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our lives**

Unaudited Financial Statements
First Quarter ended September 30, 2017

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Company Information

Chairman (Non-Executive)

Mr. Mustapha A. Chinoy

Independent Director

Mr. Tariq Ikram

Mr. Ehsan A. Malik

Mr. Jehangir Shah

Non-Executive Director

Mr. Kamal A. Chinoy

Mr. Fuad Azim Hashimi

Mr. Azam Faruque

Mr. Naveed Kamran Baloch

Managing Director & Chief Executive Officer

Mr. Riyaz T. Chinoy

Advisor

Mr. Towfiq H. Chinoy

Chief Financial Officer

Mr. Nadir Akbarali Jamal

Company Secretary

Ms. Fauzia Noorani

Chief Internal Auditor

Ms. Asema Tapal

Internal Auditors

M/s EY Ford Rhodes

External Auditors

M/s KPMG Taseer Hadi & Co.

Bankers

Allied Bank Ltd.

Askari Bank Ltd.

Bank Al Habib Ltd.

Bank Alfalah Ltd.

Faysal Bank Ltd.

Habib Bank Ltd.

MCB Bank Ltd.

Meezan Bank Ltd.

Samba Bank Ltd.

Soneri Bank Ltd.

Standard Chartered Bank (Pakistan) Ltd.

United Bank Ltd.

Legal Advisor

Mrs. Sana Shaikh Fikree

Mr. Ameen Bandukda

Registered Office

101, Beaumont Plaza, 10, Beaumont Road,
Karachi – 75530

Telephone Nos: +9221-35680045-54,

UAN: 021-111-019-019

Fax: +9221-35680373, E-mail: fauzia.noorani@iil.com.pk

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Telephone Nos: +9242-37229752-55,

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Fax: 9242 37220384 E-Mail: lahore@iil.com.pk

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I-8 Markaz, Islamabad.

Telephone Nos: +9251-4864601-2

Multan Office

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Multan Cantt.

Telephone : +9261-4583332

Faisalabad Office

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Susan Road, Faisalabad.

Telephone : +9241-8720037

Peshawar Office

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Telephone Nos: +9291-5845068

Factories

Factory 1

LX 15-16, Landhi Industrial Area, Karachi – 75120

Telephone Nos: +9221-35080451-55,

Fax: +9221-35082403

E-mail: factory@iil.com.pk

Factory 2

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Telephone Nos: +9221-35017026-28, 35017030

Fax: +9221-35013108

Factory 3

22 KM, Sheikhpura Road, Lahore

Telephone Nos: +9242-37190491-3

Website

www.iil.com.pk

Investor Relations Contact

Shares Registrar

Central Depository Company of Pakistan Ltd.

CDC House, 99-B, Block "B", S.M.C.H.S.,

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Telephone Nos: +9221-111-111-500

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E-mail : info@cdcpak.com

Assistant Company Secretary

Mr. Mohammad Irfan Bhatti

101 Beaumont Plaza, 10 Beaumont Road,

Karachi. Tel: +9221-111-019-019, Fax: +9221-35680373

E-mail : irfan.bhatti@iil.com.pk

Directors' Report

The Directors of your Company are pleased to present the condensed interim financial information for the first quarter ended September 30, 2017.

In terms of value, the Company's net sales turnover of Rs. 5.4bn was 76% higher than the same period last year, however, in terms of volume, the turnover was 46% higher than the same period last year. One of the main reasons for this increase in volume was the gas pipe tender business, which has resulted in our domestic sales ending 73% higher than same period last year. The sale of Plastic pipe was 124% higher than same period last year in terms of value and 113% higher in terms of tonnage.

Your Company's Profit after Tax for the quarter ended was Rs.403mn. this quarter's profit includes an amount of Rs. 212mn as Dividend Income. As such IIL's operational profit for the quarter was Rs. 191mn as compared to Rs.206mn of SPLY. This profit translates into earnings per share of Rs.3.36 (September 2016 Rs.3.95 per share) with dividend income and Rs. 1.59 per share without dividend income.

The Group P&L shows a Profit after Taxation of Rs.1,006mn during the first quarter of the fiscal year as compared to Rs.772mn for the same period last year.

International Steels Limited, our 56% owned subsidiary, registered sales volume of 134K metric tons was 20% higher than SPLY while ISL's Profit after Tax for the quarter was Rs. 1,003mn compared to Rs.566mn same period last year.

The Company's 100% owned subsidiaries, IIL Australia (Pty) Ltd. and IIL Stainless Steel (Pvt.) Limited posted sales turnover of Rs.308mn and Rs.44mn showing a growth of 60% and 139% respectively. Both entities have shown a significant improvement in volume growth.

Volume outlook for the full year is positive and is expected to be driven by sales in the domestic market and gas pipe tenders.

We extend our gratitude to all our stakeholders for their continued support and thank the management and staff for their dedication and hard work.

For & on behalf of
International Industries Limited



Mustapha A. Chinoy
Chairman

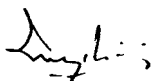
Karachi
Date: October 19, 2017

Condensed Interim Unconsolidated Balance Sheet

As at 30 September 2017 - (un-audited)

	Note	30 September 2017 (Un-audited)	30 June 2017 (Audited)
(Rupees in '000)			
ASSETS			
Non current assets			
Property, plant and equipment	5	5,290,570	5,088,085
Intangible assets		13,790	15,509
Investments	6	2,742,705	2,742,705
Long term deposits		63,475	51,475
		8,110,540	7,897,774
Current assets			
Stores and spares		117,071	107,381
Stock-in-trade	7	9,584,632	8,164,856
Trade debts	8	2,423,039	1,981,679
Advances	9	384,106	59,014
Trade deposits and short term prepayments	10	16,011	13,032
Other receivables	11	256,280	18,446
Sales tax receivable		444,694	266,817
Cash and bank balances		52,043	7,279
		13,277,876	10,618,504
Total assets		21,388,416	18,516,278
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 200,000,000 (2017: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up capital		1,198,926	1,198,926
Reserves	12	4,819,010	4,642,511
Total equity		6,017,936	5,841,437
Surplus on revaluation of property, plant and equipment		2,004,193	2,017,384
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	13	1,265,321	1,178,347
Staff retirement benefits		85,121	85,121
Deferred taxation - net		210,281	230,208
		1,560,723	1,493,676
Current liabilities			
Trade and other payables	14	3,267,743	2,995,759
Short term borrowings - secured	15	8,138,353	5,899,407
Current portion of long-term finances	13	109,707	109,707
Taxation		206,815	96,337
Accrued mark-up		82,946	62,571
		11,805,564	9,163,781
Total liabilities		13,366,287	10,657,457
Total equity and liabilities		21,388,416	18,516,278
Contingencies and commitments	16	-	-

The annexed notes 1 to 29 form an integral part of this condensed interim unconsolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



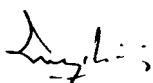
Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Unconsolidated Profit and Loss Account

For the quarter ended 30 September 2017 - (un-audited)

		Quarter ended	
	Note	30 September 2017	30 September 2016
		(Rupees in '000)	
Net sales	17	5,396,286	3,069,670
Cost of sales	18	(4,724,413)	(2,507,921)
Gross profit		671,873	561,749
Selling and distribution expenses	19	(245,008)	(162,401)
Administrative expenses	20	(66,823)	(64,184)
		(311,831)	(226,585)
Financial charges	21	(115,241)	(50,458)
Other operating charges	22	(26,995)	(31,719)
		(142,236)	(82,177)
Other income	23	304,482	357,826
Profit before taxation		522,288	610,813
Taxation	24	(119,195)	(137,300)
Profit after taxation for the period		403,093	473,513
		(Rupees)	
Earnings per share - basic and diluted		3.36	3.95

The annexed notes 1 to 29 form an integral part of this condensed interim unconsolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



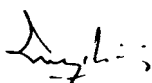
Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Unconsolidated Statement of Comprehensive Income

For the quarter ended 30 September 2017 - (un-audited)

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in '000)	
Profit after taxation for the period	403,093	473,513
Other comprehensive income	-	-
Total comprehensive income for the period	403,093	473,513

The annexed notes 1 to 29 form an integral part of this condensed interim unconsolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



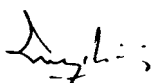
Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Unconsolidated Cash Flow Statement

For the quarter ended 30 September 2017 - (un-audited)

Note	Quarter ended	
	30 September 2017	30 September 2016
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	522,288	610,813
Adjustments for :		
Depreciation and amortisation	89,664	99,203
Provision for doubtful debts	-	10,221
Interest on bank deposits	23 (238)	(275)
Gain on disposal of property, plant and equipment	23 (12,434)	(3,690)
Dividend income	23 (249,907)	(306,319)
Provision for staff gratuity	8,798	7,221
Financial charges	21 115,241	50,458
	473,412	467,632
Changes in:		
Working capital	25 (2,084,251)	(180,159)
Long term deposits	(12,000)	-
Net cash (used in) / generated from operations	(1,622,839)	287,473
Financial charges paid	(94,866)	(51,748)
Payment of staff gratuity	(17,000)	(22,000)
Taxes paid	(28,644)	(65,130)
Net cash (used in) / generated from operating activities	(1,763,349)	148,595
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(292,107)	(200,995)
Proceeds from disposal of property, plant and equipment	14,111	4,837
Interest income received	238	275
Net cash used in investing activities	(277,758)	(195,883)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	103,037	-
Repayment of long term financing	(16,063)	-
Dividends paid	(240,049)	(344)
Net cash used in financing activities	(153,075)	(344)
Net (decrease) / increase in cash and cash equivalents	(2,194,182)	(47,632)
Cash and cash equivalents at beginning of the period	(5,892,128)	(3,227,427)
Cash and cash equivalents at end of the period	(8,086,310)	(3,275,059)
Cash and cash equivalents comprise:		
Cash and bank balances	52,043	8,365
Short term borrowings - secured	15 (8,138,353)	(3,283,424)
	(8,086,310)	(3,275,059)

The annexed notes 1 to 29 form an integral part of this condensed interim unconsolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Unconsolidated Statement of Changes in Equity

For the quarter ended 30 September 2017 - (un-audited)

Issued, subscribed and paid-up capital	Revenue Reserves		Total reserves	Total
	General reserves	Un- appropriated profit		

(Rupees in '000)

Balance as at 1 July 2016

1,198,926 2,700,036 1,303,533 4,003,569 5,202,495

Changes in equity for the period ended 30 September 2016:

Total comprehensive income for the period ended 30 September 2016

Profit for the period

-	-	473,513	473,513	473,513
-	-	-	-	-
-	-	473,513	473,513	473,513

Other Comprehensive income for the period

Total Comprehensive income for the period

Transactions with owners of the Company - distributions:

