



Ittefaq Iron Industries Ltd.

Head Office : 40-B-II, Gulberg-III, Lahore - Pakistan. Ph: (042) 35765021-26 Fax: (042) 35759546
Ph: (042) 35759895, 35757397, 35757940 UAN: 111-94-94-11

Marketing Division

Ph: (042) 35785468 Fax: (042) 35759411

E-mail: info@ittefaqsteel.com, sales@ittefaqsteel.com, Web: www.ittefaqsteel.com

DIRECTOR'S REPORT

On behalf of the board of directors, I take pleasure to present condensed interim financial statements for period of the quarter ended March 31, 2019

The financial results are summarized as under:

| | Quarter Ended | |
|--------------------------|--------------------------|--------------------------|
| | March 31 2019 | March 31 2018 |
| Sale | 1,759,091,337 | 1,649,167,615 |
| Gross Profit | 176,396,650 | 149,591,837 |
| Profit/ (loss) after tax | 68,309,813 | 38,297,180 |
| Earnings per share | 0.45 | 0.51 |

The sales turnover for three months shown increased of 6.67% from Rs.1,649 million to Rs. 1,759 million due to fast economic activities. The gross profit for the current three months period is increase by 18 % from Rs. 149 million to Rs. 176 million.

The company is working on to improve results by reducing cost and better sales in present conditions. The company is focusing on products mix which increases our profitability.

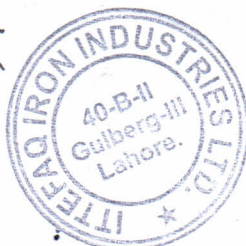
The Directors of your Company wish to thankful to the Banks for the financial support and co-operation they have extended to the company. The Directors would like to express their appreciation for the dedication and hard work of the workers, staff and members of management team.

For and on behalf of Board of Directors.

ITTEFAQ IRON INDUSTRIES LTD.

SHAHZAD JAVED
Chief Executive

Lahore: April 25, 2019



ITTEFAQ IRON INDUSTRIES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2019

| | Unaudited 31-Mar-19 Rupees | Audited 30-Jun-18 Rupees |
|---|----------------------------------|--------------------------------|
| SHARE CAPITAL & RESERVES | | |
| Share capital | 1,443,433,640 | 1,312,212,400 |
| Capital reserves | 774,507,925 | 774,507,925 |
| Equity portion of sponsors loan | 17,635,104 | 35,606,842 |
| Unappropriated profit | 1,162,967,108 | 1,117,729,263 |
| | 3,398,543,777 | 3,240,056,430 |
| Surplus on revaluation of fixed assets | 687,008,977 | 705,455,113 |
| NON-CURRENT LIABILITIES | | |
| Sponsors loans-subordinated | 284,219,709 | 266,247,971 |
| Deferred liabilities | 149,967,466 | 168,274,311 |
| | 434,187,175 | 434,522,282 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 453,668,791 | 400,814,539 |
| Finance cost payable | 44,317,319 | 18,286,947 |
| Short term borrowings | 1,346,202,948 | 1,225,234,093 |
| | 1,844,189,058 | 1,644,335,579 |
| CONTINGENCIES & COMMITMENTS | | |
| | - | - |
| TOTAL EQUITY AND LIABILITIES | 6,363,928,987 | 6,024,369,405 |
| NON-CURRENT ASSETS | | |
| Property, plant & equipments | 1,731,153,509 | 1,783,130,860 |
| Long-term security deposits | 18,972,226 | 18,808,026 |
| | 1,750,125,735 | 1,801,938,886 |
| CURRENT ASSETS | | |
| Stores, spares & loose tools | 365,378,342 | 248,995,725 |
| Stock-in-trade | 2,270,747,598 | 2,488,103,617 |
| Trade debts | 1,366,470,430 | 826,766,553 |
| Advances, deposits, prepayments & other receivables | 435,394,025 | 364,927,330 |
| Taxes refundable | 106,502,451 | 141,303,942 |
| Cash & bank balances | 69,310,406 | 152,333,352 |
| | 4,613,803,252 | 4,222,430,519 |
| TOTAL ASSETS | 6,363,928,987 | 6,024,369,405 |

The annexed notes form an integral part of these condensed interim financial statements.


