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ONE IN A MILLION

Unaudited Financial Statements

for the period ended December 31, 2022



International Industries Limited

In the name of Allah, Most Gracious, Most Merciful.
This is by the Grace of Allah.

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Company Information

Chairman (Non-Executive)

Mr. Kamal A. Chinoy

Independent Directors

Mr. Adnan Afridi
Mr. Asif Jooma
Mr. Haider Rashid
Mr. Jehangir Shah
Mr. Mansur Khan

Non-Executive Directors

Mr. Mustapha A. Chinoy
Mrs. Selina Rashid Khan

Chief Executive Officer

Mr. Sohail R. Bhojani

Chief Financial Officer

Mr. Muhammad Akhtar

Company Secretary & Head of Legal Affairs

Mr. Mohammad Irfan Bhatti

External Auditor

M/s A.F. Ferguson & Co.

Bankers

Allied Bank Limited
Askari Bank Limited
Bank AL Habib Limited
Bank Alfalah Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
Industrial and Commercial Bank of China Limited
MCB Bank Limited
Meezan Bank Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Legal Advisor

K. M. S. Law Associates

National Tax Number

0710735-8

Sales Tax Registration Number

02-04-7306-001-82

Registered Office

101 Beaumont Plaza,
10 Beaumont Road,
Karachi – 75530, Pakistan
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E-mail: investors@iil.com.pk

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UAN: +9242-111-019-019
E-Mail: lahore@iil.com.pk

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Sir Aga Khan Road, Sector F-5/1, Islamabad, Pakistan
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Multan Office

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Faisalabad Office

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Electrocity Plaza, Susan Road,
Faisalabad, Pakistan
Telephone: +9241-8720037

Peshawar Office

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University Road, Peshawar, Pakistan
Telephone: +9291-5845068

IIL Australia Pty Limited

101-103, Abbott Road, Hallam, Victoria 3803, Australia
Website: www.iilaustralia.com

IIL Americas Inc.

Suite 210-5800
Ambler Drive, Mississauga
ONL4W4J4, Canada

IIL Construction Solutions (Pvt.) Ltd.

101 Beaumont Plaza, 10 Beaumont Road,
Karachi – 75530, Pakistan
Website: www.iil.com.pk/csl

Factories

Factory 1

LX 15-16, Landhi Industrial Area,
Karachi – 75120, Pakistan
Telephone: +9221-35080451-55
E-mail: factory@iil.com.pk

Factory 2

Survey # 405 & 406, Rehri Road,
Landhi, Karachi – 75160, Pakistan
Telephone: +9221-35017026-28, 35017030

Factory 3

22 KM, Sheikhpura Road, Lahore, Pakistan
Telephone: +9242-37190491-3

Investor Relations Contact

Shares Registrar
CDC Share Registrar Services Limited
CDC House, 99-B, Block B, S.M.C.H.S.
Shahrah-e-Faisal, Karachi, Pakistan
Telephone: +92-0800-23275
Fax: +92-21-34326053
E-mail: info@cdcsrsl.com
Website: www.cdcsrsl.com

Corporate Website

www.iil.com.pk

Directors' Report

For the period ended December 31, 2022

The Directors of your Company are pleased to present the financial statements for the half year ended December 31, 2022.

The uncertain politico-economic situation prevalent in the country during the second half of the year continued to result in a challenging business environment, including rising costs - particularly energy prices, sharp increase in interest rates, difficulties in obtaining import financing and energy shortages. These were further exacerbated by negative global conditions such as the ongoing war in Ukraine and recessionary headwinds in most developed markets. This has adversely impacted the Company's business during the period under review. Domestic sales volumes were 39% lower than the same period last year and sales revenue for the period stood at Rs.12.9 Bn, which was 29% lower than the same period last year. A reduction in volumes was witnessed across all product segments as infrastructure development and construction activity remained sluggish in government as well as private sectors. Furthermore, key industries such as car and bike assembly came to a virtual standstill cutting off another major sales avenue for the Company. Additionally, the global economic slowdown and severe winter conditions in North America contributed to a drop in export volumes by 59%.

The decline in revenue resulted in an unconsolidated Profit after Tax for the period under review was Rs. 764 Mn (EPS 5.79), compared to a Profit after Tax of Rs. 1,857 Mn (EPS 14.08) during the first half of last year. This includes dividend income of PKR 1,142 Mn (SPLY: 1,764 Mn) from subsidiary and associate companies.

Dampened demand and depressed economic conditions also affected our major subsidiary, International Steels Limited (ISL), which reported Net Sales Revenue of Rs. 33.925 Bn which was down 22% from Rs.43.294 Bn over the same period last year. It generated a Profit after Tax (PAT) of Rs. 61 Mn (EPS 0.14) which was down 98.6% from Rs. 4,224 Mn (EPS 9.71) during the same period last year.

Efforts to develop the construction solutions business, in collaboration with a globally respected German company, continue to generate strong interest from the domestic market. A first-of-its-kind project is underway in Lahore and efforts on building a sustainable pipeline of business in this segment continue with strong momentum. The current challenges in establishing Letters of Credit are hampering the growth of this business, but the management is hopeful that these challenges will not remain insurmountable.

Pakistan's attempts to garner the support of donor countries and lending institutions have finally begun to show some early signs of promise - and will need to culminate in the revival of the IMF program. Only after these result in an inflow of external funds will the economy begin to show signs of recovery. This is an imperative for business conditions to improve and allow all major industries, including your Company, to improve operating results in the second half of the year. In the meantime, the Company will continue to strive to improve efficiencies and reduce costs, as well as make its strongest efforts in maintaining its share in both domestic and key export markets.

We extend our gratitude to all stakeholders for their continued support during this time of unprecedented challenges and look forward to a productive second half of the financial year.

For & on behalf of the Board of Directors



Kamal A. Chinoy
Chairman

Karachi.

