
Gross profit		**3,288,482,019**	2,676,807,439	**432,778,327**	432,648,099	**-**	-	**3,721,260,346**	3,109,455,538
Selling and distribution expenses	29	**(1,521,989,546)**	(1,245,237,614)	**(141,054,151)**	(122,177,281)	**-**	-	**(1,663,043,697)**	(1,367,414,895)
Administrative expenses	30	**(246,443,839)**	(171,293,315)	**(13,332,947)**	(20,706,395)	**(27,912,093)**	-	**(259,776,786)**	(191,999,710)
		(1,768,433,385)	(1,416,530,929)	**(154,387,098)**	(142,883,676)	**(27,912,093)**	-	**(1,922,820,483)**	(1,559,414,605)
Operating profit		**1,520,048,634**	1,260,276,510	**278,391,229**	289,764,423	**(27,912,093)**	-	**1,798,439,863**	1,550,040,933
Other operating expense	31							**(147,686,289)**	(131,731,992)
Other income	32							**195,266,876**	166,135,001
Finance cost	33							**(671,271,174)**	(798,382,202)
Share of profit from associate	5.3							**468,289,213**	506,400,223
Profit before tax								**1,643,038,489**	1,292,461,963
Taxation	36							**(477,207,880)**	(290,595,071)
Profit for the year								**1,165,830,609**	1,001,866,892
26.1 Segment assets		**11,985,334,104**	9,583,674,404	**6,166,762,839**	6,405,019,562	**984,990,257**	858,290,237	**19,137,087,200**	16,846,984,203
26.2 Unallocated assets		**-**	-	**-**	-	**-**	-	**3,492,606,368**	4,020,855,991
		11,985,334,104	9,583,674,404	**6,166,762,839**	6,405,019,562	**984,990,257**	858,290,237	**22,629,693,568**	20,867,840,194
26.3 Segment liabilities		**1,391,716,778**	1,775,537,286	**3,784,282,086**	4,572,015,250	**179,834,940**	25,038,991	**5,355,833,804**	6,372,591,527
26.4 Unallocated liabilities		**-**	-	**-**	-	**-**	-	**10,791,080,347**	8,257,137,379
		1,391,716,778	1,775,537,286	**3,784,282,086**	4,572,015,250	**179,834,940**	25,038,991	**16,146,914,151**	14,629,728,906
26.5 Non-cash items									
-depreciation		**490,678,195**	410,598,882	**287,993,995**	299,830,083	**3,315,349**	-	**781,987,539**	710,428,965
-others		**32,386,296**	31,933,083	**10,107,499**	831,724	**1,493,545**	399,820	**43,987,340**	33,164,627
		523,064,491	442,531,965	**298,101,494**	300,661,807	**4,808,894**	399,820	**825,974,879**	743,593,592
26.6 Capital expenditure		**2,601,531,575**	1,222,209,931	**608,442,256**	375,941,138	**125,299,261**	-	**3,335,273,092**	1,598,151,069

26.7 Inter-segment pricing

Transactions among the business segments are recorded at estimated cost.

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

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

27 RECONCILIATION OF REPORTABLE SEGMENT SALES, COST OF SALES, ASSETS AND LIABILITIES

	Note	2017	2016
		--------- Rupees ---------	
27.1 Sales			
Total sales for reportable segments		23,014,395,587	20,027,508,716
Elimination of inter-segments sales		-	(23,460,000)
Total sales		23,014,395,587	20,004,048,716
27.2 Cost of sales			
Total cost of sales for reportable segments		15,883,600,917	13,921,975,479
Elimination of inter-segments purchases		-	(23,460,000)
Total cost of sales		15,883,600,917	13,898,515,479
27.3 Assets			
Total assets for reportable segments	26.1	19,137,087,200	15,988,693,966
Administrative capital assets		160,953,862	342,443,164
Good will		11,959,187	11,959,187
Long term investments	6	3,319,693,319	3,666,453,640
Total assets		22,629,693,568	20,009,549,957
27.4 Liabilities			
Total liabilities for reportable segments	26.3	5,355,833,804	6,372,591,527
Sponsors' loan - subordinated	18	902,151,770	902,151,770
Deferred liabilities	21.3	1,037,472,576	674,516,776
Long term finance	18	8,602,902,294	6,419,779,919
Liabilities against assets subject to finance lease	19	248,553,707	260,688,914
Total liabilities		16,146,914,151	14,629,728,906

28 COST OF SALES

	Note	Food segment 2017	Food segment 2016	Plastic segment 2017	Plastic segment 2016	Pharmaceutical segment 2017	Pharmaceutical segment 2016	Total 2017	Total 2016
		---Rupees---							
Raw materials consumed	28.1	6,902,295,972	5,538,343,948	3,582,213,620	2,821,511,888	-	-	10,484,509,592	8,359,855,836
Packing materials consumed	28.2	2,590,628,965	2,850,176,569	128,573,164	121,262,700	-	-	2,719,202,129	2,971,439,269
Stores and spares consumed	28.3	209,614,446	176,173,618	62,568,920	68,170,222	-	-	272,183,366	244,343,840
Salaries, wages and other benefits		714,080,339	474,970,499	184,358,183	158,576,300	-	-	898,438,522	633,546,799
Electricity, gas, fuel and lubricants		306,076,580	314,758,953	196,067,315	181,204,529	-	-	502,143,895	495,963,482
Repairs and maintenance		46,126,258	25,022,709	12,277,758	10,806,668	-	-	58,404,016	35,829,377
Cold storage - rent & maintenance		16,105,037	16,147,625	-	-	-	-	16,105,037	16,147,625
Printing and stationery		587,556	586,251	280,184	208,043	-	-	867,740	794,294
Insurance		18,083,733	15,128,130	11,866,556	11,809,541	-	-	29,950,289	26,937,671
Rent, rates and taxes		16,208,465	43,214,959	1,045,289	805,577	-	-	17,253,754	44,020,536
Water charges		15,118,736	26,824,075	7,628,428	6,710,950	-	-	22,747,164	33,535,025
Postage and telephone		2,944,137	2,532,459	1,101,373	826,187	-	-	4,045,510	3,358,646
Travelling and conveyance		690,189	1,376,420	1,319,174	153,185	-	-	2,009,363	1,529,605
Vehicle running and maintenance		8,753,102	7,929,686	2,925,559	2,987,628	-	-	11,678,661	10,917,314
Depreciation	4.1	451,920,563	390,844,570	287,586,042	299,264,864	-	-	739,506,605	690,109,434
Laboratory expenses		2,863,960	2,187,721	-	-	-	-	2,863,960	2,187,721
Fees and subscription		2,103,536	663,383	478,614	153,000	-	-	2,582,150	816,383
Cartage		5,846,704	3,095,226	105,243	30,100	-	-	5,951,947	3,125,326
Procurement expenses		9,137,317	2,774,347	15,000	-	-	-	9,152,317	2,774,347
Other manufacturing expenses		1,652,227	488,201	971,048	954,325	-	-	2,623,275	1,442,526
		11,320,837,822	9,893,239,349	4,481,381,470	3,685,435,707	-	-	15,802,219,292	13,578,675,056