-Final dividend @ 35% (Rs. 3.50 per share) for the year ended 30 June 2016

-	-	(419,624)	(419,624)	(419,624)
---	---	-----------	-----------	-----------

Total transactions with owners of the Company - distribution

- (419,624) (419,624) (419,624)

Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax

- 27,145 27,145 27,145

Balance as at 30 September 2016

1,198,926 2,700,036 1,384,567 4,084,603 5,283,529

Balance as at 1 July 2017

1,198,926 2,700,036 1,942,475 4,642,511 5,841,437

Changes in equity for the period ended 30 September 2017:

Total comprehensive income for the period ended 30 September 2017

Profit for the period

-	-	403,093	403,093	403,093
-	-	-	-	-
-	-	403,093	403,093	403,093

Other Comprehensive income for the period

Total Comprehensive income for the period

Transactions with owners of the Company - distributions:

-Final dividend @ 20% (Rs. 2.00 per share) for the year ended 30 June 2017

-	-	(239,785)	(239,785)	(239,785)
---	---	-----------	-----------	-----------

Total transactions with owners of the Company - distribution

- (239,785) (239,785) (239,785)

Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax

- 12,491 12,491 12,491

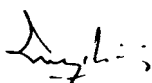
Transfer from surplus on revaluation on disposal of fixed assets - net of deferred tax

- 700 700 700

Balance as at 30 September 2017

1,198,926 2,700,036 2,118,974 4,819,010 6,017,936

The annexed notes 1 to 29 form an integral part of this condensed interim unconsolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

1. STATUS AND NATURE OF BUSINESS

International Industries Limited ("the Company") was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. The Company is in the business of manufacturing and marketing galvanized steel pipes, precision steel tubes, API line pipes, polyethylene pipes and PPRC pipes & fittings. Its registered office is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi-75530.

Details of the Company's investment in subsidiaries and associated company are disclosed in note 6 to this condensed interim unconsolidated financial information.

2. BASIS OF PREPARATION

2.1 Statement of compliance

2.1.1 This condensed interim financial information of the Company for the period ended 30 September 2017 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance 1984 have been followed.

2.1.2 The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 06 October 2017, these financial information have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

2.1.3 These condensed interim unconsolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended 30 June 2017.

2.1.4 The comparative Balance Sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2017, whereas the comparative condensed interim Profit and Loss Account, condensed interim Statement of Comprehensive Income, condensed interim Cash Flow Statement and condensed interim Statement of Changes in Equity are extracted from the unaudited condensed interim unconsolidated financial information for the period ended 30 September 2016.

2.1.5 These condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 245 of the repealed Companies Ordinance, 1984.

2.2 Basis of measurement

These condensed interim unconsolidated financial information has been prepared under the historical cost convention except that land and buildings are stated at fair values determined by an independent valuer and the Company's liability under its defined benefit plan (gratuity) which is determined on the present value of defined benefit obligations determined by an independent actuary.

2.3 Functional and presentation currency

These condensed interim unconsolidated financial information is presented in Pakistan Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1. The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual separate financial statements of the Company as at and for the year ended 30 June 2017.
- 3.2. Certain amendment and interpretation to approved accounting standards became effective during the period were not relevant to the Company's operation and do not have any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1. The preparation of condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2. The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statement as at and for the year ended 30 June 2017.
- 4.3. The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2017.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work - - in - progress (Rupees in '000)	Total
Cost / revalued amount			
Opening balance	7,423,720	82,931	7,506,651
Additions	189,156	292,107	481,263
Disposal / transfers / adjustment	(18,046)	(189,156)	(207,202)
	<u>7,594,830</u>	<u>185,882</u>	<u>7,780,712</u>
Accumulated depreciation			
Opening balance	(2,418,566)	-	(2,418,566)
Disposal / adjustments	16,369	-	16,369
Charge for the period	(87,945)	-	(87,945)
	<u>(2,490,142)</u>	<u>-</u>	<u>(2,490,142)</u>
Written down value as at			
30 September 2017 (Un-audited)	<u>5,104,688</u>	<u>185,882</u>	<u>5,290,570</u>
Written down value as at 30 June 2017 (Audited)	<u>5,005,154</u>	<u>82,931</u>	<u>5,088,085</u>

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

6. INVESTMENTS

(Un-audited) 30 September 2017	(Audited) 30 June 2017		Note	(Un-audited) 30 September 2017	(Audited) 30 June 2017
Number of shares				(Rupees in '000)	
Quoted companies					
245,055,534	245,055,534	International Steels Limited (ISL) - subsidiary company at cost	6.1	2,450,555	2,450,555
2,425,913	2,425,913	Pakistan Cables Limited (PCL) - associate company at cost	6.2	132,982	132,982
Un-quoted company					
100,000	100,000	IIL Australia Pty Limited (IIL Australia) - subsidiary company at cost	6.3	9,168	9,168
15,000,000	15,000,000	IIL Stainless Steel (Pvt.) Limited (IIL SS) - subsidiary company at cost	6.4	150,000	150,000
				<u>2,742,705</u>	<u>2,742,705</u>

6.1 The Company holds 56.33% ownership interest in ISL. The Chief Executive of ISL is Mr. Yousuf H. Mirza.

6.1.1 The Company has filed the petition in the Honourable Sindh High Court against the deletion of clause 103A of the second schedule of the Income Tax Ordinance, 2001 and obtained a stay order on the deduction of withholding tax on the inter corporate dividend. As per the requirement of the stay order, the Company has pledge 500,000 shares of International Steels Limited in the Honourable Sindh High Court as a security against the tax payable on dividend declared by the International Steels Limited on 21 October 2016. Further, a bank guarantee amounting to Rs.76.6 million have also been given to Nazir High Court as a security against tax payable on dividend declared by the International Steels Limited on 02 June 2017.

6.2 The Company holds 8.52% ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Kamal A. Chinoy.

6.3 The Company holds 100% ownership interest in IIL Australia. The Chief Executive Officer of IIL Australia is Mr.Sohail Raza Bhojani. The Company is incorporated in Victoria, Australia.

6.4 The Company holds 100% ownership interest in IIL SS. The Chief Executive Officer of IIL SS is Mr. Khawar Bari.

6.5 Market value of the aforementioned quoted investments is as follows:

	(Un-audited) 30 September 2017	(Audited) 30 June 2017
	(Rupees in '000)	

Quoted

International Steels Limited	29,683,578	31,340,153
Pakistan Cables Limited	626,516	776,292

6.6 The book value of IIL Australia based on un-audited financial statements as at 30 September 2017 is AUD 110,376 (Rs.9.11 million). [2017: AUD 110,245 (Rs. 8.89 million)].

6.7 The book value of IIL SS based on un-audited financial statements as at 30 September 2017 is Rs.136 million (2017: 135 million).

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

(Un-audited)
30 September
2017
(Rupees in '000)

(Audited)
30 June
2017

7. STOCK-IN-TRADE

Raw materials- in hand	5,158,494	3,763,291
- in transit	1,158,232	1,735,143
	<u>6,316,726</u>	<u>5,498,434</u>
Work-in-process	1,260,976	984,857
Finished goods	1,897,725	1,591,908
By-product	28,156	2,686
Scrap material	81,049	86,971
	<u>9,584,632</u>	<u>8,164,856</u>

- 7.1 Raw materials amounting to Rs. 2.9 million (2017: Rs. 1.7 million) as at 30 September 2017 was held at vendor premises for the production of pipe caps.

8. TRADE DEBTS

Considered good - secured	386,338	354,178
- unsecured	2,036,701	1,627,501
Considered doubtful	150,000	150,000
	<u>2,573,039</u>	<u>2,131,679</u>
Provision for doubtful debts	(150,000)	(150,000)
	<u>2,423,039</u>	<u>1,981,679</u>

- 8.1 Related parties from whom debts are due are as under:

ILL Australia Pty Limited	592,115	527,805
Pakistan Cables Limited	-	11
	<u>592,115</u>	<u>527,816</u>

9. ADVANCES

Considered good		
- Suppliers	381,769	53,941
- Employees for business related expenses	2,337	5,073
	<u>384,106</u>	<u>59,014</u>

10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits	12,557	6,900
Short term prepayments	3,454	6,132
	<u>16,011</u>	<u>13,032</u>

11. OTHER RECEIVABLES

Considered good		
- Receivable on transmission of electricity to K-Electric Limited	6,029	18,102
- Dividend receivable from associated company	4,852	-
- Dividend receivable from subsidiary company	245,055	-
- Insurance claim	344	344
	<u>256,280</u>	<u>18,446</u>
Considered doubtful		
- Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior period	25,940	25,940
	<u>282,220</u>	<u>44,386</u>
- Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior period	(25,940)	(25,940)
	<u>256,280</u>	<u>18,446</u>

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

	Note	(Un-audited) 30 September 2017	(Audited) 30 June 2017
(Rupees in '000)			
12. RESERVES			
General reserves		2,700,036	2,700,036
Un-appropriated profit		2,118,974	1,942,475
		<u>4,819,010</u>	<u>4,642,511</u>
13. LONG-TERM FINANCES - secured			
- Conventional Long Term Finance Facility (LTFF)	13.1	625,028	538,054
- Islamic Long term finance	13.2	750,000	750,000
		<u>1,375,028</u>	<u>1,288,054</u>
Current portion of long term finances shown under current liabilities:			
- Conventional Long Term Finance Facility (LTFF)		(64,252)	(64,252)
- Islamic Long term finance		(45,455)	(45,455)
		<u>1,265,321</u>	<u>1,178,347</u>
13.1	The Company has an approved financing facility under long term finance facility of an amount aggregating Rs.650 million. As at 30 September 2017 the Company has outstanding of Rs.625.1 million (30 June 2017: Rs.538.1 million) from a commercial bank. The facility is secured by way of a mortgage on all present and future land and buildings, located at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate Karachi and Survey No.402,405-406, Dehsharabi, Landhi Town, Karachi.		
13.2	The above long term financing utilized under diminishing musharakah arrangement is secured by way of a mortgage on all present and future land and buildings, located at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate Karachi and Survey No.402,405-406, Dehsharabi, Landhi Town, Karachi.		
14. TRADE AND OTHER PAYABLES			
	Note	(Un-audited) 30 September 2017	(Audited) 30 June 2017
(Rupees in '000)			
Trade creditors	14.1	355,950	169,995
Bills payable		769,749	878,486
Derivative financial liability		5,055	4,768
Accrued expenses		962,688	955,281
Provision for Infrastructure Cess	14.2	344,689	322,537
Short-term compensated absences		5,126	9,763
Advance from customers		297,677	169,328
Workers' Profit Participation Fund		14,643	2,576
Workers' Welfare Fund		75,138	69,281
Unclaimed dividends		23,251	263,300
Dividend payable		239,785	-
Others		173,992	150,444
		<u>3,267,743</u>	<u>2,995,759</u>

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

		(Un-audited) 30 September 2017	(Audited) 30 June 2017
		(Rupees in '000)	
14.1	Related parties to whom payments are due are as under:		
	Pakistan Cables Limited	254	-
	ILL Stainless Steel (Private) Limited	5,943	10,234
		<u>6,197</u>	<u>10,234</u>
14.2	Provision for Infrastructure Cess		
	Opening balance	322,537	267,980
	Charge for the period	22,152	54,557
	Closing balance	<u>344,689</u>	<u>322,537</u>
15.	SHORT TERM BORROWINGS - secured		
	Conventional		
	Running finance under mark-up arrangement from banks 15.1	469,891	290,264
	Short-term borrowing under Money Market scheme 15.2	4,933,521	2,736,526
	Short-term borrowing under Export Refinance Scheme 15.3	2,284,500	2,100,000
	Running finance under FE-25 Export and Import Scheme	-	527,320
	Book overdraft	20,023	8,691
	Islamic		
	Short-term borrowing under Running Musharakah 15.4	430,418	236,606
		<u>8,138,353</u>	<u>5,899,407</u>
15.1	The facilities for running finance available from various commercial banks amounted to Rs. 1,930 million (2017: Rs. 1,358 million). The rates of mark-up on these finances range from 6.24% to 7.63% per annum (2017: 6.21% to 7.60% per annum).		
15.2	The facilities for short-term borrowing under Money Market Scheme available from various commercial banks under mark-up arrangements amounted to Rs. 5,504 million (2017: Rs. 4,417 million). The rate of markup on these finance ranges from 6.10% to 6.26% (2017: 6.05% to 6.20%).		