Date: January 31, 2023

ڈائریکٹرز کی رپورٹ

برائے 31 دسمبر 2022

پاکستان کی ڈونرممالک اور قرض دینے والے اداروں کے تعاون کیلئے کوششوں سے جلد ہی معاہدے دستخط ہونے کے آثار نظر آ رہے ہیں اور آئی ایم ایف پروگرام کے احیاء کی ضرورت بھی از حد بڑھ گئی ہے۔ صرف اس کے بعد ہی معیشت میں بیرونی فنڈز آنا شروع ہوں گے اور موجودہ توازن ادائیگی کے بحران کا حل نکلے گا اور معیشت کی بحالی کے امکانات ظاہر ہوں گے۔ یہ کاروباری حالات کی بہتری اور سال کی دوسری ششماہی میں تمام بڑی صنعتوں بشمول آپ کی کمپنی کے آپریٹنگ کے نتائج کو بہتر بنانے کیلئے لازمی ہے۔ اس دوران میں آپ کی کمپنی استعداد بہتر بنانے اور لاگت میں کمی لانے کی کوششوں کے ساتھ ساتھ، ملکی اور برآمدی دونوں مارکیٹس میں اپنا شیئر برقرار رکھنے کی بھرپور کوششیں کرتی رہے گی۔

ہم ان غیر معمولی چیلنجز کے حالات میں اپنے اسٹیک ہولڈرز کے مستقل تعاون کا شکریہ ادا کرتے ہیں اور مالی سال میں دوسری ششماہی کے فائدہ مند ہونے کی توقع رکھتے ہیں۔

برائے اور منجانب
انٹرنیشنل انڈسٹریز لمیٹڈ

کمال اے چنائے
چیرمین

کراچی

31 جنوری 2023

ڈائریکٹرز کی رپورٹ

برائے 31 دسمبر 2022

آپ کی کمپنی کے ڈائریکٹرز مالیاتی اسٹیٹمنٹ برائے ششماہی مختتمہ 31 دسمبر 2022 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

سال کی دوسری ششماہی میں ملک کی غیر یقینی سیاسی معاشی صورتحال برقرار رہی جس کے نتیجے میں کاروبار کو غیر معمولی چیلنجز کا سامنا رہا جس میں بڑھتی ہوئی لاگت؛ خاص طور پر توانائی کی قیمتیں، شرح سود میں تیزی سے اضافہ، درآمدی فنانس کے حصول میں مشکلات اور توانائی کی قلت شامل ہیں۔ اس پرستم یہ کہ عالمی سطح پر بھی صورتحال منفی رہی جیسے یورپ میں جاری جنگ اور اکثر ترقی یافتہ مارکیٹس میں کساد بازاری کی بادمخالف کے باعث حالات ناموافق رہے۔ اس نے کمپنی کے کاروبار کو بری طرح متاثر کیا۔ اس مدت میں غیر مجموعی سیلز کی آمدنی 12.9 بلین روپے ہوئی جو گزشتہ سال کی اسی مدت کی آمدنی سے %29 کم ہے۔ اسی طرح ملکی سیلز کا حجم گزشتہ سال کی اسی مدت کے مقابلے میں %39 کم رہا۔ حجم کی یہ کمی تقریباً تمام پروڈکٹس میں واقع ہوئی کیونکہ حکومتی اور نجی دونوں شعبہ جات میں نفرا سٹرکچر، ڈیولپمنٹ اور تعمیراتی سرگرمیاں سست روی کا شکار ہیں۔ اس کے علاوہ بنیادی صنعتیں، جیسے کار اور بانیک اسمبلی حقیقی طور پر رک گئیں جس کی وجہ سے کمپنی کیلئے مقامی مارکیٹ میں بڑی سیلز کے دروازے تقریباً بند ہو گئے۔ علاوہ ازیں عالمی معاشی سست روی اور شمالی امریکہ میں شدید موسمی حالات کے سبب برآمدات کا حجم %59 تک کم ہو گیا۔

زیر جائزہ مدت کے لئے آمدنی میں کمی ہونے کے باعث بعد از ٹیکس غیر مجموعی منافع 764 ملین روپے (فی شیئر آمدنی 5.79 روپے) رہا۔ اس کے مقابلے میں گزشتہ سال کی پہلی ششماہی میں بعد از ٹیکس منافع 1,857 ملین روپے (فی شیئر آمدنی 14.08 روپے) تھا۔ اس میں ہماری ذیلی اور ایسوسی ایٹڈ کمپنیز سے حاصل ہونے والی ڈیویڈنڈ کی آمدنی کے 1,142 ملین روپے (گزشتہ سال اسی مدت میں 1,764 ملین روپے) شامل ہیں۔

طلب کی کمی اور خراب معاشی حالات نے ہماری بڑی ذیلی کمپنی انٹرنیشنل اسٹیلز لمیٹڈ (ISL) کو بھی متاثر کیا جس کی خالص سیلز کی آمدنی 33.92 بلین روپے رہی جو گزشتہ سال کی اسی مدت کے 43.294 بلین روپے سے %22 کم ہے۔ اس کے باعث بعد از ٹیکس منافع (PAT) صرف 61 ملین روپے (فی شیئر آمدنی 0.14 روپے) ہوا، جو اس کی مسابقتی مدت کے 4,224 ملین روپے (فی شیئر آمدنی 9.71 روپے) سے %98.6 کم ہے۔

عالمی سطح کی معروف جرمن کمپنی کے اشتراک سے ہماری کنسٹرکشن سلوشن برنس کو ترقی دینے کی کوششیں جاری ہیں جس کے نتیجے میں ملکی مارکیٹ سے پسندیدگی حاصل ہو رہی ہے، یہ لاہور میں جاری اپنی نوعیت کا پہلا پروجیکٹ ہے جس کی تکمیل کا کام پوری رفتار سے جاری ہے اور جو آمدنی کا ایک مستقل اور مستحکم ذریعہ ثابت ہوگا۔ اس وقت لیٹر آف کریڈٹ کھولنے کے چیلنجز اس کاروبار پر مستقل رکاوٹ ڈال رہے ہیں لیکن انتظامیہ کو پوری امید ہے کہ یہ ناقابل حل نہیں رہیں گے۔

Independent Auditor's Review Report

For the period ended December 31, 2022



A.F.FERGUSON & CO.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of International Industries Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of International Industries Limited as at December 31, 2022 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss, and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2022.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.