	Note	Food segment 2017	Food segment 2016	Plastic segment 2017	Plastic segment 2016	Pharmaceutical segment 2017	Pharmaceutical segment 2016	Total 2017	Total 2016
		---Rupees---							
Work-in-process at the beginning	9	9,354,573	8,467,144	56,572,878	28,377,240	-	-	65,927,451	36,844,384
Transfer from APL		-	-	-	40,759,158	-	-	-	40,759,158
Work-in-process at the end	9	(25,549,994)	(9,354,573)	(125,615,809)	(56,572,878)	-	-	(151,165,803)	(65,927,451)
		(16,195,421)	(887,429)	(69,042,931)	12,563,520	-	-	(85,238,352)	11,676,091
Cost of goods manufactured		11,304,642,401	9,892,351,920	4,412,338,539	3,697,999,227	-	-	15,716,980,940	13,590,351,147
Stock of finished goods at beginning of the year	9	1,331,306,923	1,583,304,050	46,730,911	38,462,723	-	-	1,378,037,834	1,621,766,773
Transfer from APL		-	-	-	38,590,164	-	-	-	38,590,164
Purchase of finished goods		36,760,550	44,992,507	-	86,812,722	-	-	36,760,550	131,805,229
Insurance claim		-	(82,500,000)	-	-	-	-	-	(82,500,000)
Stock of finished goods at end of the year	9	(1,141,365,251)	(1,331,306,923)	(106,813,156)	(46,730,911)	-	-	(1,248,178,407)	(1,378,037,834)
		226,702,222	214,489,634	(60,082,245)	117,134,698	-	-	166,619,977	331,624,332
		11,531,344,623	10,106,841,554	4,352,256,294	3,815,133,925	-	-	15,883,600,917	13,921,975,479
28.1 Raw materials consumed									
Stock of raw materials at beginning of the year	9	1,764,105,953	2,193,952,268	2,200,550,215	919,909,792	-	-	3,964,656,168	3,113,862,060
Transfer from APL		-	-	-	1,157,932,780	-	-	-	1,157,932,780
Purchases		6,634,304,630	5,091,063,747	2,974,018,330	2,944,219,531	-	-	9,608,322,960	8,035,283,278
Cartage inward		37,645,770	20,426,681	332,250	-	-	-	37,978,020	20,426,681
Purchase discount		(217,418)	(2,992,795)	-	-	-	-	(217,418)	(2,992,795)
		8,435,838,935	7,302,449,901	5,174,900,795	5,022,062,103	-	-	13,610,739,730	12,324,512,004
Stock of raw materials at end of the year	9.1	(1,533,542,963)	(1,764,105,953)	(1,592,687,175)	(2,200,550,215)	-	-	(3,126,230,138)	(3,964,656,168)
		6,902,295,972	5,538,343,948	3,582,213,620	2,821,511,888	-	-	10,484,509,592	8,359,855,836
28.2 Packing materials consumed									
Stock of packing materials at beginning of the year	9.1	497,054,866	583,483,942	7,980,275	3,113,136	-	-	505,035,141	586,597,078
Transfer from APL		-	-	-	5,612,797	-	-	-	5,612,797
Purchases		2,586,095,151	2,740,451,655	130,266,777	119,620,442	-	-	2,716,361,928	2,860,072,097
Cartage inward		-	4,800	907,600	896,600	-	-	907,600	901,400
Inter-segment purchases	27.2	-	23,460,000	-	-	-	-	-	23,460,000
Purchase discount		(1,337,593)	(1,224,812)	(77,106)	-	-	-	(1,414,699)	(1,224,812)
		3,081,812,424	3,346,175,585	139,077,546	129,242,975	-	-	3,220,889,970	3,475,418,560
Provision for the year	9.1	(32,115,829)	1,055,850	-	-	-	-	(32,115,829)	1,055,850
Stock of packing materials at end of the year	9.1	(459,067,630)	(497,054,866)	(10,504,382)	(7,980,275)	-	-	(469,572,012)	(505,035,141)
		2,590,628,965	2,850,176,569	128,573,164	121,262,700	-	-	2,719,202,129	2,971,439,269