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

- 15.3** The Company has borrowed short-term running finance under the Export Refinance Scheme of the State Bank of Pakistan (SBP). The facility availed is for an amount of Rs. 2,285 million (2017: Rs. 2,100 million). The rates of mark-up on this facility are 2.10% to 2.15% per annum (2017: 2.10% to 2.20% per annum).
- 15.4** The facilities under running musharakah from various banks amounted to Rs. 1,500 million (2017: 1,500 million). The rate of profit on these finances is 6.32% per annum (2017: 6.34% per annum).
- 15.5** All running finance and short-term borrowing facilities are secured by way of hypothecation of all present and future fixed assets (excluding lands and buildings) and present and future current and moveable assets.
- 15.6** As at 30 September 2017, the unavailed facilities from the above borrowings amounted to Rs. 3,226 million (2017: Rs.4,898 million)
- 16. CONTINGENCIES AND COMMITMENTS**
- 16.1 Contingencies**
- 16.1.1** Bank guarantees have been issued under certain supply contracts and to the Collector of Customs aggregating Rs. 544.2 million (30 June 2017: Rs. 491.6 million).
- 16.1.2** Custom duties amounting to Rs. 52 million (30 June 2017: Rs. 52 million) on import of raw material shall be payable by the Company in case of non-fulfillment of certain conditions imposed by the customs authorities under SRO 565(1) / 2006. The Company has provided post-dated cheques in favor of the Collector of Customs which are, in normal course of business, to be returned to the Company after fulfillment of stipulated conditions. The Company has fulfilled the condition for the aforementioned amounts and is making efforts to retrieve the associated post-dated cheques from the customs authorities.
- 16.1.3** An amount of Rs. 375 million was claimed by the customs authorities as duty rate differential on imports made during 2005-10 due to an anomaly in SRO 565(1) / 2006 Serial 88. Since then, the anomaly has been rectified. The Company filed a petition with the Sindh High Court in 2010 for an injunction and is awaiting the final judgment.
- 16.1.4** The customs authorities have charged a redemption fine of Rs. 83 million on the clearance of imported raw material consignments in 2006. The Company has filed an appeal before the Sindh High Court, which has set aside the examination reports including the subsequent order produced by the custom authorities, and ordered the authorities to re-examine the matter afresh. However, the custom authorities have filed an application for leave to appeal against the order of the High Court. The management anticipates that the chances of admission of such appeal are remote.
- 16.1.5** The Company has reversed the provision for the levy of Infrastructure Cess amounting to Rs. 107 million in 2009 on the basis of a decision of the Sindh High Court which declared the levy of Infrastructure Cess before 28 December 2006 as void and invalid. However, the Excise and Taxation Department (the Department) has filed an appeal before the Supreme Court of Pakistan against such order. As such the guarantee against this amount has not yet been returned. In May 2011, the Supreme Court disposed-off the appeal with a joint statement of the parties and hence the matter was referred back to High Court. On 31 May 2011, the High Court has granted an interim relief for return of Bank Guarantees (BG) on the consignment released upto 27 December 2006 and any BG submitted after 27 December 2006 shall be encashed to the extent of 50% of the guarantee amount only with balance kept intact till the disposal of petition. If the Court upholds the applicability of Fifth Version of the law and its retrospective effect, the authorities will be entitled to claim the amounts due. Bank guarantees amounting to Rs. 461 million (30 June 2017: Rs. 440 million) which includes Rs. 107 million mentioned above have been provided to the Department in this regard. However, a provision to the extent of amount utilised from the limit of guarantee has also been provided for by the Company on prudent basis (note 14.2).

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

- 16.1.6** In 2011, the Gas Infrastructure Development Cess was levied via GIDC Act 2011 and further the rate of cess was amended via Finance Bill 2012 - 2013 which was challenged in the Supreme Court of Pakistan. The Supreme Court of Pakistan declared GIDC Act 2011 to be unconstitutional and ultra vires on the grounds that GIDC is a 'Fee' and not a 'Tax' and in the alternative it is not covered by any entry relating to imposition or levy of tax under Part-I of the Federal Legislative list and on either counts the 'cess' could not have been introduced through a money bill under the Constitution.

During 2015, Government passed a new law 'Gas Infrastructure Development Cess Act 2015' ('the Act') by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs. 100 per MMBTU on industrial consumption and Rs. 200 per MMBTU on Captive power consumption effective 1 July 2011. The Company has obtained a stay order on the retrospective application of the Act from the Honorable High Court of Sindh. The Company is confident of favorable outcome and therefore has not recorded, to the extent of self consumption, a provision of Rs. 95.1 million (from 01 July 2011 till 22 May 2015) in these unconsolidated interim financial information. However, the Company made a provision of GIDC to the extent of its self consumption from May 2015 onwards. On 26th October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh. This appeal filed before the Divisional Bench of High Court of Sindh was dismissed on the ground that Learned Single Judge while passing the impugned judgement has considered all the material facts and also the relevant provisions of OGRA and has correctly applied the factual position. On 31 May 2017, separate petition filed by another company in the High Court of Peshawar challenging the vires of the GIDC Act 2015 was dismissed for the reason that the Act has been passed by the Parliament strictly in accordance with the legislative procedures contained in the Constitution of Pakistan and therefore no procedural defect in the Act which could be made as a ground for its annulment. In light of the aforementioned developments, the Company on prudent basis, continue to recognise provision after the passage of the Act.

Further the Company has not recognized GIDC amounting to Rs.51.70 million (2017: Rs. 46.84 million) pertaining to period from 01 July 2011 to 30 September 2017 with respect to its captive power plant from which power generation is supplied to K-Electric Limited. Management considers that, in the event such levy is imposed, it shall recover GIDC from K-Electric Limited through fuel adjustments after getting requisite approval from National Electric Power Regulatory Authority (NEPRA).

- 16.1.7** Sindh Revenue Board (SRB) issued a notice to the Company for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014. The Company filed a constitutional petition in the High Court of Sindh, challenging the said unlawful demand on the ground that the Company is a trans-provincial establishment operating industrial and commercial activities across Pakistan. The High Court of Sindh granted stay order in favor of the Company declaring exemption on the basis that IIL being a trans-provincial establishment is paying Workers Welfare Fund under Federal Workers Welfare Fund Ordinance, 1971.
- 16.1.8** The Model Collectorate of Customs (MCC), Peshawar stopped the exports of the Company goods to Afghanistan under the pretext that SRO 190(I) / 2002 dated 2 April 2002 on the account of non-payment of 17% Sales Tax. A Constitutional Petition in the Sindh High Court (SHC) on 1 October 2015 arguing that there is no sales tax on exports to Afghanistan as per manufacturing bond rules SRO 450(I) / 2015 and that SRO 190 issued in 2002 was never implemented and hence under the Sales Tax Act 1990 no such liability could be raised at this stage. The SHC granted a stay order by allowing our exports to Afghanistan subject to depositing bank guarantees worth Rs. 6.2 million (i.e. value of disputed sales tax amount) before the Nazir of the SHC. On 30 October 2015 FBR issued a clarification as to the applicability of SRO 190(I) / 2002 and stated that exports made to Afghanistan does not attract the levy of sales tax. The same has already been filed before the SHC and disposal of the case along with return of the said bank guarantees is awaited.

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

- 16.1.9** Oil and Gas Regulatory Authority (OGRA) has issued notification for increase in gas tariff disregarding the protocol laid down in OGRA Ordinance, 2002. The Company has filed a suit in the Sindh High Court (the Court) challenging the gas tariff increase. The Court has granted a stay order, subject to security deposit of the differential amount with the Nazir of the Court. The Company has deposited amount of Rs 40 million (2017: 25.9 million) as Cheques with the Nazir. The Company, on a prudent basis, has also accrued this amount in these financial statements.
- 16.1.10** The Company has filed the petition in the Honourable Sindh High Court against the deletion of clause 103A of the second schedule of the Income Tax Ordinance, 2001 and obtained a stay order on the deduction of withholding tax on the inter corporate dividend. As per the requirement of the stay order, the Company has pledge 500,000 shares of International Steels Limited in the Honourable Sindh High Court as a security against the tax payable on dividend declared by the International Steels Limited on 21 October 2016. Further, a bank guarantee amounting to Rs.76.6 million have also been given to Nazir High Court as a security against tax payable on dividend declared by the International Steels Limited on 02 June 2017. This has also been highlighted in note 6.1.1. The Company has issued a corporate guarantee to a commercial bank for securing funded and unfunded facilities of Rs. 125 million each by its wholly owned Subsidiary Company IIL Stainless Steels (Private) Limited. The facilities are secured by way of hypothecation of all present and future fixed assets (excluding land and building) and present and future current and moveable assets.
- 16.1.11** The Company has issued a corporate guarantee to a commercial bank for securing funded and unfunded facilities of Rs. 125 million each by its wholly owned Subsidiary Company IIL Stainless Steels (Private) Limited. The facilities are secured by way of hypothecation of all present and future fixed assets (excluding land and building) and present and future current and moveable assets.
- 16.2 Commitments**
- 16.2.1** Capital expenditure commitments outstanding as at 30 September 2017 amounted to Rs. 107.6 million (2017: Rs. 89.1 million).
- 16.2.2** Commitments under Letters of Credit for raw materials and stores and spares as at 30 September 2017 amounted to Rs. 1,162.6 million (2017: Rs. 1,285.1 million).
- 16.2.3** Commitments under purchase contracts as at 30 September 2017 amounted to Rs. 272.1 million (2017: Rs. 306.9 million).
- 16.2.4** Unavailed facilities for opening Letters of Credit and Guarantees from banks as at 30 September 2017 amounted to Rs. 6,553 million (2017: Rs. 6,625 million) and Rs. 243 million (2017: Rs. 162 million) respectively.