Chartered Accountants
Karachi

Date: February 8, 2023

UDIN: RR202210073V3TwxIH1v

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■ KARACHI ■ LAHORE ■ ISLAMABAD

UNCONSOLIDATED **CONDENSED INTERIM FINANCIAL STATEMENTS**

Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2022

Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
ASSETS		
NON-CURRENT ASSETS		
	(Rupees in '000)	
Property, plant and equipment	5 9,989,698	9,983,844
Intangible assets	2,045	2,730
Investments	6 3,372,515	3,372,515
Long-term deposits	1,672	1,653
	13,365,930	13,360,742
CURRENT ASSETS		
Stores and spares	267,709	277,500
Stock-in-trade	7 10,924,750	13,577,794
Trade debts	6,921,559	8,800,377
Advances, trade deposits and prepayments	814,444	60,302
Other receivables	29,944	70,393
Sales tax receivable	-	34,875
Cash and bank balances	140,151	113,580
	19,098,557	22,934,821
TOTAL ASSETS	32,464,487	36,295,563
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital		
Issued, subscribed and paid-up capital	1,318,819	1,318,819
Revenue reserves		
General reserve	2,700,036	2,700,036
Unappropriated profit	5,498,913	5,465,105
Capital reserve		
Revaluation surplus on property, plant and equipment	5,021,445	5,110,255
TOTAL SHAREHOLDERS' EQUITY	14,539,213	14,594,215
LIABILITIES		
NON-CURRENT LIABILITIES		
Long-term financing - secured	8 4,095,244	1,346,449
Deferred income - government grant	44,623	49,959
Gas Infrastructure Development Cess	10 83,038	122,020
Staff retirement benefits	180,388	155,545
Deferred taxation - net	162,024	192,669
	4,565,317	1,866,642
CURRENT LIABILITIES		
Trade and other payables	11 3,296,341	4,440,453
Contract liabilities	503,471	341,989
Short-term borrowings - secured	12 7,249,030	12,637,320
Unclaimed dividend	44,092	39,996
Current portion of long-term financing - secured	8 909,980	1,078,944
Taxation - net	9 1,059,424	1,015,977
Sales tax payable	84,475	-
Accrued mark-up	213,144	280,027
	13,359,957	19,834,706
TOTAL LIABILITIES	17,925,274	21,701,348
CONTINGENCIES AND COMMITMENTS	13	
TOTAL EQUITY AND LIABILITIES	32,464,487	36,295,563

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Jehangir Shah
 Director & Chairman
 Board Audit Committee



Muhammad Akhtar
 Chief Financial
 Officer



Sohail R. Bhojani
 Chief Executive
 Officer

Unconsolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the period ended December 31, 2022

	Note	Six months ended		Three months ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----					
Revenue from contracts with customers	14	12,989,232	18,225,243	6,718,697	9,366,222
Cost of sales		(11,568,401)	(16,119,740)	(6,186,187)	(8,454,231)
Gross profit		1,420,831	2,105,503	532,510	911,991
Selling and distribution expenses		(770,206)	(1,148,096)	(285,437)	(585,981)
Administrative expenses		(160,811)	(149,240)	(70,109)	(66,887)
(Charge) / reversal of loss allowance on trade debts		(2,215)	962	19,267	962
		(933,232)	(1,296,374)	(336,279)	(651,906)
Operating profit		487,599	809,129	196,231	260,085
Finance cost		(928,761)	(471,591)	(466,484)	(239,876)
Other operating (charges) / income		(6,385)	(51,233)	6,468	(9,005)
		(935,146)	(522,824)	(460,016)	(248,881)
Other income	15	1,530,798	2,058,891	48,552	137,357
Profit / (loss) before income tax		1,083,251	2,345,196	(215,233)	148,561
Income tax expense	16	(319,044)	(487,786)	(57,652)	(52,741)
Profit / (loss) after tax for the period		764,207	1,857,410	(272,885)	95,820
Earnings / (loss) per share					
- basic and diluted (Rupees)		5.79	14.08	(2.07)	0.73

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended December 31, 2022

	Six months ended		Three months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----				
Profit / (loss) after tax for the period	764,207	1,857,410	(272,885)	95,820
Other comprehensive income / (loss)				
Items that will not be subsequently reclassified to Unconsolidated Statement of Profit or Loss				
Remeasurement of staff retirement benefits				
- Adjustment related to opening deferred tax balance	3,615	(2,337)	4,203	(83)
Surplus on revaluation of land and buildings				
- Adjustment related to opening deferred tax balance	(31,533)	14,344	(36,658)	510
Other comprehensive (loss) / income for the period - net of tax	(27,918)	12,007	(32,455)	427
Total comprehensive income / (loss) for the period	<u>736,289</u>	<u>1,869,417</u>	<u>(305,340)</u>	<u>96,247</u>

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the period ended December 31, 2022

	Issued, subscribed and paid-up capital	Revenue Reserves		Capital Reserve	Total
		General reserve	Unappropriated profit	Revaluation surplus on property, plant and equipment	
----- (Rupees in '000) -----					
Balance as at July 1, 2021	1,318,819	2,700,036	4,419,169	3,060,499	11,498,523
Profit after tax for the period	-	-	1,857,410	-	1,857,410
Other comprehensive (loss) / income for the period	-	-	(2,337)	14,344	12,007
Total comprehensive income for the period	-	-	1,855,073	14,344	1,869,417
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	26,931	(26,931)	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	825	(825)	-
Transactions with owners recorded directly in equity - distributions					
Dividend:					
- Final dividend at 65% (i.e. Rs. 6.50 per share) for the year ended June 30, 2021	-	-	(857,232)	-	(857,232)
Balance as at December 31, 2021	1,318,819	2,700,036	5,444,766	3,047,087	12,510,708
Balance as at July 1, 2022	1,318,819	2,700,036	5,465,105	5,110,255	14,594,215
Profit after tax for the period	-	-	764,207	-	764,207
Other comprehensive income / (loss) for the period	-	-	3,615	(31,533)	(27,918)
Total comprehensive income / (loss) for the period	-	-	767,822	(31,533)	736,289
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	57,277	(57,277)	-
Transactions with owners recorded directly in equity - distributions					
Dividend:					
- Final dividend at 60% (i.e. Rs. 6.00 per share) for the year ended June 30, 2022	-	-	(791,291)	-	(791,291)
Balance as at December 31, 2022	1,318,819	2,700,036	5,498,913	5,021,445	14,539,213