	Note	Food segment 2017	Food segment 2016	Plastic segment 2017	Plastic segment 2016	Pharmaceutical segment 2017	Pharmaceutical segment 2016	Total 2017	Total 2016
		-----	-----	-----	-----	Rupees	-----	-----	-----
28.3 Stores and spares consumed									
Stock of stores and spares at beginning of the year	8	**96,887,932**	76,144,566	**52,305,948**	13,661,619	**-**	-	**149,193,880**	89,806,185
Transfer from APL		**-**	-	**-**	30,040,851	**-**	-	**-**	30,040,851
Purchases		**216,630,802**	195,731,449	**81,415,540**	76,713,352	**-**	-	**298,046,342**	272,444,801
Cartage inward		**693,823**	695,215	**40,351**	85,572	**-**	-	**734,174**	780,787
Purchase discounts		**(6,377)**	(49,680)	**(7,274)**	(25,224)	**-**	-	**(13,651)**	(74,904)
		314,206,180	272,521,550	**133,754,565**	120,476,170	**-**	-	**447,960,745**	392,997,720
Provision for the year	7.1	**540,000**	540,000	**-**	-	**-**	-	**540,000**	540,000
Stock of stores and spares at end of the year	8	**(105,131,734)**	(96,887,932)	**(71,185,645)**	(52,305,948)	**-**	-	**(176,317,379)**	(149,193,880)
		209,614,446	176,173,618	**62,568,920**	68,170,222	**-**	-	**272,183,366**	244,343,840
29 SELLING AND DISTRIBUTION EXPENSES		-							
Salaries and other benefits		**433,368,509**	297,316,563	**19,538,821**	14,712,230	**-**	-	**452,907,330**	312,028,793
Cartage outward		**415,402,949**	378,236,746	**91,549,447**	79,580,610	**-**	-	**506,952,396**	457,817,356
Export expenses		**38,013,986**	20,031,699	**21,112,232**	19,289,443	**-**	-	**59,126,218**	39,321,142
Advertisements		**430,611,084**	408,094,890	**15,000**	-	**-**	-	**430,626,084**	408,094,890
Entertainment		**3,307,879**	2,903,881	**180,300**	91,840	**-**	-	**3,488,179**	2,995,721
Vehicle running and maintenance		**99,854,011**	63,827,514	**1,028,348**	1,547,990	**-**	-	**100,882,359**	65,375,504
Printing and stationery		**4,101,000**	6,612,507	**1,131,001**	251,556	**-**	-	**5,232,001**	6,864,063
Postage and telephone		**15,952,811**	9,562,337	**711,860**	520,620	**-**	-	**16,664,671**	10,082,957
Conveyance and travelling		**18,862,791**	15,101,867	**1,081,923**	2,357,457	**-**	-	**19,944,714**	17,459,324
Samples		**1,898,662**	727,865	**248,757**	3,500	**-**	-	**2,147,419**	731,365
Utilities		**3,717,719**	3,853,103	**394,194**	331,249	**-**	-	**4,111,913**	4,184,352
Repairs and maintenance		**2,333,572**	2,128,878	**134,422**	913,548	**-**	-	**2,467,994**	3,042,426
Rent		**28,451,608**	22,073,551	**2,956,250**	1,591,000	**-**	-	**31,407,858**	23,664,551
Depreciation	4.1	**15,570,408**	7,955,489	**55,432**	62,522	**-**	-	**15,625,840**	8,018,011
Fee and subscription		**211,863**	10,000	**-**	-	**-**	-	**211,863**	10,000
Insurance		**4,647,612**	3,200,724	**914,564**	923,716	**-**	-	**5,562,176**	4,124,440
Provision for doubtful						**-**	-		
trade debts	10	**3,600,000**	3,600,000	**-**	-	**-**	-	**3,600,000**	3,600,000
Miscellaneous		**2,083,082**	-	**1,600**	-	**-**	-	**2,084,682**	-
		1,521,989,546	1,245,237,614	**141,054,151**	122,177,281	**-**	-	**1,663,043,697**	1,367,414,895

	Note	Food segment 2017	Food segment 2016	Plastic segment 2017	Plastic segment 2016	Pharmaceutical segment 2017	Pharmaceutical segment 2016	Total 2017	Total 2016
		-----	-----	-----	-----	Rupees	-----	-----	-----
30 ADMINISTRATIVE EXPENSES									
Salaries and other benefits including director's remuneration		**152,339,117**	96,662,311	**11,400,310**	10,969,741	**5,921,017**	-	**169,660,444**	107,632,052
Conveyance and travelling		**11,822,712**	10,046,557	**-**	342,580	**577,434**	-	**12,400,146**	10,389,137
Postage and telephone		**10,703,049**	5,756,623	**219,020**	182,521	**597,466**	-	**11,519,535**	5,939,144
Printing and stationery		**6,548,835**	4,517,203	**3,830**	202,896	**864,001**	-	**7,416,666**	4,720,099
Repairs and maintenance		**9,327,025**	2,842,488	**-**	-	**2,984,898**	-	**12,311,923**	2,842,488
Electricity and utilities		**5,362,083**	6,053,117	**-**	-	**-**	-	**5,362,083**	6,053,117
Insurance		**5,224,896**	3,888,600	**171,497**	24,768	**1,563,021**	-	**6,959,414**	3,913,368
Advertisement		**205,300**	590,696	**-**	-	**2,209,950**	-	**2,415,250**	590,696
Entertainment		**1,323,234**	757,655	**3,960**	8,820	**-**	-	**1,327,194**	766,475
Vehicle running and maintenance		**8,670,338**	6,801,240	**101,104**	92,289	**1,106,489**	-	**9,877,931**	6,893,529
Rent, rates and taxes		**348,000**	900,250	**-**	-	**546,504**	-	**894,504**	900,250
Fee and subscription		**3,763,570**	9,216,119	**709,705**	380,283	**7,068,299**	-	**11,541,574**	9,596,402
Legal and professional charges		**7,504,510**	11,344,054	**371,000**	7,999,800	**125,740**	-	**8,001,250**	19,343,854
Depreciation	4.1	**23,187,224**	11,798,823	**352,521**	502,697	**3,315,349**	-	**26,855,094**	12,301,520
Laboratory Expense		**-**	-	**-**	-	**562,505**	-	**562,505**	-
Commission charges		**-**	-	**-**	-	**36,000**	-	**36,000**	-
Miscellaneous		**-**	-	**-**	-	**433,420**	-	**433,420**	-
General meeting expenses		**113,946**	117,579	**-**	-	**-**	-	**113,946**	117,579
		246,443,839	171,293,315	**13,332,947**	20,706,395	**27,912,093**	-	**287,688,879**	191,999,710