17. NET SALES

	Quarter ended	
	30 September 2017	30 September 2016
	Un-audited (Rupees in '000)	
Local	5,528,714	2,733,154
Export	925,375	930,773
	6,454,089	3,663,927
Sales Tax	(815,382)	(398,139)
Trade discounts	(155,054)	(118,090)
Export commission	(87,367)	(78,028)
	(1,057,803)	(594,257)
	5,396,286	3,069,670

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

	Quarter ended	
	30 September 2017	30 September 2016
18. COST OF SALES		
Opening stock of raw material and work-in-process	4,748,148	2,190,511
Purchases	6,409,719	2,217,581
Salaries, wages and benefits	217,493	176,244
Rent, rates and taxes	642	535
Electricity, gas and water	100,799	92,674
Insurance	2,881	2,838
Security and janitorial	6,488	5,681
Depreciation and amortisation	82,749	91,707
Operational supplies & consumables	22,120	12,996
Repairs and maintenance	29,090	22,594
Postage, telephone and stationery	1,782	2,965
Vehicle, travel and conveyance	3,632	3,982
Internal material handling	6,948	5,254
Environment controlling expenses	63	60
Sundries	1,282	756
Partial manufacturing charges	3,234	1,524
Sale of scrap generated during production	(161,900)	(83,176)
Closing stock of raw materials and work-in-process	(6,419,470)	(2,454,724)
Cost of goods manufactured	5,055,700	2,290,002
Finished goods and by-products:		
- Opening stock	1,594,594	1,272,447
- Closing stock	(1,925,881)	(1,054,528)
	(331,287)	217,919
	<u>4,724,413</u>	<u>2,507,921</u>
19. SELLING AND DISTRIBUTION EXPENSES		
Freight and forwarding	188,820	97,455
Salaries, wages and benefits	38,552	36,742
Rent, rates and taxes	303	219
Electricity, gas and water	1,286	1,363
Insurance	292	240
Depreciation and amortisation	2,914	3,329
Repairs and maintenance	205	258
Advertising and sales promotion	5,688	5,926
Postage, telephone and stationery	1,414	1,659
Office supplies	210	26
Vehicle, travel and conveyance	2,536	3,031
Provision for doubtful debts - net	-	10,221
Certification and registration charges	802	641
Others	1,986	1,291
	<u>245,008</u>	<u>162,401</u>

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

20. ADMINISTRATIVE EXPENSES

Quarter ended	
30 September 2017	30 September 2016
(Rupees in '000)	

Salaries, wages and benefits	48,969	46,618
Rent, rates and taxes	117	128
Electricity, gas and water	587	711
Insurance	141	230
Depreciation and amortisation	4,001	4,167
Repairs and maintenance	1,011	307
Postage, telephone and stationery	1,995	2,797
Office supplies	90	27
Vehicle, travel and conveyance	2,121	902
Legal and professional charges	3,887	3,331
Certification and registration charges	1,154	2,205
Others	2,750	2,761
	66,823	64,184

21. FINANCIAL CHARGES

Conventional		
- Interest on Long term finances	5,652	6,867
- Interest on Short term borrowings	78,713	19,998
	84,365	26,865
Islamic		
- Mark-up on Long term finances	9,933	8,743
- Mark-up on Short term borrowings	11,815	3,631
	21,748	12,374
	106,113	39,239
Exchange loss and others	3,067	4,280
Interest on Workers' Profit Participation Fund	247	421
Bank charges	5,814	6,518
	115,241	50,458

22. OTHER OPERATING CHARGES

Auditors' remuneration	780	633
Donations	5,020	5,400
Workers' Profit Participation Fund	14,643	16,500
Workers' Welfare Fund	5,857	6,500
Business development expenses	695	2,686
	26,995	31,719

23. OTHER INCOME

Income on financial assets		
Interest on bank deposits - conventional	238	275
Income from non-financial assets		
Income from power generation	22,901	30,460
Gain on disposal of property, plant and equipment	12,434	3,690
Rental income	2,901	3,629
Dividend income from associate / subsidiary company	249,907	306,319
Exchange gain	11,406	10,427
Others	4,695	3,026
	304,482	357,826

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

24	TAXATION	Quarter ended	
		30 September 2017	30 September 2016
		(Rupees in '000)	
	Current	139,122	135,700
	Deferred	(19,927)	1,600
		<u>119,195</u>	<u>137,300</u>

25. CHANGES IN WORKING CAPITAL

(Increase) / decrease in current assets:

Store and spares	(9,690)	(3,993)
Stock-in-trade	(1,419,776)	139,890
Trade debts	(441,360)	113,315
Advances	(325,092)	(7,464)
Trade deposit and short-term prepayments	(2,979)	(3,884)
Other receivables	(165,804)	(39,348)
	<u>(2,364,701)</u>	<u>198,516</u>

(Decrease) in current liabilities:

Trade and other payables	280,450	(378,675)
	<u>(2,084,251)</u>	<u>(180,159)</u>

26. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company and its subsidiary company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Contributions to its defined contribution plan (Provident Fund) are made as per the terms of employment and contributions to its defined benefit plan (Gratuity Fund) are in accordance with actuarial advice. Remuneration of key management personnel is in accordance with their terms of employment and Company's policy.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

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

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

	Quarter ended	
	30 September 2017	30 September 2016
	---- (Rupees in '000)----	
Subsidiaries		
Sale	325,429	267,159
Purchases	2,266,292	642,626
Cost of shared resources	18,536	13,756
Partial manufacturing (inclusive of sales tax)	2,269	1,053
Reimbursement of expenses	1,926	515
Rental income	2,709	3,329
Associated companies		
Sales	-	219
Purchases	672	3,771
Reimbursement of expenses	53	-
Key management personnel		
Remuneration	58,922	49,308
Staff retirement funds		
Contribution paid	27,479	34,934
Non-executive directors		
Directors' fee	900	1,620

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

27. SEGMENT REPORTING

The Company has identified Steel Pipes, Plastic Pipes and Investments as reportable segments.

27.1 SEGMENT REVENUE AND RESULTS

	Steel segment	Plastic segment	Investments segment	Total
	(Rupees in '000)			
For the period ended 30 September 2017				
Sales	4,969,279	427,007	-	5,396,286
Cost of sales	(4,349,001)	(375,412)	-	(4,724,413)
Gross Profit	620,278	51,595	-	671,873
Selling and distribution expenses	(218,688)	(26,320)	-	(245,008)
Administrative expenses	(61,535)	(5,288)	-	(66,823)
	(280,223)	(31,608)	-	(311,831)
Financial and other charges	(104,597)	(10,644)	-	(115,241)
Other operating charges	(26,153)	(842)	-	(26,995)
Other income	54,575	-	249,907	304,482
Profit before taxation	263,880	8,501	249,907	522,288
Taxation				(119,195)
Profit after taxation				403,093

For the period ended 30 September 2016

Sales	2,879,206	190,464	-	3,069,670
Cost of sales	<u>2,344,105</u>	<u>163,816</u>	<u>-</u>	<u>2,507,921</u>
Gross Profit	535,101	26,648	-	561,749
Selling and distribution expenses	(157,895)	(4,506)	-	(162,401)
Administrative expenses	(60,202)	(3,982)	-	(64,184)
	(218,097)	(8,488)	-	(226,585)
Financial and other charges	(45,840)	(4,618)	-	(50,458)
Other operating charges	(30,536)	(1,183)	-	(31,719)
Other income	51,507	-	306,319	357,826
Profit before taxation	<u>292,136</u>	<u>12,358</u>	<u>306,319</u>	<u>610,813</u>
Taxation				(137,300)
Profit after taxation				<u>473,513</u>

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

27.2 SEGMENT ASSETS & LIABILITIES

Steel Pipes Segment	Plastic Pipes Segment	Investment Segment	Total
----- (Rupees in '000) -----			

As at 30 September 2017 - Un-audited

Segment assets	<u>14,996,091</u>	<u>1,954,810</u>	<u>2,742,705</u>	<u>19,693,606</u>
Segment liabilities	<u>9,979,400</u>	<u>930,596</u>	<u>-</u>	<u>10,909,996</u>

As at 30 June 2017 - Audited

Segment assets	<u>13,540,885</u>	<u>1,345,368</u>	<u>2,742,705</u>	<u>17,628,958</u>
Segment liabilities	<u>7,853,785</u>	<u>504,349</u>	<u>-</u>	<u>8,358,134</u>

Reconciliation of segment assets and liabilities with total assets and liabilities in the Balance Sheet is as follows :

	30 September 2017 (Un-audited) (Rupees in '000)	30 June 2017 (Audited)
Total reportable segments assets	<u>19,693,606</u>	17,628,958
Unallocated assets	<u>1,694,810</u>	887,320
Total assets as per Balance Sheet	<u>21,388,416</u>	<u>18,516,278</u>
Total reportable segments liabilities	<u>10,909,996</u>	8,358,134
Unallocated liabilities	<u>2,456,291</u>	2,299,323
Total liabilities as per Balance Sheet	<u>13,366,287</u>	<u>10,657,457</u>

Notes to the Condensed Interim Unconsolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

28 MEASUREMENT OF FAIR VALUES

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

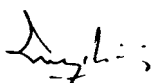
	30 September 2017							
	Carrying amount					Fair Value		
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----							
Financial assets measured at fair value								
Investments - quoted Companies	-	2,583,537	-	-	2,583,537	30,310,094	-	-

	30 June 2017							
	Carrying amount					Fair Value		
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----							
Financial assets measured at fair value								
Investments - quoted Companies	-	2,583,537	-	-	2,583,537	32,116,445	-	-

Management assessed that the fair values of cash & cash equivalent and short-term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit assets and long term liabilities management consider that their carrying values approximates fair value.