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the period ended December 31, 2022

Note	Six months ended	
	December 31, 2022	December 31, 2021
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
	17	
Cash generated from / (used in) operations	4,100,685	(2,837,660)
Finance cost paid	(976,798)	(356,601)
Income on bank deposits received	2,040	296
Staff retirement benefits paid	(2,518)	(11,956)
Payment on account of compensated absences	(11,060)	(5,581)
Income tax paid - net	(334,160)	(380,919)
Net cash generated from / (used in) operating activities	2,778,189	(3,592,421)
CASH FLOWS FROM INVESTING ACTIVITIES		
	5	
Payment for acquisition of property, plant and equipment	(305,895)	(470,180)
Payment for acquisition of intangible assets	-	(1,457)
Proceeds from disposal of property, plant and equipment	15,180	33,799
Dividend received	1,142,351	1,764,129
Net cash generated from investing activities	851,636	1,326,291
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	3,144,220	307,954
Repayment of long-term financing	(571,989)	(225,665)
Proceeds from short-term borrowings - net	697,000	1,078,790
Dividend paid	(787,195)	(854,755)
Net cash generated from financing activities	2,482,036	306,324
Net increase / (decrease) in cash and cash equivalents	6,111,861	(1,959,806)
Cash and cash equivalents at beginning of the period	(10,419,740)	(8,653,002)
Cash and cash equivalents at end of the period	(4,307,879)	(10,612,808)

The annexed notes 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

1. STATUS AND NATURE OF BUSINESS

International Industries Limited ("the Company") was incorporated in Pakistan on March 1, 1948 under the Companies Act, 1913 (now the Companies Act, 2017) and is quoted on the Pakistan Stock Exchange. The Company is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes, polymer pipes & fittings. The registered office of the Company is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Company are situated as follows:

- i) LX 15 - 16, Landhi Industrial Area, Karachi;
- ii) Survey no. 402, 405 - 406, Dehshrab Landhi Town, Karachi; and
- iii) 22 KM, Sheikhpura Road, Lahore.

The sales offices of the Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore;
- ii) Office no. 303-A, 3rd Floor, Evacuee Trust Complex, Sir Agha Khan Road, Sector F-5/1, Islamabad;
- iii) 1592, 2nd Floor, Quaid-e-Azam Shopping Centre no. 1, Multan Cantt;
- iv) Office no. 1/1, Wahab Centre, Electrocitiy Plaza, Susan Road, Faisalabad; and
- v) Office no. 1 & 2, 1st Floor, Hurmaz Plaza, Main University Road, Peshawar.

These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investments in subsidiaries and associate have been accounted for at cost less accumulated impairment losses, if any. Details of the Company's investment in subsidiaries and associated company are stated in note 6 to these unconsolidated condensed interim financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

- 2.1.2** These unconsolidated condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited annual unconsolidated financial statements of the Company as at and for the year ended June 30, 2022.
- 2.1.3** The comparative Unconsolidated Condensed Interim Statement of Financial Position presented in these unconsolidated condensed interim financial statements have been extracted from the audited annual unconsolidated financial statements of the Company for the year ended June 30, 2022, whereas the comparative Unconsolidated Condensed Interim Statement of Profit or Loss, Unconsolidated Condensed Interim Statement of Comprehensive Income, Unconsolidated Condensed Interim Statement of Cash Flows and Unconsolidated Condensed Interim Statement of Changes in Equity are extracted from the un-audited unconsolidated condensed interim financial statements for the period ended December 31, 2021.
- 2.1.4** These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

2.2 Basis of measurement

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (Gratuity Fund) which is determined on the basis of the present value of defined benefit obligations less fair value of plan assets determined by an independent actuary and land and buildings at revalued amounts assessed by an independent valuer which are stated at fair value.

2.3 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1** The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements 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 June 30, 2022.

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial reporting.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

b) Standards and amendments to approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of unconsolidated condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. 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 unconsolidated financial statements as at and for the year ended June 30, 2022.

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 June 30, 2022.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work- in-progress (including capital stores and spares)	Total
	----- (Rupees in '000) -----		
Cost / revalued amount			
Balance at beginning of the period	13,363,854	72,377	13,436,231
Additions	-	305,895	305,895
Transfers	87,359	(87,359)	-
Disposals	(16,666)	-	(16,666)
	<u>13,434,547</u>	<u>290,913</u>	<u>13,725,460</u>
Accumulated depreciation			
Balance at beginning of the period	(3,452,387)	-	(3,452,387)
Charge for the period	(297,518)	-	(297,518)
Disposals	14,143	-	14,143
	<u>(3,735,762)</u>	<u>-</u>	<u>(3,735,762)</u>
Written down value as at December 31, 2022 (Un-audited)	<u>9,698,785</u>	<u>290,913</u>	<u>9,989,698</u>
Written down value as at June 30, 2022 (Audited)	<u>9,911,467</u>	<u>72,377</u>	<u>9,983,844</u>

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

6. INVESTMENTS

	(Un-audited) December 31, 2022 (Number of shares)	(Audited) June 30, 2022		(Un-audited) December 31, 2022 (Rupees in '000)	(Audited) June 30, 2022
Quoted Companies					
	245,055,543	245,055,543	International Steels Limited (ISL) - subsidiary company, at cost	2,450,555	2,450,555
	7,006,340	6,092,470	Pakistan Cables Limited (PCL) - associated company, at cost	817,553	817,553
Un-quoted Companies					
	150,000	150,000	IIL Americas Inc. (IIL Americas) - subsidiary company, at cost	17,966	17,966
	100,000	100,000	IIL Australia Pty. Limited (IIL Australia) - subsidiary company, at cost	9,168	9,168
	7,727,270	7,727,270	IIL Construction Solutions (Private) Limited (IIL CSL) - subsidiary company, at cost	77,273	77,273
				3,372,515	3,372,515
			Note	(Un-audited) December 31, 2022 (Rupees in '000)	(Audited) June 30, 2022