	Note	2017	2016
		--------- Rupees ---------	

31 OTHER OPERATING EXPENSES

	Note	2017	2016
Contribution to:			
- workers' profits participation fund		88,250,393	67,931,688
- workers' welfare fund		33,535,150	25,814,038
Auditors' remuneration	31.1	3,307,897	2,747,360
Exchange loss		-	28,539,082
Donations	31.2	21,747,751	4,087,000
Other		845,098	2,612,824
		147,686,289	131,731,992

31.1 Auditor's remuneration

	2017	2016
Audit fee -	1,500,000	1,400,000
Audit fee - consolidated	400,000	300,000
Audit fee - Hudson Pharma (Private) Limited	200,000	-
Fee for other certification	90,000	139,450
Fee for half yearly review	400,000	250,000
Out-of-pocket expense	717,897	657,910
	3,307,897	2,747,360

31.2 None of the directors or their spouses had any interest in the donees.

32 OTHER INCOME

	2017	2016
Income from non-financial assets		
Recovery from sale of production scrap	154,022,825	131,305,194
Profit on sale of shares	635,104	
Exchange Gain	2,096,636	-
Gain on disposal of property, plant and equipment	14,462,777	2,477,831
Processing income	21,198,631	31,761,590
Others	2,850,903	590,386
	195,266,876	166,135,001

33 FINANCE COST

	2017	2016
Mark up on:		
- long term finances - Conventional	331,959,025	258,829,164
- long term finances - Islamic	129,067,050	115,608,238
- short term finances - Conventional	87,014,383	267,296,436
- short term finances - Islamic	93,035,426	111,931,305
Interest on workers' profits participation fund	5,801,139	7,834,246
Finance charge on finance leases	13,446,887	15,936,178
Bank charges	10,947,264	20,946,635
	671,271,174	798,382,202

34 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2017				2016			
	Chief Executive Officer	Executive Directors	Non-Executive Directors	Executives	Chief executive officer	Executive Directors	Non-Executive Directors	Executives
	Rupees							
Managerial remuneration	5,700,000	11,475,000	3,000,000	291,632,601	5,700,000	10,296,000	-	140,417,086
Gratuity	-	-	-	88,337,605	-	-	-	37,037,388
Reimbursement of expenses								
Utilities	1,000,000	1,749,998	833,330	-	1,000,000	700,000	-	-
	6,700,000	13,224,998	3,833,330	379,970,206	6,700,000	10,996,000	-	177,454,474
Number of persons	1	7	6	157	1	10	6	88

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

During the year the Holding Company has paid remunerations to two Non-Executive Directors who were Executive Directors before election.

34.1 The remuneration has been allocated as follows:

	2017				2016			
	Chief Executive Officer	Executive Directors	Non-Executive Directors	Executives	Chief Executive Officer	Executive Directors	Non-Executive Directors	Executives
	Rupees							
Cost of goods sold	-	-	-	201,119,977	-	-	-	72,730,418
Selling and distribution expenses	-	-	-	94,910,644	-	-	-	61,775,132
Administrative expenses	6,700,000	13,224,998	3,833,330	83,939,585	6,700,000	10,996,000	-	42,948,924
	6,700,000	13,224,998	3,833,330	379,970,206	6,700,000	10,996,000	-	177,454,474
Number of persons	1	2	6	157	1	2	6	88

35 CLASSIFICATION OF EXPENSES

	Note	2017 Local	Export	Common expenses	Total
		Rupees			
Selling and distribution expenses	29	1,588,304,415	74,739,282	-	1,663,043,697
Administrative expenses	30	-	-	287,688,879	287,688,879
Finance cost	33	658,323,053	12,919,224	-	671,242,277

	Note	2016 Local	Export	Common expenses	Total
		Rupees			
Selling and distribution expenses	29	1,317,778,918	49,635,977	-	1,367,414,895
Administrative expenses	30	-	-	191,999,710	191,999,710
Finance cost	33	782,925,423	15,456,779	-	798,382,202

36 TAXATION

	2017	2016
	--------- Rupees ---------	
Current	108,289,855	167,131,422
Prior year	-	1,993,931
Deferred	368,918,025	121,469,718
	477,207,880	290,595,071

36.1 The relationship between accounting profit and tax expense

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

37 EARNING PER SHARES

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

	2017	2016
	--------- Rupees ---------	
Basic earnings per share		
Profit for the year	1,137,918,516	1,001,866,892
	Number of shares	
Weighted average number of ordinary shares during the year	63,804,750	50,520,750
Number of ordinary shares to be issued pursuant to amalgamation	-	13,284,000
Weighted average number of shares outstanding as at year end	63,804,750	63,804,750
Basic earnings per share	17.83	15.70

38 NUMBER OF EMPLOYEES

	2017	2016
Number of employees as at the year end	2,005	1,566
Average number of employees during the year	1,909	1,469

39 CASH GENERATED FROM OPERATIONS

	Note	2017	2016
		--------- Rupees ---------	
Profit before income tax		1,615,126,396	1,292,461,963
Adjustments for non-cash and other items:			
Depreciation	4.1	781,987,539	710,428,965
Gain on disposal of property, plant and equipment - net	4.2	(14,462,777)	(2,477,831)
Provision for staff gratuity scheme - unfunded	21.1.5	43,987,340	32,764,807
Finance cost	33	671,271,174	798,382,202
Share of profit from associated undertaking	6.2.3	(468,289,213)	(506,400,223)
Provision for slow moving - stores and spares		540,000	540,000
Provision for slow moving - stock in trade		5,500,000	32,400,000
Provision for doubtful trade debts		3,600,000	3,600,000
Exchange loss		(2,096,636)	28,539,082
		2,637,163,823	2,390,238,965
Increase / (decrease) in working capital			
(Increase) / Decrease in current assets			
Stores and spares		(17,600,076)	(38,168,787)
Stock in trade		880,894,407	656,965,019
Trade debts		(262,529,008)	(27,933,313)
Advances - considered good		(228,642,877)	2,247,651
Trade deposits and short term prepayments		10,658,249	(1,695,684)
Other receivables		221,572,104	(7,967,166)
		604,352,799	583,447,720
(Decrease) / Increase in current liabilities			
Trade and other payables		(542,302,882)	139,354,724
Short term finances		236,362,577	(1,128,568,652)
Advance from customers		(24,748,849)	(27,119,411)
		(330,689,154)	(1,016,333,339)
Net increase / (decrease) increase in working capital		273,663,645	(432,885,619)
Cash generated from operations		2,910,827,468	1,957,353,346