29 GENERAL

- 29.1 This condensed interim financial information were authorised for issue by the Board of Directors on 19 October 2017.
- 29.2 Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer



Promising Reliability, For Now and Tomorrow

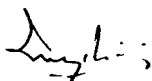
**Condensed Interim Consolidated
Financial Information (Un-audited)
September 30, 2017**

Condensed Interim Consolidated Balance Sheet

As at 30 September 2017 - (un-audited)

	Note	(Un-audited) 30 September 2017	(Audited) 30 June 2017
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	4	19,228,920	18,813,976
Intangible assets		17,795	19,894
Long-term deposits		63,575	51,575
Investment in equity-accounted investee	5	310,644	299,503
		19,620,934	19,184,948
Current assets			
Stores and spares		687,712	615,077
Stock-in-trade	6	17,830,796	17,857,450
Trade debts	7	3,113,589	2,582,530
Advances	8	429,153	107,477
Trade deposits and short-term prepayments	9	36,866	36,970
Sales tax receivable		1,167,321	1,405,171
Other receivables	10	61,632	68,222
Taxation		238,217	588,108
Cash and bank balances		183,518	106,657
		23,748,804	23,367,662
Total assets		43,369,738	42,552,610
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 200,000,000 (2017: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up capital		1,198,926	1,198,926
General reserves		2,991,258	2,991,258
Unappropriated profit	11	3,636,697	3,198,995
Exchange translation reserve		(730)	(942)
Total equity		7,826,151	7,388,237
Non-controlling interest		3,466,701	3,307,196
		11,292,852	10,695,433
Surplus on revaluation of property, plant and equipment		3,401,651	3,420,204
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	12	4,573,181	4,799,619
Staff retirement benefits		85,121	108,699
Deferred taxation - net		1,733,488	1,700,014
		6,391,790	6,608,332
Current liabilities			
Trade and other payables	13	7,926,919	9,450,721
Short-term borrowings - secured	14	12,905,497	10,938,643
Current portion of long term finances - secured	12	1,306,780	1,306,780
Accrued markup		140,682	131,711
Sales tax payable		3,567	786
		22,283,446	21,828,641
Total liabilities		28,675,236	28,436,973
Total equity and liabilities		43,369,738	42,552,610
Contingencies and commitments	15	-	-

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



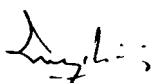
Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Consolidated Profit and Loss Account

For the quarter ended 30 September 2017 - (un-audited)

	Note	Quarter ended	
		30 September 2017	30 September 2016
		----- (Rupees in '000) -----	
Net sales	16	14,203,309	9,057,730
Cost of sales	17	(11,937,559)	(7,417,002)
Gross profit		2,265,750	1,640,728
Selling and distribution expenses	18	(355,349)	(233,641)
Administrative expenses	19	(124,124)	(109,812)
		(479,473)	(343,453)
Financial charges	20	(238,165)	(173,237)
Other operating charges	21	(144,278)	(118,451)
		(382,443)	(291,688)
Other income	22	66,934	68,492
Share of profit in equity-accounted investee		14,087	9,058
Profit before taxation		1,484,855	1,083,137
Taxation	23	(478,378)	(310,859)
Profit after taxation		1,006,477	772,278
Profit after taxation attributable to:			
Owners of Holding Company		659,258	527,288
Non-controlling interest		347,219	244,990
		1,006,477	772,278
		----- (Rupees in '000) -----	
Earnings per share - basic and diluted		5.50	4.40

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



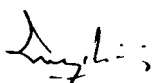
Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Consolidated Statement of Comprehensive Income

For the quarter ended 30 September 2017 - (un-audited)

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in '000)	
Profit for the year	1,006,477	772,278
Other comprehensive income		
Item to be reclassified to profit and loss accounts in subsequent periods		
Foreign operation - foreign currency translation difference	212	211
Proportionate share of other comprehensive income of equity accounted investee	2,160	-
Other comprehensive income	2,372	211
Total comprehensive income	1,008,849	772,489
Total comprehensive income attributable to:		
Owners of the Holding Company	661,630	527,499
Non-controlling interest	347,219	244,990
Total comprehensive income	1,008,849	772,489

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



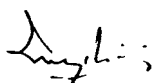
Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Consolidated Cash Flow Statement

For the quarter ended 30 September 2017 - (un-audited)

		(Un-audited) 30 September 2017	(Un-audited) 30 September 2016
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,484,855	1,121,402
Adjustments for:			
Depreciation and amortisation		302,701	305,506
Provision for doubtful debts		-	10,221
Interest on bank deposits		(273)	(323)
(Gain) on disposal of property, plant and equipment	22	(12,702)	(4,403)
Provision for staff gratuity		14,039	11,361
Share of profit from associated company		(14,087)	(9,058)
Financial charges	20	228,140	173,237
		2,002,673	1,607,943
Changes in:			
Working capital		(2,078,854)	(110,901)
Long-term deposits		(12,000)	-
Net cash generated from operations		(88,181)	1,497,042
Translation reserve		(801)	174
Financial charges paid		(219,169)	(138,967)
Payment for staff gratuity		(45,819)	(26,140)
Taxes paid		(94,034)	(212,740)
Net cash generated from operating activities		(448,004)	1,119,369
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(719,927)	(385,978)
Proceeds from disposal of property, plant and equipment		17,116	7,424
Interest income received		273	323
Net cash used in investing activities		(702,538)	(378,231)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		103,037	917,148
Repayment of long-term financing		(329,475)	-
Dividends paid to non controlling interest		(272,963)	-
Dividends paid to shareholders of the Holding Company		(240,049)	(344)
Net cash used in financing activities		(739,450)	916,804
Net (decrease) / increase in cash and cash equivalents		(1,889,992)	1,657,942
Cash and cash equivalents at beginning of the period		(10,831,987)	(6,696,599)
Cash and cash equivalents at end of the period		(12,721,979)	(5,038,657)
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances		183,518	67,962
Short-term borrowings - secured	14	(12,905,497)	(5,106,619)
		(12,721,979)	(5,038,657)

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Consolidated Statement of Changes in Equity

For the quarter ended 30 September 2017 - (un-audited)

Issued, subscribed and paid-up capital	Attributable to owners of the Holding Company							
	General reserves	Revenue Reserves			Total reserves	Non- controlling interest	Total	
		Un- appropriated profit / (loss)	Exchange translation reserve	Total				
----- (Rupees in '000) -----								
Balance as at 1 July 2016	1,198,926	2,991,258	1,644,740	(1,251)	4,634,747	5,833,673	2,692,184	8,525,857

Total comprehensive income for the period ended 30 September 2016

Profit for the period	-	-	527,288	-	527,288	527,288	244,990	772,278
Other comprehensive income	-	-	-	211	211	211	-	211
	-	-	527,288	211	527,499	527,499	244,990	772,489

Transactions with owners recorded directly in equity

Distribution to owners of the Holding Company:

-Final dividend @ 35.00% (Rs. 3.50 per share) for the year ended 30 June 2016	-	-	(419,624)	-	(419,624)	(419,624)	-	(419,624)
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Total transactions with owners of the Holding Company - - (419,624) - (419,624) (419,624) - (419,624)

Dividend to non-controlling interest - - - - - (237,431) (237,431)

Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax - - 30,023 30,023 30,023 2,230 32,253

Balance as at 30 September 2016 1,198,926 2,991,258 1,782,427 (1,040) 4,772,645 5,971,571 2,701,973 8,673,544

Balance as at 1 July 2017 1,198,926 2,991,258 3,198,995 (942) 6,189,311 7,388,237 3,307,196 10,695,433

Total comprehensive income for the period ended 30 September 2017

Profit for the period	-	-	659,258	-	659,258	659,258	347,219	1,006,477
Other comprehensive income	-	-	2,160	212	2,372	2,372	-	2,372
	-	-	661,418	212	661,630	661,630	347,219	1,008,849

Distribution to owners of the Holding Company:

-Final dividend @ 20% (Rs. 2.00 per share) for the year ended 30 June 2017	-	-	(239,785)	-	(239,785)	(239,785)	-	(239,785)
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Total transactions with owners of the Holding Company - - (239,785) - (239,785) (239,785) - (239,785)

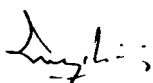
Final dividend @ 10% (Re. 1.25 per share) attributable to non controlling interest - - - - - (189,944) (189,944)

Transfer from surplus on revaluation on disposal of fixed assets - net of deferred tax 700 700 700 700

Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax - - 15,369 - 15,369 15,369 2,230 17,599

Balance as at 30 September 2017 1,198,926 2,991,258 3,636,697 (730) 6,627,225 7,826,151 3,466,701 11,292,852

The annexed notes 1 to 26 form an integral part of this condensed interim consolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

1. THE GROUP AND ITS OPERATIONS

- 1.1 The Group consists of International Industries Limited, (the Holding Company), and International Steels Limited, IIL Australia PTY Limited and IIL Stainless Steel (Private) Limited (the Subsidiary Companies) (together referred to as "the Group" and individually as "Group Entities") and the Group's interest in its equity-accounted investee namely Pakistan Cables Limited.
- 1.2 International Industries Limited ("the Holding Company") was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. The Holding Company is in the business of manufacturing and marketing galvanized steel pipes, precision steel tubes, API line pipes, polyethylene pipes and PPRC pipes and fittings. The registered office of the Holding Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.
- 1.3 International Steels Limited ("the Subsidiary Company") was incorporated in Pakistan on 03 September 2007 as a public unlisted company limited by shares under the Companies Ordinance, 1984 and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to the general public under an Initial Public Offer, the Subsidiary Company was listed on the Pakistan Stock Exchange on 1 June 2011. The primary activities of the Subsidiary Company are business of manufacturing of cold rolled steel coils and galvanized sheets. The Subsidiary Company commenced commercial operations on 1 January 2011. The registered office of the Subsidiary Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530. The Holding Company has 56.33% ownership in International Steels Limited.
- 1.4 IIL Australia PTY Limited was incorporated in Victoria, Australia on 2 May 2014. The Subsidiary Company is in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. The registered office of the Company is situated at 101 - 103, Abbot Road, Hallam, Victoria 3803 Australia. IIL Australia PTY Limited is a wholly owned subsidiary of the Holding Company.
- 1.5 IIL Stainless Steel (Private) Limited was incorporated in Pakistan on 28 November 2014. The Subsidiary Company is in the business of manufacturing and marketing stainless steel pipe. The registered office of the Subsidiary Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530. The Company commence its commercial production on 01 April 2015. IIL Stainless Steel (Private) Limited is a wholly owned subsidiary of the Holding Company.
- 1.6 Details of the Group's equity-accounted investee is given in note 5 to these condensed interim consolidated financial information.

2. BASIS OF PREPARATION

- 2.1 These condensed interim consolidated financial information have been prepared from the information available in the condensed un-audited separate financial information of the Holding Company and Subsidiary Company for the quarter ended 30 September 2017.

Detail regarding the financial information of the equity-accounted investee used in the preparation of these condensed interim consolidated financial information are given in note 5 to these interim consolidated financial information.

2.2 Statement of Compliance

These interim consolidated financial information have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984 and provisions of and directives issued under the repealed Company Ordinance 1984.