7. STOCK-IN-TRADE

Raw material - in hand	7.1	4,226,347	2,834,857
- in transit		1,021,324	5,033,016
		5,247,671	7,867,873
Work-in-process		1,205,344	1,539,000
Finished goods		4,374,825	4,015,843
By-products		51,273	50,531
Scrap material		45,637	104,547
		10,924,750	13,577,794

7.1 Raw material amounting to Rs. 2.3 million as at December 31, 2022 (June 30, 2022: Rs. 7.7 million) was held at a vendor's premises for the production of pipe caps.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

	Note	(Un-audited) December 31, 2022 (Rupees in '000)	(Audited) June 30, 2022
8. LONG-TERM FINANCING - secured			
CONVENTIONAL			
Long-Term Finance Facility (LTFF)	8.2	591,251	570,667
Long-term finance		863,637	1,186,364
Payroll Refinance Scheme	8.3	64,997	194,993
		<u>1,519,885</u>	<u>1,952,024</u>
ISLAMIC			
Diminishing Musharakah		3,113,637	181,819
Islamic Long-Term Finance Facility (ILTFF)	8.4	186,619	114,048
Islamic Temporary Economic Refinance Facility (ITERF)	8.5	240,281	240,281
		<u>3,540,537</u>	<u>536,148</u>
		<u>5,060,422</u>	<u>2,488,172</u>
Less: Deferred income - government grant		(55,198)	(62,779)
Less: Current portion of long-term financing:			
CONVENTIONAL			
Long-Term Finance Facility (LTFF)		(87,273)	(87,273)
Long-term finance		(645,455)	(645,455)
Payroll Refinance Scheme		(64,997)	(194,993)
		<u>(797,725)</u>	<u>(927,721)</u>
ISLAMIC			
Diminishing Musharakah		(90,910)	(136,364)
Islamic Long-Term Finance Facility (ILTFF)		(21,345)	(14,859)
		<u>(112,255)</u>	<u>(151,223)</u>
		<u>(909,980)</u>	<u>(1,078,944)</u>
		<u>4,095,244</u>	<u>1,346,449</u>
8.1	These facilities are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at Plot Number LX - 15 & 16 and HX - 7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi.		
8.1.1	In relation to the above borrowings, the Company needs to observe certain financial and non-financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.		
8.2	This represents finance facility loan obtained from various banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for plant and machinery in respect of export-oriented projects.		
8.3	This represents long-term loans obtained by the Company for financing its salaries and wages under SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.		

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

- 8.4** This represents finance facility loan obtained from an Islamic bank under SBP's Islamic Long Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 8.5** This represents long-term loans obtained by the Company under SBP's Islamic Temporary Economic Refinance Facility available from various Islamic banks at below-market interest rates.

9. TAXATION - net

Under the Finance Act, 2022, the Federal Government inserted section 4C to the Income Tax Ordinance, 2001 which imposed a super tax on persons earning more than Rs. 150 million at varying rates. The Company, along with the other companies, filed a petition in SHC on October 22, 2022 against the chargeability of Super Tax for the tax year 2022 and accordingly submitted a bank guarantee amount to Rs. 398.75 million in the Nazir of SHC. On December 22, 2022, the SHC decided that the Super Tax shall be applicable from FY 2023 instead of FY 2022 at a rate of a maximum 4%. However, this decision is subject to appeal before the Supreme Court within 60 days of the date of order.

10. GAS INFRASTRUCTURE DEVELOPMENT CESS

Supreme Court of Pakistan (SCP) upheld the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) through its judgement dated August 13, 2020 and advised the Government of Pakistan (the GoP) to initiate the gas pipeline project within six months. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act, 2015 in complete sense and the exceptions allowed under Section 8(2) of the GIDC Act to the industrial sector are also available. Further, payment of accumulated Gas Infrastructure Development Cess (the Cess) was allowed in 48 installments instead of 24 installments.

The Company has also filed civil suits before Sindh High Court (SHC) on the ground that the Company has not passed on the burden of the Cess. Stay orders were granted in the aforesaid suits, which are operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the GoP did not initiate the gas project within six months. Therefore, during the financial year ended June 30, 2021, the Company filed a petition with the SHC challenging the validity of the GIDC Act, 2015.

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
(Rupees in '000)			
11. TRADE AND OTHER PAYABLES			
Trade creditors		355,225	262,733
Bills payable		727,467	1,810,739
Accrued expenses	11.1	1,092,726	1,335,198
Provision for Infrastructure Cess	11.2	977,312	877,022
Short-term compensated absences		3,074	5,000
Workers' Profit Participation Fund		-	9,980
Workers' Welfare Fund	11.3	127,957	122,645
Current portion of deferred income			
- government grant		10,575	12,820
Others		2,005	4,316
		3,296,341	4,440,453

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

11.1 These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 251.33 million (June 30, 2022: Rs. 204.06 million) and a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 125.06 million (June 30, 2022: Rs. 116.55 million).

11.2 This represents a provision against the amount guaranteed to Excise and Taxation Department. The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court (SHC), passed an interim order directing that every company subsequent to December 27, 2006, is required to clear the goods by paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above-mentioned interim order amounting to Rs. 1,092 million (June 30, 2022: Rs. 992 million), have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Company on the basis of prudence. Subsequently through the Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh infrastructure cess. The Company had obtained a stay against this and the ultimate dispute had been linked with the previous infrastructure cess case.

The case was decided on June 4, 2021 by the SHC whereby the court declared the first four versions of the law unconstitutional and a release of bank guarantees was ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order remained suspended till September 3, 2021. The Company was not in agreement with the above orders and filed an appeal before the Supreme Court of Pakistan (SCP).

On September 1, 2021, the SCP granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Company in pursuant to the order of the High Court are valid and enforceable. The Court further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

11.3 The Company filed a constitutional petition with the SHC against notice to the Company for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014 despite the fact that the Company is making the payments of Workers Welfare Fund to the Federal Government. A stay was obtained on the ground that the Company is a trans-provincial establishment operating industrial and commercial activities across Pakistan and is liable to pay Workers Welfare Fund under federal Workers Welfare Fund Ordinance, 1971.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

	Note	(Un-audited) December 31, 2022 (Rupees in '000)	(Audited) June 30, 2022
12. SHORT-TERM BORROWINGS - secured			
CONVENTIONAL			
Running finance under mark-up arrangement from banks	12.1	1,677,979	3,348,023
Short-term borrowing under Money Market Scheme maturing within three months	12.1	1,450,000	1,320,000
Short-term borrowing under Export Refinance Scheme	12.2	2,701,000	2,104,000
ISLAMIC			
Short-term borrowing under Running Musharakah maturing within three months	12.3	1,320,051	5,865,297
Short-term borrowing under Export Refinance Scheme	12.2	100,000	-
		<u>7,249,030</u>	<u>12,637,320</u>

12.1 These facilities for short-term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from 10.46% to 17.08% (June 30, 2022: 10.88% to 14.81%) per annum.