40 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

40.1 Financial instruments by category

	Note	2017	2016
		--------- Rupees ---------	
Financial assets			
Available for sale			
Long term investments	6	308,840,000	294,840,000
Short term investments	12	-	37,447,999
Loans and receivables at amortized cost			
Long term deposits	7	35,635,973	58,594,534
Trade debts	10	1,442,852,765	1,181,827,121
Advances - considered good	11	24,535,243	20,967,946
Trade deposits	13	9,656,762	9,194,168
Cash and bank balances	16	32,197,173	58,911,306
Total financial assets		1,853,717,916	1,661,783,074
Financial liabilities			
Financial liabilities at amortized cost			
Sponsors' loan - subordinated (interest-free)	18	902,151,770	902,151,770
Long term finances	19	8,752,902,294	6,419,779,919
Liabilities against assets subject to finance lease	20	248,553,707	260,688,914
Trade and other payables	22	1,065,505,368	1,607,305,825
Accrued mark-up	23	93,598,715	80,996,630
Short term finances	24	3,783,293,527	4,447,779,750
Total financial liabilities		14,846,005,381	13,718,702,808

40.2 Fair value of financial assets and liabilities

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

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

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

b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability,

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

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

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

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

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

The valuation techniques used are as follows:

Level 1: Quoted prices (unadjusted) in active markets

The fair value of financial instruments traded in active markets is based on market value of shares at the reporting date. A market is regarded as active when it is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table analysis within the fair value hierarchy of the Group's financial assets (by class) measured at fair value at June 30, 2017:

	2017			
Financial assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	--------------------Rupees--------------------			
Financial investments:				
Available for sale	4,100,654,738	-	-	4,100,654,738

	2016			
Financial assets	Level 1	Level 2	Level 3	Total
	--------------------Rupees--------------------			
Financial investments:	3,322,879,990	-	-	3,322,879,990

40.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

40.3.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of 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 Group's performance to developments affecting a particular industry.

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

Trade debts

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

The Group establishes an allowance for the doubtful trade debts that represent its estimate of incurred losses in respect of trade debts. The allowance is based on the management assessment of a specific loss component that relates to individually significant exposures.

Bank balances

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

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

	Short- term Ratings	2017 Rupees	2016 Rupees
Al Baraka Bank Pakistan Ltd	A1	24,444	1,034,603
Allied Bank Limited	A1+	(1,767,720)	(401,974,775)
Askari Bank Ltd	A1+	70,827	(49,113,750)
Bank Al Falah Limited	A1+	(288,090,150)	(35,002,887)
Bank Al Habib Limited	A1+	(144,737,416)	(9,186,481)
Bank Islami Pakistan Ltd	A1+	380,765	2,084,209
Dubai Islamic Bank Pakistan Limited	A1	585,509	669,163
Faysal Bank Limited	A-1	(83,415,336)	(263,286,761)
Habib Bank Limited	A1+	2,342,444	1,483,707
Habib Metropolitan Bank Limited	A-1+	2,661,679	(24,172,017)
Industrial & Commercial Bank of China	A1+	559,157	590,812
JS Bank Limited	A1+	(177,124,297)	(286,690,327)
MCB Bank Limited	A1+	1,472,089	(135,930)
MCB Islamic Bank Limited	A1+	1,194,783	3,712,958
Meezan Bank Limited	A1+	1,580,456	5,736,420
National Bank Of Pakistan	A1+	(94,984,995)	(219,701,189)
NIB Bank Limited	A-1+	774,743	914,428
Samba Bank Ltd	A-1+	56,185	5,153,747
Soneri Bank Ltd	A1+	51,611	122,457
Standard Chartered Bank (Pakistan) Limited	A1+	6,035,898	(174,100,036)
Summit Bank Ltd	A-1+	(2,149,069)	(207,881,904)
The Bank Of Khyber	A1+	59,543	59,578
The Bank of Punjab	A1+	399,633	1,646,102
Burj Bank Limited		-	1,648,315
Silk Bank Limited		-	7,459
United Bank Limited		-	(1,771,785)
		(774,019,217)	(1,648,153,884)

Exposure to credit risk

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

	Note	2017	2016
		--------- Rupees ---------	
Trade debts	10	1,442,852,765	1,181,827,121
Advances	11	24,535,243	20,967,946
Trade deposits	13	9,656,762	9,194,168
Bank balances	16	3,765,957	10,587,976
		1,480,810,727	1,222,577,211

To reduce the exposure to credit risk, the Group 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 Group has certain trade debts that are past due but are not considered to be impaired. The amounts as at June 30 are as follows:

	2017	2016
	--------- Rupees ---------	
More than 45 days but not more than 3 months	175,470,806	117,994,471
More than 3 months but not more than 6 months	169,115,819	86,321,571
More than 6 months but not more than 1 year	86,790,557	72,572,721
	431,377,182	276,888,763