The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its press release dated 06 October 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

- 2.3 These condensed interim consolidated financial information is presented in Pakistan Rupees which is also the Group's functional currency. All financial information presented has been rounded off to the nearest thousand Rupee.
- 2.4 These condensed interim consolidated financial information is being submitted to the shareholders as required by listing regulations of the Pakistan Stock Exchange and Section 245 of the Companies Ordinance, 1984.
- 2.5 Estimates and judgements made by the Group in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the audited annual separate financial statements of the Group Entities as at and for the year ended 30 June 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

3.1.1 Investment in subsidiaries

Subsidiaries are entities controlled by the Group. Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than fifty percent of the voting rights. The financial statements of subsidiaries are included in the consolidated financial information from the date that control commences until the date that controls ceases.

The financial information of subsidiaries is prepared for the same reporting period as the Holding Company, using consistent accounting policies and changes are made where necessary to align them with the policies adopted by the Holding Company. The assets and liabilities of subsidiaries are consolidated on a line by line basis. The carrying value of the investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. All material intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Non-controlling interest is that portion of equity in a subsidiary that is not attributable, directly or indirectly, to the Holding Company. Non-controlling interests are presented as a separate item in the condensed interim consolidated financial information.

3.1.2 Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for by using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs. The consolidated financial information include the Group's share of an associate's post-acquisition profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Where there has been a change recognised directly in the equity of an associate, the Group recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity.

The financial statements of associates used for equity-accounting are prepared with a difference of three months from the reporting period of the Group.

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

4. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work- in-progress	Total
	-----	(Rupees in '000)	-----
Cost / revalued amount			
Opening balance	23,308,057	1,173,025	24,481,082
Additions	217,738	722,677	940,415
Translate reserve	(82)	-	(82)
Disposal / transfers / adjustments	(23,789)	(217,738)	(241,527)
	<u>23,501,924</u>	<u>1,677,964</u>	<u>25,179,888</u>
Accumulated depreciation			
Opening balance	(5,668,881)	-	(5,668,881)
Charge for the period	(298,712)	-	(298,712)
Disposal / adjustments	16,625	-	16,625
	<u>(5,950,968)</u>	<u>-</u>	<u>(5,950,968)</u>
Written down value as at 30 September 2017 (Un-audited)	<u>17,550,956</u>	<u>1,677,964</u>	<u>19,228,920</u>
Written down value as at 30 June 2017 (Audited)	<u>17,640,951</u>	<u>1,173,025</u>	<u>18,813,976</u>

5. INVESTMENT IN EQUITY - ACCOUNTED INVESTEE

(Un-audited) 30 September 2017	(Audited) 30 June 2017
--------------------------------------	------------------------------

(Rupees in '000)

Pakistan Cables Limited - associate company

5.1	<u>310,644</u>	<u>299,503</u>
-----	----------------	----------------

- 5.1 This represents investment in PCL, an Associated Company, on account of cross directorship. The Holding Company holds 8.53% of effective share of interest in PCL due to crossholding.

The Chief Executive Officer of PCL is Mr. Kamal A. Chinoy. The market value as at 30 September 2017 was Rs. 626.516 million (30 June 2017: Rs. 776.292 million) and is categorised as level 1 under the fair value hierarchy. The share of profit after acquisition is recognised based on PCL's audited financial statements as at 30 June 2017 as the latest financial statements as at 30 September 2017 are not presently available.

6. STOCK-IN-TRADE

(Un-audited) 30 September 2017	(Audited) 30 June 2017
--------------------------------------	------------------------------

(Rupees in '000)

Raw material - in hand	7,956,830	6,765,072
- in transit	3,385,772	3,548,336
	<u>11,342,602</u>	<u>10,313,408</u>
Work-in-process	1,981,409	2,188,580
Finished goods	4,397,440	5,265,805
By-products	28,156	2,686
Scrap material	81,189	86,971
	<u>17,830,796</u>	<u>17,857,450</u>

- 6.1 Raw material of Holding Company amounting to Rs.2.9 million (2017: Rs.1.7 million) as at 30 September 2017 was held at vendor's premises for the production of pipe caps.

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

	(Un-audited) 30 September 2017	(Audited) 30 June 2017
	(Rupees in '000)	
7. TRADE DEBTS		
Considered good - secured	843,914	628,346
- unsecured	2,269,675	1,954,184
	<u>3,113,589</u>	<u>2,582,530</u>
Considered doubtful	162,514	163,579
	<u>3,276,103</u>	<u>2,746,109</u>
Provision for doubtful debts	(162,514)	(163,579)
	<u>3,113,589</u>	<u>2,582,530</u>
8. ADVANCES		
Considered good		
- Suppliers	426,801	102,404
- Employees for business related expenses	2,352	5,073
	<u>429,153</u>	<u>107,477</u>
9. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	20,931	14,794
Short term prepayments	15,935	22,176
	<u>36,866</u>	<u>36,970</u>
10. OTHER RECEIVABLES		
Considered good		
Receivable on transmission of electricity to K-Electric Limited	50,179	61,089
Dividend receivable from associated company	4,852	-
Insurance claim	344	344
Others	6,257	6,789
	<u>61,632</u>	<u>68,222</u>
Considered doubtful		
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior period	25,940	25,940
	<u>87,572</u>	<u>94,162</u>
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior period	(25,940)	(25,940)
	<u>61,632</u>	<u>68,222</u>
11. RESERVES		
General Reserves	2,991,258	2,991,258
Unappropriated profit	3,636,697	3,198,995
	<u>6,627,955</u>	<u>6,190,253</u>

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

12. LONG-TERM FINANCING - secured

		(Un-audited) 30 September 2017	(Audited) 30 June 2017
		(Rupees in '000)	
Conventional			
Long Term Finance Facility (LTFF)		2,492,460	2,478,621
Long Term Finance	12.1 - 12.4	1,283,334	1,377,778
Islamic	12.5 - 12.7		
Long Term Finance		2,104,167	2,250,000
		5,879,961	6,106,399
Current portion of long-term finances shown under current liabilities			
Conventional			
Long Term Finance Facility (LTFF)	12.1 - 12.4	(300,214)	(300,214)
Long Term Finance	12.5 - 12.7	(450,000)	(450,000)
Islamic			
Long Term Finance		(556,566)	(556,566)
		(1,306,780)	(1,306,780)
		4,573,181	4,799,619

- 12.1** The Holding Company has an approved facility under long term finance facility of an amount aggregating Rs. 650 million. As at September 30, 2017 the holding company has outstanding of Rs. 625.1 million from commercial bank (30 June 2017: Rs. 538.1 million). The facility is secured by way of a mortgage on all present and future land and buildings, located at plot number LX-15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey No.402, 405-406, Dehsharabi, Landhi Town, Karachi.
- 12.2** This finance is obtained by Subsidiary Company (ISL) from United Bank Limited and Bank Al-Habib Limited and is secured by way of first pari passu charge over fixed assets of the Subsidiary Company.
- 12.3** This finance is obtained by Subsidiary Company (ISL) from MCB Bank Limited and is secured way of first pari passu charge over fixed assets of the Subsidiary Company.
- 12.4** This finance is obtained by Subsidiary Company (ISL) from Bank Al-Habib Limited and is secured way of first pari passu charge over fixed assets of the Subsidiary Company.
- 12.5** The Holding Company has obtained long term financing utilised under diminishing musharakah arrangement and is secured by way of mortgage on all present and future land and buildings, located at plot no. LX-15&16 and H/X-7/4, Landhi Industrial Estate, Karachi and Survey no.402, 405-406, Dehsharabi, Landhi Town, Karachi.
- 12.6** This finance is obtained by Subsidiary Company (ISL) from Meezan Bank Limited and is secured way of ranking charge over the fixed assets of the Subsidiary Company.
- 12.7** This finance is obtained by Subsidiary Company (ISL) from Standard Chartered Bank Limited and is secured way of ranking charge over the fixed assets of the Subsidiary Company.

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

	Note	(Un-audited) 30 September 2017 (Rupees in '000)	(Audited) 30 June 2017
13. TRADE AND OTHER PAYABLES			
Trade creditors	13.1	2,438,414	4,210,803
Bills payable		769,749	952,646
Derivative financial liabilities		5,207	4,768
Sales commission payable		55,462	52,509
Provision for Government Levies		257	257
Accrued expenses		1,975,466	1,899,203
Provision for Infrastructure Cess	13.2	902,224	841,741
Short-term compensated absences		12,554	15,691
Advances from customers		782,491	562,356
Workers' Profit Participation Fund		89,754	2,576
Workers' Welfare Fund		245,634	209,733
Dividend payable		263,036	538,466
Dividend payable attributable to non controlling interest		192,804	656
Others		193,867	159,316
		<u>7,926,919</u>	<u>9,450,721</u>
13.1	This includes an amount of Rs. 45.6 million payable to associated companies by Subsidiary Company (ISL) (2017: 3,011.9 million).		
13.2	Provision for Infrastructure Cess		
Opening balance		841,741	630,056
Charge for the period		60,483	211,685
Closing balance		<u>902,224</u>	<u>841,741</u>
14. SHORT-TERM BORROWINGS - secured			
CONVENTIONAL			
Running finance under mark-up arrangement from banks	14.1	1,896,504	1,861,128
Short-term borrowing under Money Market Scheme	14.2	4,933,521	2,736,526
Short-term borrowing under Export Refinance Scheme	14.3	4,125,674	3,218,500
Running finance under FE-25 Export and Import Scheme		-	527,320
Book overdraft		20,023	8,691
ISLAMIC			
Short-term borrowing under Running Musharakah	14.4	1,929,775	1,096,975
Short-term finance under Term Musharakah		-	1,489,503
		<u>12,905,497</u>	<u>10,938,643</u>
14.1	The facilities for running finance available from various commercial banks amounted to Rs. 9,489 million (30 June 2017: Rs.9,039 million). The rates of mark-up on these finances obtained by the Holding company ranges from 6.24% to 7.63% per annum (2017: 6.21% to 7.60% per annum). The rates of mark-up on these finances obtained by the Subsidiary Company ranges from 6.06% to 7.37% per annum (2017: 6.08% to 8.00% per annum).		

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

- 14.2** The Holding Company has obtained facilities for short-term borrowing under Money Market Scheme financing from various commercial banks under mark-up arrangements amounted to Rs. 5,504 million (2017: Rs. 4,417 million). The rate of markup on these finance ranges from 6.10% to 6.26% per annum (2017: 6.05% - 6.20%) per annum.
- 14.3** The Group has obtained short-term running finance under the Export Refinance Scheme of the State Bank of Pakistan. The facility availed is for an amount of Rs. 4,125.7 million (2017: Rs.3,218.5 million). The rates of mark-up on this facility ranges from 2.10% to 2.20 % per annum (2017: 2.10% to 2.20% per annum).
- 14.4** The Group has obtained facilities for short term finance under Running Musharakah. The rate of profit on these finances obtained by the Holding Company is 6.32% per annum (2017: 6.32%) per annum. The rate of profit on these finance obtained by the Subsidiary Company is 6.06% - 6.15% per annum (2017: 6.33% to 6.53%) per annum. The facility matures within twelve months and is renewable.
- 14.5** All running finances and short-term borrowing facilities are secured by way of hypothecation of all present and future fixed assets (excluding lands and building) and present and future current and moveable assets.
- 14.6** As at 30 September 2017, the unavailed facilities from the above borrowings amounted to Rs.9,984 million. (2017: Rs 12,143 million).