CHIEF EXECUTIVE


DIRECTOR


CHIEF FINANCIAL OFFICER

ITTEFAQ IRON INDUSTRIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

| | Nine Months Ended | | Quarter Ended | |
|---|----------------------|----------------------|---------------------|---------------------|
| | 31-Mar-19 | 31-Mar-18 | 31-Mar-19 | 31-Mar-18 |
| | Rupees | Rupees | Rupees | Rupees |
| Revenue - net | 4,892,836,559 | 4,779,986,540 | 1,759,091,337 | 1,649,167,615 |
| Cost of sales | 4,416,869,187 | 4,355,420,180 | 1,582,694,686 | 1,499,575,778 |
| Gross profit | 475,967,371 | 424,566,360 | 176,396,650 | 149,591,837 |
| Distribution cost | 18,725,045 | 14,587,537 | 6,208,416 | 5,717,769 |
| Administrative expenses | 53,154,686 | 46,750,933 | 13,795,545 | 12,519,016 |
| | (71,879,731) | (61,338,470) | (20,003,961) | (18,236,785) |
| Operating profit | 404,087,640 | 363,227,890 | 156,392,689 | 131,355,052 |
| Other income | 4,089,454 | 7,756,350 | 2,699,152 | 1,135,706 |
| | 408,177,094 | 370,984,240 | 159,091,841 | 132,490,758 |
| Finance cost | 127,275,355 | 86,252,578 | 61,619,140 | 29,398,278 |
| Workers profit participation fund | 14,045,087 | 14,236,583 | 4,873,635 | 5,154,624 |
| Workers welfare fund | 6,861,498 | 5,409,902 | 2,351,755 | 1,958,758 |
| | (148,181,940) | (105,899,063) | (68,844,530) | (36,511,660) |
| Profit before taxation | 259,995,155 | 265,085,177 | 90,247,312 | 95,979,098 |
| Taxation | (59,193,015) | (64,397,627) | (26,001,485) | (29,000,507) |
| (Loss) after taxation for the period | 200,802,139 | 200,687,550 | 64,245,826 | 66,978,591 |
| Earning per share | 1.39 | 1.53 | 0.45 | 0.51 |

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


CHIEF EXECUTIVE

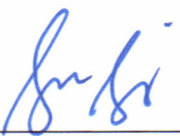

DIRECTOR


CHIEF FINANCIAL OFFICER

ITTEFAQ IRON INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED MARCH 31, 2019

| | Nine Months Ended | | Quarter Ended | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 31-Mar-19 Rupees | 31-Mar-18 Rupees | 31-Mar-19 Rupees | 31-Mar-18 Rupees |
| Profit after taxation for the period | 200,802,139 | 133,708,959 | 64,245,826 | 66,978,591 |
| Other comprehensive income | | | | |
| Remeasurement of defined benefit plan | - | - | - | - |
| Deferred tax on remeasurement of defined benefit plan | | | | |
| Total comprehensive income for the period | 200,802,139 | 133,708,959 | 64,245,826 | 66,978,591 |

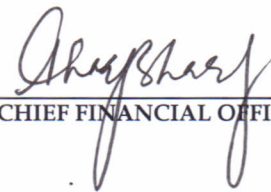
The annexed notes form an integral part of these financial statements.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER

ITTEFAQ IRON INDUSTRIES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

| | | | | |
|---|-----------------|--------------------------|------------------------------------|--------------|
| Issued, subscribed and paid-up capital | Capital Reserve | Revenue Reserve | Equity Portion of Sponsors Loan | Total Equity |
| | Share premium | Unappropriated profit | | |
| Rupees | | | | |

| | | | | | |
|--|----------------------|--------------------|----------------------|-------------------|----------------------|
| Balance as at July 01, 2017 Audited | 1,312,212,400 | 774,507,925 | 797,968,074 | 49,724,864 | 2,934,413,263 |
| Total comprehensive income for the period | - | - | 270,406,381 | - | 270,406,381 |
| Decrease in deferred tax due to rate change | - | - | - | 1,270,622 | 1,270,622 |
| Less: Unwinding of discount | - | - | 15,388,644 | (15,388,644) | - |
| Incremental depreciation transferred from Surplus on Rev. of fixed assets | - | - | 33,966,164 | - | 33,966,164 |
| Balance as at June 30, 2018 Audited | 1,312,212,400 | 774,507,925 | 1,117,729,263 | 35,606,842 | 3,240,056,430 |
| Balance as at July 01, 2018 Audited | 1,312,212,400 | 774,507,925 | 1,117,729,263 | 35,606,842 | 3,240,056,430 |
| Total comprehensive income for the period | - | - | 200,802,139 | - | 200,802,139 |
| Issuance of bonous shares | 131,221,240 | - | (131,221,240) | - | - |
| Cash dividend paid on shares | - | - | (65,610,620) | - | (65,610,620) |
| Decrease in deferred tax due to rate change | - | - | - | - | - |
| Less: Unwinding of discount | - | - | 17,971,738 | (17,971,738) | - |
| Incremental depreciation transferred from Surplus on Rev. of fixed assets | - | - | 23,295,828 | - | 23,295,828 |
| Balance as at December 31, 2019 Un-Audited | 1,443,433,640 | 774,507,925 | 1,162,967,108 | 17,635,104 | 3,398,543,777 |