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

40.3.2 Liquidity risk

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

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

	Note	2017			
		Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		-----------Rupees-----------			
Financial liabilities					
Interest bearing					
Long term finances - secured (Conventional)	19	5%	6,071,235,633	1,441,857,599	4,629,378,034
Long term finances - secured (Islamic)		5%	2,681,666,661	636,249,986	2,045,416,675
Liabilities against assets subject to finance lease-conventional	20	6.84% to 7.28%	144,574,108	65,905,246	78,668,862
Liabilities against assets subject to finance lease-Islamic		6.57% to 6.88%	103,979,599	14,472,049	89,507,550
Short term finances - secured (Conventional)	24	5.98% to 7.30%	3,783,293,527	3,783,293,527	-
Short term finances - secured (Islamic)	19	6.22% to 6.31%	-	-	-
Non - interest bearing					
Sponsors' loan - subordinated	18	-	902,151,770	-	902,151,770
Trade and other payables	22	-	1,065,505,368	1,065,505,368	-
Accrued mark-up	23	-	93,598,715	93,598,715	-
			14,846,005,381	7,100,882,490	7,745,122,891

	Note	Effective rate of interest	Carrying amount	Maturity upto one year	Maturity after one year
		2016			
Financial liabilities		---------------------------------Rupees---------------------------			
Interest bearing					
Long term finances - secured - Conventional	19	5%	4,740,613,260	1,725,867,014	3,014,746,246
Long term finances - secured - Islamic		7%	1,679,166,659	347,500,004	1,331,666,655
Liabilities against assets subject to finance lease-conventional	20	7.04% to 8.49%	185,751,806	70,993,069	114,758,737
Liabilities against assets subject to finance lease-Islamic		7% to 8.34%	74,937,108	41,254,217	33,682,891
			-	-	-
Short term finances - secured- Conventional	24	6.42% to 8.51%	3,448,469,979	3,448,469,979	-
Short term finances - secured-Islamic		6.39% to 7.78%	999,309,771	999,309,771	-
Non - interest bearing					
Sponsors' loan - subordinated	18	-	902,151,770	-	902,151,770
Trade and other payables	22	-	1,583,216,525	1,583,216,525	-
Accrued mark-up	23	-	80,996,630	80,996,630	-
			13,694,613,508	8,297,607,209	5,397,006,299

(a) On balance sheet gap represents the net amounts of balance sheet items.

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

	2017	2016
Financial liabilities		
Long term finances - secured	8,752,902,294	6,419,779,919
Short term borrowings	3,783,293,527	4,447,779,750

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

At June 30, 2017, if interest rates on long term financing had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 80.28 million (2016: Rs. 64.41 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

At June 30, 2017, if interest rates on short term borrowings had been 1% higher / lower with all other variables held constant, pre tax profit for the year would have been Rs. 85.42 million (2016: Rs. 44.62 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate borrowings.

40.3.3 Market risk

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

a) Foreign currency risk

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

Exposure to Foreign currency risk

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

	2017	2016
	---------- Amount in USD ----------	
Trade debts	592,986	677,839
Cash and bank balances	98,195	-
Borrowings from financial institutions		
Letter of credit	(937,630)	(2,805,361)
Advance from customer	(249,709)	(169,859)
-	(496,158)	(2,297,381)
Forward rate agreements	(7,765,740)	(13,471,056)
Net Exposure	(8,261,898)	(15,768,437)

The following significant exchange rates were applied during the year.

	2017	2016
	Rupee per USD	
Average rate	104.85	104.37
Reporting date rate	105.00	104.70

Foreign currency sensitivity analysis

A 10 percentage strengthening of the PKR against the USD at June 30, 2017 would have effect on the equity and profit and loss of the company as shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for June 30, 2018.

	2017 Rupees	2016 Rupees
Strengthening of PKR against respective currencies	86,749,929	165,095,535
Weakening of PKR against respective currencies	(86,749,929)	(165,095,535)

As at 30 June 2017, 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. 86.75 million (2016: Rs. 165.095 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	2017	2016
		--------- Rupees ---------	
Export debtors	10	124,849,742	138,962,888
Import creditors		294,738,978	751,055,634
		419,588,720	890,018,522

b) Interest rate risk

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

	Carrying amount 2017	2016
	--------- Rupees ---------	
Fixed rate instruments	-	-
Variable rate instruments		
Financial assets	-	-
Financial liabilities	12,784,749,528	11,128,248,583
	12,784,749,528	11,128,248,583

As at 30 June 2017, 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. 12.784 million. (2016: Rs. 11.128 million) mainly because of higher/lower interest expense on variable rate instruments.

c) Equity risk

It is the risk that the listed equity securities are susceptible to market price risk, arising from uncertainties about future values of the investment securities. Currently, the Group has no investments which are exposed to such risk.

41 CAPITAL RISK MANAGEMENT

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

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

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

	2017	2016
	--------- Rupees ---------	
Share capital	**638,047,500**	505,207,500
Reserves	**5,613,640,729**	5,360,837,355
	6,251,688,229	5,866,044,855

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

During 2017 the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2017 and 2016 were as follows:

	Note	**2017**	2016
		----------- Rupees -----------	
Total borrowings		**9,655,054,064**	7,321,931,689
Less: Cash and bank		**34,125,833**	61,458,777
Net debt		**9,689,179,897**	7,383,390,466
Total equity		**6,482,779,417**	6,238,111,288
Total equity and debt		**16,171,959,314**	13,621,501,754
Gearing ratio (%)		**59.91%**	54.20%

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

42 PLANT CAPACITY AND ACTUAL PRODUCTION

	2017		2016	
	Rated Capacity	**Actual Production**	Rated Capacity	Actual Production
Food processing (Metric Ton)	**107,290**	**71,133**	93,250	63,559
Plastic film (Metric Ton)	**33,000**	**25,139**	32,720	21,489
Pharmaceutical (Containers)	**18,000**	**-**	-	-

43 TRANSACTION WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the Group and key management personnel. The Group 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:

	2017	2016
	--------- Rupees ---------	
Holding Company		
Transaction		
Plastiflex Films (Private) Limited		
- Receivable against service (Transfer from APL)	-	(9,600,000.00)
- Purchase of Fixed Assets	-	378,812,072
- Purchase of Raw Materials	**44,302,195**	300,184,410
- Purchase of Packing Materials	-	45,594,055
- Purchase of Work in process	-	41,137,708
- Purchase of Stores & Spares	-	797,057
- Purchase of Finished goods	-	60,262,712
- Transfer of Staff Loan from APL	-	60,000
- Payment against purchases	**(46,742,412)**	(806,216,941)
Balances		
Plastiflex Films (Private) Limited		
- Payable to associate	**15,092,655**	17,532,872
Director's subordinated - loan		
- Payable to directors'	**902,151,770**	902,151,770
Key management personnel		
Payment to chief executive officer against purchase of land	-	283,403,500
Rent paid to chief executive officer	-	1,663,750
Subsidiary Company		
Transaction		
Advance from directors		
- Advance received during the year	-	13,205,967
- Advance received /(repaid) against share issue	-	(282,310,583)
- Amount received from Ismail Industries Limited	-	605,984,000
- Shares issued	-	(809,980,000)
Balances		
- Payable to directors'	**13,205,967**	13,205,967

44 RECLASSIFICATION

Following corresponding figure has been reclassified for the purpose of comparison

Reclassification from	Reclassification from	**2016**
		Rupees
Balance sheet		
current assets	current assets	
Advances to suppliers and contractors	Advances against CWIP	19,546,996

45 NON - ADJUSTING EVENT AFTER THE BALANCE SHEET

45.1 The board of directors in its meeting held on September 22, 2017 has proposed dividend in respect of the year ended June 30, 2017 of Rs. 2.75/- per share (2016: Rs. 6.50/- per share) for approval of the members at the annual general meeting. The consolidated financial statements for the year ended June 30, 2017 do not include the effect of proposed dividend, which will be accounted for in the consolidated financial statements for the year ending June 30, 2018.

The proposed dividend for the year ended June 30, 2017 compiles with the requirement of Section 5A of the Income Tax Ordinance 2001, therefore, no provision for tax on undistributed reserves has been recognized in these consolidated financial statements.

46 DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 22, 2017 by the board of directors of the Group.

Munsarim Saifullah
Chief Executive

Maqsood Ismail
Director

PATTERN OF SHAREHOLDING SHAREHOLDERS STATISTICS

AS AT JUNE 30, 2017

Number of Shareholders	Shareholdings From		To	Total Number of Shares Held
1511	1	-	100	21,363
158	101	-	500	46,647
39	501	-	1000	32,002
49	1001	-	5000	105,505
6	5001	-	10000	47,093
4	10001	-	15000	49,506
1	20001	-	25000	20,876
1	30001	-	35000	34,500
1	185001	-	190000	190,000
1	190001		195000	190,707
1	435001	-	440000	435,400
1	1000001	-	1005000	1,000,090
2	1270001	-	1275000	2,546,650
1	1380001	-	1385000	1,380,450
1	18465001	-	18470000	18,465,936
1	19515001	-	19520000	19,517,293
1	19720001	-	19725000	19,720,732
Total 1779				**63,804,750**

Shareholder's Category	Number of Shareholder	Number of Shares Held	Percentage
CEO,Directors their Spouses & Children	12	63,023,038	98.77%
Associated Company	1	435,400	0.68%
Modarabas & Mutual Funds	1	10	0.00%
Foreign Companies	1	3,300	0.01%
Others	8	5,169	0.01%
General Public	1756	337,833	0.53%
Total	**1779**	**63,804,750**	**100.0%**

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2017

Shareholder Category	Number of Folios	Number of Share Held	Percentage
Associated Company:			
Uniron Industries (Private) Limited	1	435,400	0.682
Directors:			
Mr. Maqsood Ismail Ahmed	1	190,000	0.298
Ms. Farzana Muhammad	1	1,380,450	2.164
Ms. Almas Maqsood	2	20,792,293	32.587
Ms. Reema Ismail Ahmed	1	1,271,650	1.993
Mr. Ahmed Muhammad	1	1,000,090	1.567
Mr. Hamid Maqsood	1	10,090	0.016
Mr. Muhammad Zubair Motiwala (Independent)	1	500	0.001
Chief Executive Officer:			
Mr. Munsarim Saifullah	1	590	0.001
Chairman:			
Mr. Muhammad M. Ismail	2	18,656,643	29.240
CEO, Directors their Spouses & Children:			
Mr. Miftah Ismail	1	19,720,732	30.908
Others	1766	346,312	0.543
Total	**1779**	**63,804,750**	**100.000**

Shareholders holding 5% or more voting interest

Mr. Muhammad M. Ismail	2	18,656,643	29.240
Mr. Miftah Ismail	1	19,720,732	30.908
Ms. Almas Maqsood	2	20,792,293	32.587

STATEMENT SHOWING SHARES PURCHASE, SALE AND GIFT BY DIRECTORS, EXECUTIVES THEIR SPOUSES & CHILDREN

FROM JULY 01, 2016 TO JUNE 30, 2017

S.no.	Name	Designation	Shares Traded		Shares Gifted	
			Purchase	Sale	Received	Given
1	Mr. Muhammad M. Ismail	Director	13,600	-	-	-
2	Mr. Muhammad Zubair Motiwala	Director	500	-	-	-

Electronic Dividend Mandate Form

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular No. 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

Shareholders are requested to send the attached Form duly filled and signed, along with attested copy of their valid CNIC to the Company's Share Registrar, M/s. THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of valid CNIC directly to their broker (participant)/CDC.

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder: ____

Folio Number/CDC Account No.: ________________________________ of Ismail Industries Limited

Contact number of shareholder: ____

Title of Account: ____

IBAN (*): ____

Name of Bank: ____

Bank branch: ____

Mailing Address of Branch: ____

CNIC No. (attach attested copy): ____

NTN (in case of corporate entity): ____

It is stated that the above particulars given by me are correct and to the best of my knowledge; I shall keep the Company informed in case of any changes in the said particulars in future.

______________________ ________________

Shareholder's Signature **Date**

NOTES:

* Please provide complete IBAN (International Bank Account Number), after checking with your concerned Bank branch to enable electronic credit directly into your bank account.