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1** In 2011, the Gas Infrastructure Development Cess was levied via GIDC Act 2011 and further the rate of cess was amended via Finance Bill 2012 - 2013 which was challenged in the Supreme Court of Pakistan. The Supreme Court of Pakistan declared GIDC Act 2011 to be unconstitutional and ultra vires on the grounds that GIDC is a 'Fee' and not a 'Tax' and in the alternative it is not covered by any entry relating to imposition or levy of tax under Part-I of the Federal Legislative list and on either counts the 'cess' could not have been introduced through a money bill under the Constitution.

During 2015, Government passed a new law 'Gas Infrastructure Development Cess Act 2015' ('the Act') by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs. 100 per MMBTU on industrial consumption and Rs. 200 per MMBTU on Captive power consumption effective 1 July 2011. The Company has obtained a stay order on the retrospective application of the Act from the Honorable High Court of Sindh. The Company is confident of favorable outcome and therefore has not recorded, to the extent of self consumption, a provision of Rs. 476 million (from 01 July 2011 till 22 May 2015) in these consolidated interim financial information. However, the Company made a provision of GIDC to the extent of its self consumption from May 2015 onwards. On 26th October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh. This appeal filed before the Divisional Bench of High Court of Sindh was dismissed on the ground that Learned Single Judge while passing the impugned judgement has considered all the material facts and also the relevant provisions of OGRA and has correctly applied the factual position. On 31 May 2017, separate petition filed by another company in the High Court of Peshawar challenging the vires of the GIDC Act 2015 was dismissed for the reason that the Act has been passed by the Parliament strictly in accordance with the legislative procedures contained in the Constitution of Pakistan and therefore no procedural defect in the Act which could be made as a ground for its annulment. In light of the aforementioned developments, the Company on prudent basis, continue to recognise provision after the passage of the Act.

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

Further, the Holding Company and the Subsidiary Company (ISL) have not recognized GIDC amounting to Rs. 819.7 million (2017: Rs. 785.84 million) pertaining to period from 01 July 2011 to 30 September 2017 with respect to its captive power plant from which power generation is supplied to K-Electric Limited. The Holding Company and the Subsidiary Company (ISL) consider that, in the event such levy is imposed, they shall recover GIDC from K-Electric Limited through fuel adjustments after getting requisite approval from National Electric Power Regulatory Authority (NEPRA).

- 15.1.2** The Holding Company has reversed the provision for the levy of Infrastructure Cess amounting to Rs. 107 million in 2009 on the basis of a decision of the Sindh High Court which declared the levy of Infrastructure Cess before 28 December 2006 as void and invalid. However, the Excise and Taxation Department (the Department) has filed an appeal before the Supreme Court of Pakistan against such order. As such the guarantee against this amount has not yet been returned. In May 2011, the Supreme Court disposed-off the appeal with a joint statement of the parties and hence the case was referred back to the High Court. On 31 May 2011, the High Court has granted an interim relief for return of Bank Guarantees (BG) on the consignments released upto 27 December 2006 and any BG submitted after 27 December 2006 shall be encashed to the extent of 50% of the guarantee amount only with balance kept intact till the disposal of petition. If the Court upholds the applicability of Fifth Version of the law and its retrospective effect, the authorities will be entitled to claim the amounts due. Bank guarantees amounting to Rs. 1,037 million (2017: Rs. 977 million) which includes Rs. 107 million mentioned above have been provided to the Department in this regard by the Holding Company and Subsidiary Company (ISL). However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Holding Company and Subsidiary Company on prudent basis (note: 13.2).
- 15.1.3** Guarantees issued by the Holding Company and Subsidiary Company (ISL) to various service providers amounting to Rs.832.1 million (2017: Rs.774.5 million) as security for continued provision of services.
- 15.1.4** Oil and Gas Regulatory Authority (OGRA) has issued notification for increase in the gas tariff disregarding the protocol laid down in OGRA Ordinance, 2002. The Group has filed a suit in the Sindh High Court (The Court) challenging the gas tariff increase. The Court has granted a stay order, subject to security deposit of the differential amount with the Nazir of the Court. The Group has deposited amount of Rs.206.6 million (2017: Rs. 133.6 million) as cheques with the Nazir. The Group, on a prudent basis, has also accrued this amount in these financial statements.
- 15.1.5** Sindh Revenue Board (SRB) issued notices to the Holding Company and Subsidiary Company (ISL) for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014. The Holding Company and Subsidiary Company (ISL) filed constitutional petition in the High Court of Sindh, challenging the said unlawful demand on the ground that the Holding Company and Subsidiary Company (ISL) are trans-provincial establishments operating industrial and commercial activities across Pakistan. The High Court of Sindh granted stay order in favor of the Holding Company and Subsidiary Company (ISL) declaring exemption on the basis that Holding Company and Subsidiary Company (ISL) being trans-provincial establishments are paying Workers Welfare Fund under Federal Workers Welfare Fund Ordinance, 1971.
- 15.1.6** The Group's share of associate's contingent liability is Rs.30.2 million (30 June 2017: Rs.51.8 million).

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

Holding Company

- 15.1.5** Custom duties amounting to Rs.51 million (2017: Rs. 51 million) on import of raw material shall be payable by the Holding Company in case of non-fulfilment of certain conditions imposed by the customs authorities under SRO 565(1) / 2006. The Holding Company has provided post dated cheques in favor of the Collector of Customs which are, in normal course of business, to be returned to the Holding Company after fulfilment of stipulated conditions. The Holding Company has fulfilled the conditions for the aforementioned duties and is making effort to retrieve the associated post-dated cheques from the custom authorities.
- 15.1.6** An amount of Rs. 375 million was claimed by the customs authorities as duty rate differential on imports made by the Holding Company during 2005-10 due to an anomaly in SRO 565(1) / 2006 Serial 88. Since then, the anomaly has been rectified. The Holding Company filed a petition with the Sindh High Court in 2010 for an injunction and as is awaiting the final judgement.
- 15.1.7** The customs authorities have charged a redemption fine of Rs. 83 million on the clearance of an imported raw material consignment in 2006. The Holding Company has filed an appeal before the Sindh High Court, which has set aside the examination reports including the subsequent order produced by the customs authorities, and ordered the authorities to re-examine the matter afresh. However, the customs authorities have filed an application for leave to appeal against the order of the High Court. The management anticipates that the chances of admission of such appeal are remote.
- 15.1.8** The Model Collectorate of Customs (MCC), Peshawar stopped the exports of the Company goods to Afghanistan under the pretext that SRO 190(I) / 2002 dated 2 April 2002 on the account of non-payment of 17% Sales Tax. A Constitutional Petition in the Sindh High Court (SHC) on 1 October 2015 arguing that there is no sales tax on exports to Afghanistan as per manufacturing bond rules SRO 450(I) / 2015 and that SRO 190 issued in 2002 was never implemented and hence under the Sales Tax Act 1990 no such liability could be raised at this stage. The SHC granted a stay order by allowing our exports to Afghanistan subject to depositing bank guarantees worth Rs. 8.9 million (i.e. value of disputed sales tax amount) before the Nazir of the SHC. On 30 October 2015 FBR issued a clarification as to the applicability of SRO 190(I) / 2002 and stated that exports made to Afghanistan does not attract the levy of sales tax. The same has already been filed before the SHC and disposal of the case along with return of the said bank guarantees is awaited.
- 15.1.9** The Holding Company has filed the petition in the Honourable Sindh High Court against the deletion of clause 103A of the second schedule of the Income Tax Ordinance, 2001 and obtained a stay order on the deduction of withholding tax on the inter corporate dividend. As per the requirement of the stay order, the Holding Company has pledged 500,000 shares of International Steels Limited in the Honourable Sindh High Court as a security against the tax payable on dividend declared by the International Steels Limited on 21 October 2016. Further, a bank guarantee amounting to Rs.76.6 million have also been given to Nazir High Court as a security against tax payable on dividend declared by the International Steels Limited on 02 June 2017.

Subsidiary Company (ISL)

- 15.1.10** Section 113(2)(c) of the Income Tax Ordinance, 2001 was interpreted by a Divisional Bench of the High Court of Sindh in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 07 May 2013, whereby it was held that the benefit of carry forward of Minimum Tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum Tax. Therefore, where there is no tax payable due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

The Subsidiary Company based on legal counsels' advice considered that certain strong grounds are available whereby the aforesaid decision can be challenged in a Larger Bench of the High Court of Sindh or the Supreme Court of Pakistan. A leave to appeal against the aforesaid decision has already been filed before the Supreme Court of Pakistan by other companies which is pending for hearing. In view of above, the Subsidiary Company is confident that the ultimate outcome in this regard would be favourable.

Further, based on the tax expert's advice obtained during the quarter, accumulated minimum tax liability under section 113 of the Income Tax Ordinance, 2001 (the Ordinance) of Rs. 431 million was determined from the tax year 2013 till 2015 and an amount of Rs. 248 million on account of Alternate Corporate Tax (ACT) for the tax year 2016 under section 113(C) of the Ordinance. However, based on the assessment and estimation for availability of sufficient taxable profits on the basis of 5 years projections and tax credits available to the Company under section 65(B) of the Income Tax Ordinance, 2001, accumulated minimum tax liability and alternate corporate tax net of tax credit under section 65(B) amounting to Rs. 157 million has not been recorded in this condensed interim financial information for the year ended 30 June 2017.

15.2 Commitments

Group

- 15.2.1 Capital expenditure commitments of the Group outstanding as at 30 September 2017 amounted to Rs.2,812 million (2017: Rs.3,105 million).
- 15.2.2 Commitments under letters of credit established by the Group for raw material and stores and spares as at 30 September 2017 to Rs. 7,681 million (2017: Rs.5,902 million).
- 15.2.3 The unavailed facilities for opening letters of credit and guarantees from banks as at 30 September 2017 amounted to Rs. 16,895 million (2017: 21,384 million) and Rs. 476 million (2017: 372 million) respectively.

Holding Company

- 15.2.4 Commitments under purchase contracts as at 30 September 2017 amounted to Rs. 272 million (2017: Rs.307 million).