12.2 The Company has obtained short-term finance under Export Refinance Scheme of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities ranges from 8.50% to 11.00% (June 30, 2022: 2.50%) per annum. These facilities mature within six months and are renewable.

12.3 The Company has obtained facilities for short-term finance under Running Musharakah. The rates of profit on these facilities range from 15.77% to 16.78% (June 30, 2022: 11.95% to 14.51%) per annum.

12.4 As at December 31, 2022, the unavailed facilities from the above borrowings amounted to Rs. 12,091 million (June 30, 2022: Rs. 5,601 million).

12.5 The above facilities are secured by way of a joint pari passu charge and ranking charge over all current and future moveable assets of the Company.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There have been no significant changes during the period in the contingencies reported in the annual audited unconsolidated financial statements for the year ended June 30, 2022 except as discussed below:

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

13.1.1 In relation to the case of the sale of zinc wastages generated from imports under manufacturing bond, the Appellate Tribunal heard the case and the Customs department submitted its response during the hearing. The Appellate Tribunal, thereafter, reserved its order and, subsequently, announced its decision upholding the order of the Collector of Customs (Adjudication - II). Being aggrieved by the decision of the Appellate Tribunal, the Company preferred a reference to the Sindh High Court (SHC). The SHC held the first hearing of the case on September 9, 2022, and has issued a short notice of a hearing to be held subsequently.

13.1.2 In connection to the application challenging the chargeability of tax on inter corporate dividends from the Company's subsidiary, International Steels Limited (ISL), the Company has filed various constitutional petitions before the SHC covering past dividends issued by ISL. Stay orders were granted in each respective case against submission of bank guarantees amounting Rs. 664.7 million (June 30, 2022: Rs. 499.3 million). Final decision of the cases is awaited.

13.2 Commitments

13.2.1 Capital expenditure commitments outstanding as at December 31, 2022 amounted to Rs. 27.47 million (June 30, 2022: Rs. 48.65 million).

13.2.2 Commitments under letters of credit for raw materials and stores and spares as at December 31, 2022 amounted to Rs. 1,387.3 million (June 30, 2022: Rs. 802.2 million).

13.2.3 Commitments under purchase contracts as at December 31, 2022 amounted to Rs. 431.4 million (June 30, 2022: Rs. 685.8 million).

13.2.4 The facilities for opening letters of credit and guarantees from banks as at December 31, 2022 amounted to Rs. 13,700 million (June 30, 2022: Rs. 12,700 million) and Rs. 3,050 million (June 30, 2022: Rs. 3,050 million) respectively, of which the unutilised balance at period-end amounted to Rs. 12,306 million (June 30, 2022: Rs. 11,851 million) and Rs. 350 million (June 30, 2022: Rs. 955 million) respectively.

		(Un-audited)			
		Six months ended		Three months ended	
		December 31,	December 31,	December 31,	December 31,
		2022	2021	2022	2021
		----- (Rupees in '000) -----			
14.	REVENUE FROM CONTRACTS WITH CUSTOMERS				
	Sale of goods less returns				
	Local	12,628,206	16,717,577	7,188,135	8,590,818
	Sales tax	(1,782,392)	(2,365,078)	(1,009,488)	(1,196,146)
	Trade discounts	(755,738)	(1,089,099)	(437,529)	(595,569)
		10,090,076	13,263,400	5,741,118	6,799,103
	Export	2,903,544	4,996,284	980,414	2,586,898
	Export commission & discounts	(4,388)	(34,441)	(2,835)	(19,779)
		2,899,156	4,961,843	977,579	2,567,119
		12,989,232	18,225,243	6,718,697	9,366,222

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

15. OTHER INCOME

This includes dividend income from subsidiary and associated companies amounting to Rs. 1,142.40 million (December 31, 2021: Rs. 1,764.13 million).

16. INCOME TAX EXPENSE

	(Un-audited)			
	Six months ended		Three months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
Current	377,607	528,884	86,215	76,075
Deferred	(58,563)	(41,098)	(28,563)	(23,334)
	<u>319,044</u>	<u>487,786</u>	<u>57,652</u>	<u>52,741</u>

	(Un-audited)	
	Six months ended	
	December 31, 2022	December 31, 2021
	(Rupees in '000)	
17. CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before income tax	1,083,251	2,345,196
Add/(less): Adjustment for non-cash charges and other items		
Depreciation of property, plant and equipment	297,518	246,258
Amortisation of intangible assets	685	340
Charge / (reversal) of loss allowance on trade debts	2,215	(962)
Provision for staff retirement benefits	27,361	23,914
Provision for compensated absences	9,134	10,081
Income on bank deposits	(2,040)	(296)
Gain on disposal of property, plant and equipment	(12,657)	(22,128)
Gain on remeasurement of Gas Infrastructure Development Cess	(2,979)	(9,835)
Unwinding of Gas Infrastructure Development Cess	11,265	10,337
Dividend income	(1,142,351)	(1,764,129)
Government grant income	(7,581)	(16,153)
Finance cost	917,496	461,254
	<u>1,181,317</u>	<u>1,283,877</u>
Changes in working capital	17.1	2,919,368
		<u>4,100,685</u>
		<u>(4,121,537)</u>
		<u>(2,837,660)</u>