The annexed notes form an integral part of these condensed interim financial statements.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ITTEFAQ IRON INDUSTRIES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

| | 31-Mar-2019 Rupees | 31-Mar-2018 Rupees |
|--|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 259,995,155 | 265,085,177 |
| Adjustments for: | | |
| Depreciation | 91,997,682 | 84,233,158 |
| Provision for gratuity | 8,833,537 | 7,721,192 |
| Gain on sale of fixed asset | (960,961) | (884,974) |
| Finance cost | 127,275,355 | - |
| | 227,145,613 | 177,321,954 |
| Profit before working capital changes | 487,140,768 | 442,407,131 |
| Working capital changes | | |
| (Increase)/decrease in | | |
| Stores, spares & loose tools | (116,382,617) | (157,485,059) |
| Stock-in- trade | 217,356,019 | (702,692,079) |
| Trade debts | (539,703,877) | (313,044,149) |
| Advances, deposits, prepayments & other receivables | (70,466,695) | (46,795,035) |
| | (509,197,170) | (1,220,016,322) |
| Increase/(decrease) in | | |
| Trade and other payables | 52,854,253 | 96,584,962 |
| Cash generated from operations | 30,797,850 | (681,024,229) |
| Taxes paid | (49,529,574) | (126,462,204) |
| Finance cost paid | (101,244,983) | (71,927,123) |
| Gratuity paid | (4,510,828) | (2,856,994) |
| | (155,285,385) | (201,246,321) |
| Net cash flow from operating activities | (124,487,535) | (882,270,550) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Fixed assets acquired | (24,773,566) | (41,518,237) |
| Capital work in progress | (27,060,503) | (10,773,854) |
| Proceeds from disposal of fixed assets | 2,373,000 | 2,519,900 |
| Short term investments | - | - |
| Security deposits | (164,200) | 295,500 |
| Net cash used in investing activities | (49,625,269) | (49,476,691) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend Paid | (29,878,997) | - |
| Long term loans | - | (83,342,994) |
| Short term borrowings | 120,968,855 | (53,325,699) |
| Net cash from/(used in) financing activities | 91,089,858 | (135,668,693) |
| Net increase/(decrease) in cash and cash equivalents | (83,022,946) | (1,067,415,934) |
| Cash & cash equivalents at the beginning of the year | 152,333,352 | 5,316,850 |
| Cash & cash equivalents at the end of the Quarter | 69,310,406 | 17,627,149 |

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

ITTEFAQ IRON INDUSTRIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2019

1 This condensed interim financial information of the company for the nine months period ended March 31, 2019 is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard -34 "Interim Financial Reporting" and provisions of and directives issued under the companies Act 2017. In case requirements differ, the provisions or directives of the companies Act 2017 shall prevail.

This condensed interim financial information is being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange (PSX) vide relevant provisions of Companies Act 2017.

This condensed interim financial information is presented in PKR which is also the company's functional currency.

The comparative condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarter ended March 31, 2019 are also included in this condensed interim financial information.

The comparative condensed interim financial information of the company does not include all the information and disclosures required for full financial statements, and should be read in conjunction with the Company's audited annual financial statements for the year ended June 30 2018.

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding audited annual financial statements of the company for the year ended June 30, 2018, except for the changes resulting from the initial recognition of standards, amendments or interpretations to existing standards. However, amendments /improvements and new interpretations of approved accounting standards effective during the period, if any, were not relevant to the company's operations and do not have any material impact on the accounting policies of the company.

2 CONTINGENCIES & COMMITMENTS

For the tax period of September 2016 to June 2017, a Show Cause Notice dated 09.11.2017 was issued by Deputy Commissioner Inland Revenue, E & C Unit 20, Zone-III, LTU, Lahore alleging that the Company has not further tax under section 3(1A) of the Sales Tax Act, 1990 at the rate of 2% on the supplies made to unregistered persons. Against the aforesaid order, Company filed WP No. 105986/2017 before the Honorable Lahore High Court, Lahore, which was decided in favour of the Company vide judgment dated 19.12.2017. This judgment was challenged by the department vide appeal No. 135102/2018 before the Division Bench of Lahore High Court, which is pending adjudication. The administration of the Company is pursuing the above-said case diligently, and there is likelihood of its success in the said case.

Through WP No. 180139/2018, the Company has challenged the legality and validity of the demand of regulatory duty imposed by the Federal Government through notification No. S.R.O. 568(I)/2014 dated 26th June, 2014 on the import of billets through a demand notice dated 29/04/15 for the tax period of 2014-15. The said petition is pending before the Lahore High Court, Lahore and interim relief against recovery has also been granted to the Company. The administration of the Company is pursuing the above-said case diligently, and there is likelihood of its success in the said case.

3 Commitments

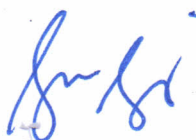
3.1 (a) Letter of credit of Rs 42 Million as on March 31, 2019.

3.2 (b) Commitment include bank guarantee of 18.2 Million to SNGPL and FWO.

4 Figures have been rounded off to nearest rupee.

5 DATE OF AUTHORIZATION

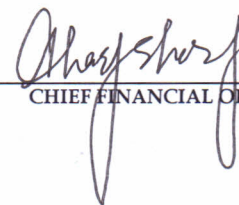
This interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 25, 2019.



CHIEF EXECUTIVE



DIRECTOR



CHIEF FINANCIAL OFFICER