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

16. NET SALES

	Quarter ended	
	30 September 2017	30 September 2016
	(Rupees in '000)	
Local	19,934,233	9,149,748
Export	2,177,183	1,523,058
	22,111,416	10,672,806
 Toll Manufacturing	-	412
 Sales Tax	(7,547,742)	(1,343,343)
Trade discounts & commission	(272,998)	(162,278)
Export commission	(87,367)	(109,867)
	(7,908,107)	(1,615,488)
	14,203,309	9,057,730

17. COST OF SALES

Opening stock of raw material and work-in-process	8,953,652	4,930,520
Purchases	11,597,045	8,161,196
Salaries, wages and benefits	332,168	267,763
Rent, rates and taxes	642	1,061
Electricity, gas and water	333,403	328,024
Insurance	8,415	7,841
Security and janitorial	12,954	10,302
Depreciation and amortisation	272,276	277,936
Operational supplies and consumables	50,874	30,931
Repairs and maintenance	48,307	40,861
Postage, telephone and stationery	4,496	5,772
Vehicle, travel and conveyance	6,353	7,650
Internal material handling	8,425	9,577
Environment controlling expense	591	555
Sundries	3,027	3,919
Partial manufacturing	1,295	624
Sale of scrap generated during production	(503,402)	(278,825)
	21,130,521	13,805,707
Closing stock of raw material and work-in-process	(9,938,239)	(6,263,490)
Cost of goods manufactured	11,192,282	7,542,217
 Finished goods and by-products :		
Opening stock	5,171,013	2,941,351
Closing stock	(4,425,736)	(3,066,566)
	745,277	(125,215)
	11,937,559	7,417,002

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

18	SELLING & DISTRIBUTION EXPENSES	Quarter ended	
		30 September 2017	30 September 2016
	Freight and forwarding expenses	256,233	133,699
	Salaries, wages and benefits	62,096	52,605
	Rent, rates and taxes	1,311	1,498
	Electricity, gas and water	2,034	1,814
	Insurance	3,009	356
	Depreciation and amortisation	4,479	4,231
	Repair and maintenance	205	258
	Advertising and sales promotion	14,742	15,017
	Postage, telephone and stationery	1,909	2,295
	Office supplies	2,200	26
	Vehicle, travel and conveyance	2,879	5,581
	Provision for doubtful debts-net	(700)	10,221
	Certification and registration charges	802	641
	Others	4,150	5,399
		<u>355,349</u>	<u>233,641</u>
19	ADMINISTRATIVE EXPENSES		
	Salaries, wages and benefits	86,402	75,835
	Rent, rates and taxes	1,661	1,259
	Electricity, gas and water	1,253	1,138
	Insurance	595	704
	Depreciation and amortisation	5,520	5,813
	Repair and maintenance	1,139	449
	Postage, telephone and stationery	5,107	4,198
	Office supplies	90	27
	Vehicle, travel and conveyance	4,027	2,820
	Legal and professional charges	11,841	9,587
	Certifications and registration charges	1,701	2,308
	Others	4,788	5,674
		<u>124,124</u>	<u>109,812</u>
20.	FINANCIAL CHARGES		
	Conventional		
	- Interest on long-term finances	43,186	57,819
	- Interest on short-term borrowings	97,171	55,475
	Islamic		
	- Mark-up on long-term finances	44,516	14,949
	- Mark-up on short term borrowings	33,466	31,614
		<u>218,339</u>	<u>159,857</u>
	Exchange loss and others	13,092	4,280
	Interest on Workers' Profit Participation Fund	247	506
	Bank charges	6,487	8,594
		<u>238,165</u>	<u>173,237</u>
21.	OTHER OPERATING CHARGES		
	Auditors' remuneration	1,466	1,262
	Loss on derivative financial instruments	2,042	27,345
	Donations	14,420	5,750
	Workers' Profit Participation Fund	89,754	33,188
	Workers' Welfare Fund	35,901	48,220
	Business development expenses	695	2,686
		<u>144,278</u>	<u>118,451</u>

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

	Quarter ended	
	30 September 2017	30 September 2016
22. OTHER INCOME		
Income on financial assets		
Interest on bank deposits	283	323
Income from non-financial assets		
Income from power generation - 18MW	11,695	9,337
Income from power generation - 4MW	22,901	30,460
Gain on disposal of property, plant and equipment	12,702	4,403
Rental income	673	674
Exchange gain / (loss) - net	11,406	22,230
Others	7,274	1,065
	<u>66,934</u>	<u>68,492</u>
23. TAXATION		
Current	444,904	106,242
Deferred	33,474	204,617
	<u>478,378</u>	<u>310,859</u>

24. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, Directors of the Group Companies, key management employees and staff retirement funds. The Group continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Contributions to its defined contribution plan (Provident Fund) are made as per the terms of employment and contributions to its defined benefit plan (Gratuity Fund) are in accordance with actuarial advice. Remuneration of key management personnel is in accordance with their terms of employment Group policy.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non Executive Director and departmental heads to be its key personnel. There are no transaction with key management personnel other than their terms of employment / entitlement.

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

	Quarter ended	
	30 September 2017	30 September 2016
	---- (Rupees in '000) ----	
Associated companies		
Sales	429,472	172,840
Purchases	4,990,321	4,915,683
Reimbursement of expenses	53	-
Rent income	481	374
Key management personnel		
Remuneration	122,740	89,261
Staff retirement funds		
Contribution paid	41,035	45,586
Directors' fees	1,500	2,160

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

Balances with related parties

	(Un-audited) 30 September 2017	(Audited) 30 June 2017
	----	----
	(Rupees in '000)	
Trade debts		
Pakistan Cables Limited.	-	11
Sumitomo Corporation	233,994	9,553
Trade creditor		
Sumitomo Corporation	45,580	3,011,900
Pakistan Cables Limited.	254	-

25 SEGMENT REPORTING

The Group has identified steel coils & sheets, steel pipes, plastic pipes and investment as reportable segments.

SEGMENT REVENUE AND RESULTS

	Steel Coils & Sheets Segments	Steel Pipes Segments	Plastic Pipes Segments	Investment Segments	Total
	(Rupees in '000)				
For the quarter ended 30 September 2017					
Sales	8,813,588	4,962,714	427,007	-	14,203,309
Cost of sales (excluding depreciation and amortization)	(7,170,232)	(4,129,759)	(365,292)	-	(11,665,283)
Depreciation and amortization	(187,373)	(74,783)	(10,120)	-	(272,276)
Gross Profit	1,455,983	758,172	51,595	-	2,265,750
Selling and distribution expenses	(101,669)	(227,360)	(26,320)	-	(355,349)
Administrative expenses	(53,987)	(64,844)	(5,293)	-	(124,124)
	(155,656)	(292,204)	(31,613)	-	(479,473)
Financial charges	(122,905)	(104,616)	(10,644)	-	(238,165)
Other operating charges	(117,263)	(26,173)	(842)	-	(144,278)
Other income	15,023	51,911	-	-	66,934
Share of profit in equity accounted investee - net of tax	-	-	-	14,087	14,087
Profit before taxation	1,075,182	387,090	8,496	14,087	1,484,855
Taxation					(478,378)
Profit after taxation					1,006,477

For the quarter ended 30 September 2016

Sales	6,038,884	2,828,382	190,464	-	9,057,730
Cost of sales (excluding depreciation and amortization)	(4,879,413)	(2,102,143)	(157,510)	-	(7,139,066)
Depreciation and amortization	(183,889)	(87,741)	(6,306)	-	(277,936)
Gross Profit	975,582	638,498	26,648	-	1,640,728
Selling and distribution expenses	(64,147)	(164,988)	(4,506)	-	(233,641)
Administrative expenses	(42,552)	(63,278)	(3,982)	-	(109,812)
	(106,699)	(228,266)	(8,488)	-	(343,453)
Financial charges	(122,761)	(45,858)	(4,618)	-	(173,237)
Other operating charges	(86,712)	(30,556)	(1,183)	-	(118,451)
	(209,473)	(76,413)	(5,802)	-	(291,688)
Other income	23,217	45,275	-	-	68,492
Share of profit in equity accounted investee - net of tax	-	-	-	9,058	9,058
Profit before taxation	682,627	379,094	12,358	9,058	1,083,137
Taxation					(310,859)
Profit after taxation					772,278

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

SEGMENT ASSETS & LIABILITIES

SEGMENT ASSETS & LIABILITIES	Steel Coils & Sheets Segments	Steel Pipes Segments	Plastic Pipes Segments	Investments Segments	Total
	(Rupees in '000)				
As at 30 September 2017 - Un-audited					
Segment assets	22,964,825	14,906,303	1,954,810	310,644	40,136,582
Segment liabilities	14,218,677	9,656,746	930,389	-	24,805,812
As at 30 June 2017 - Audited					
Segment assets	24,020,336	13,540,885	1,345,368	299,503	39,206,092
Segment liabilities	15,842,561	7,963,492	504,349	-	24,310,402

Reconciliation of segment assets and liabilities with total assets and liabilities in the Balance Sheet is as follows :

	(Un-audited) 30 September 2017	(Audited) 30 June 2017
Total reportable segments assets	<u>40,136,582</u>	39,206,092
Unallocated assets	<u>3,233,156</u>	3,346,518
Total assets as per Balance Sheet	<u>43,369,738</u>	<u>42,552,610</u>
Total reportable segments liabilities	<u>24,805,812</u>	24,310,402
Unallocated liabilities	<u>3,869,423</u>	4,126,571
Total liabilities as per Balance Sheet	<u>28,675,236</u>	<u>28,436,973</u>

Notes to the Condensed Interim Consolidated Financial Information

For the quarter ended 30 September 2017 - (un-audited)

26 MEASUREMENT OF FAIR VALUES

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30 September 2017							
	Carrying amount				Total	Fair Value		
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities		Level 1	Level 2	Level 3
	----- (Rupees in '000) -----							
Financial assets								
Investment - quoted Company	-	310.644	-	-	310.644	626.516	-	-

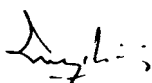
	30 June 2017							
	Carrying amount				Total	Fair Value		
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities		Level 1	Level 2	Level 3
	----- (Rupees in '000) -----							
Financial assets								
Investment - quoted Company	-	299,503	-	-	299,503	716,348	-	-

Management assessed that the fair values of cash & cash equivalent and short-term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit assets and long term liabilities management consider that their carrying values approximates fair value.

26.1 GENERAL

These consolidated financial information were authorised for issue on 19 October 2017 by the Board of Directors.

Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity of the Group.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

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Quaid-e-Azam Shopping
Centre No.1 Multan Cantt, Multan
Tel: (92 61) 458 3332

Peshawar Office

Office No.1 & 2, First Floor,
Hurmaz Plaza
Opposite Airport Runway
Main University Road, Peshawar
Tel: (92 91) 5845068

FACTORY 1

LX 15-16,
Landhi Industrial Area,
Karachi - 75120
Tel: (92 21) 3508 0451-55

FACTORY 2

Survey # 405-406
Rehri Road, Landhi,
Karachi - 75160
Tel: (92 21) 3501 7027-28

FACTORY 3

22 KM, Sheikhpura Road
Lahore
Tel: (92 42) 3719 0492-3

SALES INQUIRIES

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International Clients: inquiries@iil.com.pk