Proxy Form

The Secretary/ Registrar

I/We ____________________ son/ daughter/ wife of ____________________, shareholder of **Ismail Industries Limited**, holding ________ ordinary shares as per register under Folio No ________and/or CDC Participant ID ________ and Sub- Account No.________ hereby appoint ____________________(holding ________ ordinary shares in the Company as per register under Folio No ________ and/or CDC Participant ID ________ and Sub- Account No. ________) or failing him/her ___________________, (holding ________ ordinary shares in the Company as per register under Folio No ________ and/or CDC Participant ID ________ and Sub- Account No.________) as my/ our proxy, to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on October 26, 2017 and/ or any adjournment thereof.

Signed this _________ day of _________ 2017.

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

Sign across Rs.5/- Revenue Stamp

Signature of Member(s)

Witness 1:		Witness 2:	
Signature	____________	Signature	____________
Name	____________	Name	____________
CNIC #	____________	CNIC #	____________

Notes:

1. A proxy need be a member of the Company
2. In order to be valid, this Proxy must be received to our Registrar/Transfer Agents, M/s. THK Associates (Pvt) Ltd. 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi 75400 Pakistan at least 48 hours before the time fixed for the Meeting, duly completed in all respects.
3. CDC Shareholders or their Proxies should bring their original Computerized National Identity Card (CNIC) or Original Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the notes to the Notice of AGM.

پراکسی فارم (فارم برائے نامزدگی نمائندہ مختار)

سیکریٹری/رجسٹرار

میں/ ہم ____________ بیٹا / بیٹی / زوجہ ____________ اسمٰعیل انڈسٹریز لمیٹڈ کا/ کے شیئر ہولڈر (حصص یافتگان)، فولیو نمبر ____________ اور/ یا سی ڈی سی کے شراکت دار کی آئی ڈی ____________ اور ذیلی اکاؤنٹ نمبر ____________ کے تحت رجسٹر ہونے کے مطابق ____________ عام شیئر رکھتا ہوں/ رکھتی ہوں/ رکھتے ہیں۔

____________ کو مقرر کرتا ہوں/ کرتی ہوں/ کرتے ہیں (جو فولیو نمبر ____________ اور/ یا سی ڈی سی کے شراکت دار کی آئی ڈی ____________ اور ذیلی اکاؤنٹ نمبر ____________ کے تحت رجسٹر ہونے کے مطابق ____________ کمپنی میں عام شیئر رکھتا ہے / رکھتی ہے/ رکھتے ہیں) یا اس کو ____________ پیش کرتا ہوں/ کرتی ہوں/ کرتے ہیں (جو فولیو نمبر ____________ اور/ یا سی ڈی سی کے شراکت دار کی آئی ڈی ____________ اور ذیلی اکاؤنٹ نمبر ____________ کے تحت رجسٹر ہونے کے مطابق ____________ کمپنی میں عام شیئر رکھتا ہوں/ رکھتی ہوں/ رکھتے ہیں) بطور میرا/ ہمارا پراکسی (نمائندہ مختار) جو 26 اکتوبر 2017 کو منعقد ہونے والے سالانہ اجلاس عام میں اور/ یا ملتوی ہونے پر میری/ ہمارے طرف سے شرکت کرنے، ووٹ ڈالنے کا حق رکھتا ہے۔

دستخط ____________ تاریخ ____________ 2017

(دستخط کا کمپنی میں موجود رجسٹر شدہ دستخط کے نمونے سے مطابقت رکھنا ضروری ہے۔)

5 روپے کے رینیو مہر پر دستخط

ممبر (ممبران) کے دستخط

گواہ 1	گواہ 2
دستخط ____________	دستخط ____________
نام ____________	نام ____________
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ____________

نوٹس:

1۔ پراکسی (نامزد نمائندہ) کو کمپنی کا ممبر ہونا۔

2۔ درست ہونے کے لئے پراکسی جو کہ ہر لحاظ سے با قاعدہ مکمل ہو، کا ہمارے رجسٹرار/ ٹرانسفر ایجنٹس، میسرز ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، بلاک 6، پی ای سی ایچ ایس، کراچی 75400، پاکستان کو اجلاس سے 48 گھنٹے قبل موصول ہونا ضروری ہے۔

3۔ سی ڈی سی شیئر ہولڈرز (حصص یافتگان) یا ان کے پراکسیز اپنی شناختی کارڈ یا اصل پاسپورٹ بمعہ شراکت دار کا آئی ڈی نمبر اور ان کا اکاونٹ نمبر اپنے ہمراہ لائیں۔ تفصیلی طریقہ کار سالانہ اجلاس عام کے نوٹس میں دیا گیا ہے۔

ISMAIL INDUSTRIES LIMITED

Head Office

17-Bangalore Town, Shahrah-e-Faisal,
Karachi-75350, Pakistan.
Tel.: (92-21) 3431 1172-75,
Fax: (92-21) 3454 7843, 3454 1094

Factories

Unit 1:
C-230, H.I.T.E., Hub,
Balochistan, Pakistan.
Tel.: (92-853) 302526-302393,
Fax: (92-853) 302527

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

Unit 3:
G-1, H.I.T.E., Hub,
Balochistan, Pakistan.
Tel.: (92-853) 302326,
Fax: (92-853) 302611, 303817

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

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

Unit 6:
D-91, D-92 & D-94,
North Western Industrial Zone,
Port Qasim Athourity,
Karachi-75020, Pakistan.
Tel.: (92-21) 34154169-70,
Fax: (92-21) 34154176

Unit 7:
E-164 to E-168,
North Western Industrial Zone,
Port Qasim Athourity,
Karachi-75020, Pakistan.
Tel.: (92-21) 34154171-73,
Fax: (92-21) 34154176

Unit 8:
E-154 to E-157,
North Western Industrial Zone,
Port Qasim Athourity,
Karachi-75020, Pakistan.
Tel.: (92-21) 34154174-75,
Fax: (92-21) 34154176