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

	Note	(Un-audited)	
		Six months ended	
		December 31, 2022	December 31, 2021
		(Rupees in '000)	
17.1 Working capital changes			
Decrease /(increase) in current assets:			
Stores and spares		9,791	(64,668)
Stock-in-trade		2,653,044	(1,438,184)
Trade debts		1,876,603	(3,272,941)
Advances, trade deposits and prepayments		(754,142)	(162,962)
Other receivables		40,449	18,937
Sales tax receivable		34,875	91,493
		3,860,620	(4,828,325)
(Decrease) / increase in current liabilities:			
Trade and other payables		(1,187,209)	487,084
Contract liabilities		161,482	219,704
Sales tax payable		84,475	-
		(941,252)	706,788
		2,919,368	(4,121,537)
18. CASH AND CASH EQUIVALENTS			
Cash and bank balances		140,151	103,038
Running finance under mark-up arrangement from banks	12	(1,677,979)	(3,776,854)
Short-term borrowing under Money Market Scheme maturing within three months	12	(1,450,000)	(650,000)
Short-term borrowing under Running Musharakah maturing within three months	12	(1,320,051)	(6,288,992)
		(4,307,879)	(10,612,808)
19. TRANSACTIONS WITH RELATED PARTIES			

The related parties comprise of the subsidiary companies, associated undertakings, directors of the Company, key management personnel and staff retirement funds. The Company continues to follow a policy whereby all transactions with related parties are entered into at commercial terms at rate agreed under a contract / arrangement / agreement. The contributions to the defined contribution plan (Provident Fund) are made as per the terms of employment and contributions to the defined benefit plan (Gratuity Fund) are made on the basis of latest actuarial advice. Remuneration of key management personnel are in accordance with their terms of engagements.

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 under terms of their employment / entitlement.

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

	(Un-audited)			
	Six months ended		Three months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----				
19.1 Transactions with related parties				
Subsidiary companies				
Sales	2,007,686	4,155,408	508,225	2,096,462
Sale of vehicles	-	3,350	-	3,350
Purchases	3,491,995	3,658,473	1,928,108	2,663,152
Purchases of Fixed Assets	50,068	-	50,068	-
Purchase of vehicles	-	2,350	-	2,350
Cost of shared resources	64,037	41,035	31,320	19,741
Reimbursement of expenses	8,875	3,166	8,212	2,098
Rental income	12,650	5,894	6,346	2,947
Dividend received	1,102,750	1,715,389	-	-
Associated companies				
Sales	602	4,863	602	4,863
Purchases	8,163	5,680	739	3,088
Reimbursement of expenses	5,454	329	4,568	160
Insurance premium	2,161	21,914	886	16,309
Insurance claim	153	1,107	153	500
Dividend received	39,601	48,740	-	-
Dividend paid	3,802	7,967	-	-
Subscription	2,500	2,000	-	-
Registration and training	130	3,093	-	3,078
Key management personnel				
Remuneration and allowances	175,950	232,395	110,867	72,436
Staff retirement funds				
Contribution paid	32,344	47,020	22,881	13,950
Non-executive directors				
Directors' fee	3,525	2,625	2,025	975
Reimbursement of Chairman's expenses	1,650	2,189	-	1,299

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

20. SEGMENT REPORTING

The Company has identified Steel, Polymer and Investments as reportable segments. Performance is measured based on respective segment's results. Information regarding the Company's reportable segments is presented below.

20.1 Segment revenue and results

	Steel segment	Polymer segment	Investments segment	Total
	----- (Rupees in '000) -----			
For the six months ended December 31, 2022				
Revenue from contracts with customers				
Local	8,357,647	1,732,429	-	10,090,076
Exports	2,899,156	-	-	2,899,156
	<u>11,256,803</u>	<u>1,732,429</u>	<u>-</u>	<u>12,989,232</u>
Cost of sales	<u>(10,198,676)</u>	<u>(1,369,725)</u>	<u>-</u>	<u>(11,568,401)</u>
Gross profit	1,058,127	362,704	-	1,420,831
Selling and distribution expenses	(721,265)	(48,941)	-	(770,206)
Administrative expenses	(148,850)	(11,961)	-	(160,811)
(Charge) / reversal of loss allowance on trade debts	(30,340)	28,125	-	(2,215)
	<u>(900,455)</u>	<u>(32,777)</u>	<u>-</u>	<u>(933,232)</u>
Finance cost	(804,888)	(123,873)	-	(928,761)
Other operating charges	(6,385)	-	-	(6,385)
	<u>(811,273)</u>	<u>(123,873)</u>	<u>-</u>	<u>(935,146)</u>
Other income	388,447	-	1,142,351	1,530,798
(Loss) / profit before income tax	<u>(265,154)</u>	<u>206,054</u>	<u>1,142,351</u>	<u>1,083,251</u>
Income tax expense				<u>(319,044)</u>
Profit after tax for the period				<u>764,207</u>
For the six months ended December 31, 2021				
Revenue from contracts with customers				
Local	11,774,665	1,488,735	-	13,263,400
Exports	4,961,843	-	-	4,961,843
	<u>16,736,508</u>	<u>1,488,735</u>	<u>-</u>	<u>18,225,243</u>
Cost of sales	<u>(14,714,365)</u>	<u>(1,405,375)</u>	<u>-</u>	<u>(16,119,740)</u>
Gross profit	2,022,143	83,360	-	2,105,503
Selling and distribution expenses	(1,101,252)	(46,844)	-	(1,148,096)
Administrative expenses	(141,199)	(8,041)	-	(149,240)
Reversal of loss allowance on trade debts	962	-	-	962
	<u>(1,241,489)</u>	<u>(54,885)</u>	<u>-</u>	<u>(1,296,374)</u>
Finance cost	(433,069)	(38,522)	-	(471,591)
Other operating charges	(51,233)	-	-	(51,233)
	<u>(484,302)</u>	<u>(38,522)</u>	<u>-</u>	<u>(522,824)</u>
Other income	294,762	-	1,764,129	2,058,891
Profit / (loss) before income tax	<u>591,114</u>	<u>(10,047)</u>	<u>1,764,129</u>	<u>2,345,196</u>
Income tax expense				<u>(487,786)</u>
Profit after tax for the period				<u>1,857,410</u>

Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

20.2 Segment assets and liabilities

	Steel segment	Polymer segment	Investments segment	Total
	----- (Rupees in '000) -----			
As at December 31, 2022 - Un-audited				
Segment assets	<u>24,692,261</u>	<u>2,696,988</u>	<u>3,372,515</u>	<u>30,761,764</u>
Segment liabilities	<u>13,110,943</u>	<u>997,816</u>	<u>-</u>	<u>14,108,759</u>
As at June 30, 2022 - Audited				
Segment assets	<u>29,223,455</u>	<u>2,755,839</u>	<u>3,372,515</u>	<u>35,351,809</u>
Segment liabilities	<u>16,669,182</u>	<u>1,151,798</u>	<u>-</u>	<u>17,820,980</u>

Reconciliation of segment assets and liabilities with total assets and liabilities in the Unconsolidated Statement of Financial Position is as follows :

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	(Rupees in '000)	
Total for reportable segments assets	30,761,764	35,351,809
Unallocated assets	1,702,723	943,754
Total assets as per Unconsolidated Statement of Financial Position	<u>32,464,487</u>	<u>36,295,563</u>
Total for reportable segments liabilities	14,108,759	17,820,980
Unallocated liabilities	3,816,515	3,880,368
Total liabilities as per Unconsolidated Statement of Financial Position	<u>17,925,274</u>	<u>21,701,348</u>

21. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue on January 31, 2023 by the Board of Directors of the Company.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

CONSOLIDATED **CONDENSED INTERIM FINANCIAL STATEMENTS**

Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2022

Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022		
----- (Rupees in '000) -----				
ASSETS				
NON-CURRENT ASSETS				
	Property, plant and equipment	5	30,425,139	30,771,384
	Right-of-use assets		26,414	31,335
	Intangible assets		201,461	179,596
	Investment in equity accounted investee	6	1,793,069	1,238,598
	Long-term deposits		2,480	2,427
			<u>32,448,563</u>	<u>32,223,340</u>
CURRENT ASSETS				
	Stores and spares		1,263,199	1,181,526
	Stock-in-trade	7	35,390,135	45,688,341
	Trade debts		5,028,942	6,853,083
	Advances, trade deposits and prepayments		4,850,761	202,923
	Other receivables		29,944	121,355
	Sales tax receivable		214,826	1,770,317
	Cash and bank balances		2,668,796	1,218,770
			<u>49,446,603</u>	<u>57,036,315</u>
	TOTAL ASSETS		<u>81,895,166</u>	<u>89,259,655</u>
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
	Share capital		1,318,819	1,318,819
	Revenue reserves			
	General reserve		3,112,325	2,991,258
	Unappropriated profit		11,835,312	12,699,443
	Exchange translation reserves		35,990	27,392
	Capital reserve			
	Revaluation surplus on property, plant and equipment		7,421,369	6,986,115
	TOTAL SHAREHOLDERS' EQUITY		<u>23,723,815</u>	<u>24,023,027</u>
	Non-controlling interest		8,582,427	9,376,528
			<u>32,306,242</u>	<u>33,399,555</u>
LIABILITIES				
NON-CURRENT LIABILITIES				
	Long-term financing - secured	8	6,253,735	4,125,295
	Deferred income - government grant		185,610	186,509
	Gas Infrastructure Development Cess	10	373,297	548,541
	Staff retirement benefits		180,388	155,545
	Deferred taxation - net		1,740,961	1,608,476
	Lease liabilities		19,854	24,429
			<u>8,753,845</u>	<u>6,648,795</u>
CURRENT LIABILITIES				
	Trade and other payables	11	12,527,058	11,020,587
	Contract liabilities		3,729,783	2,654,961
	Short-term borrowings - secured	12	19,864,522	29,996,873
	Unclaimed dividend		44,092	39,996
	Unclaimed dividend attributable to non-controlling interest (NCI)		10,440	10,301
	Current portion of long-term financing - secured	8	2,228,807	2,498,439
	Current portion of lease liabilities		8,547	7,510
	Taxation - net		1,845,492	2,431,598
	Accrued mark-up		576,338	551,040
			<u>40,835,079</u>	<u>49,211,305</u>
	TOTAL LIABILITIES		<u>49,588,924</u>	<u>55,860,100</u>
CONTINGENCIES AND COMMITMENTS				
		13		
	TOTAL EQUITY AND LIABILITIES		<u>81,895,166</u>	<u>89,259,655</u>

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Consolidated Condensed Interim Statement of Profit or Loss (Un-audited)

For the period ended December 31, 2022

	Note	Six months ended		Three months ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----					
Revenue from contracts with customers	14	45,442,289	57,431,394	23,098,958	25,508,091
Cost of sales		(40,145,250)	(48,584,584)	(21,724,935)	(22,127,867)
Gross profit		5,297,039	8,846,810	1,374,023	3,380,224
Selling and distribution expenses		(1,019,073)	(1,643,728)	(407,982)	(869,417)
Administrative expenses		(337,824)	(330,136)	(164,915)	(156,484)
(Charge) / reversal of loss allowance on trade debts		(2,417)	2,496	18,939	2,496
		(1,359,314)	(1,971,368)	(553,958)	(1,023,405)
Operating profit		3,937,725	6,875,442	820,065	2,356,819
Finance cost		(2,582,811)	(1,015,913)	(1,258,536)	(608,463)
Other operating charges		(1,122,365)	(636,594)	(334,115)	(313,861)
		(3,705,176)	(1,652,507)	(1,592,651)	(922,324)
Other income		450,462	448,307	84,861	286,779
Share of profit in equity accounted investee		44,740	73,195	27,101	31,666
Profit / (loss) before income tax		727,751	5,744,437	(660,624)	1,752,940
Income tax expense	15	(600,516)	(1,823,286)	(33,862)	(482,309)
Profit / (loss) after tax for the period		127,235	3,921,151	(694,486)	1,270,631
Profit / (loss) attributable to:					
- Owners of the Holding Company		66,586	2,181,799	(552,320)	668,197
- Non-controlling interest (NCI)		60,649	1,739,352	(142,166)	602,434
		127,235	3,921,151	(694,486)	1,270,631
----- (Rupees) -----					
Earnings / (loss) per share - basic and diluted		0.50	16.54	(4.19)	5.07

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



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Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the period ended December 31, 2022

	Six months ended		Three months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
Profit / (loss) after tax for the period	127,235	3,921,151	(694,486)	1,270,631
Other comprehensive income				
Items that will not be subsequently reclassified to Consolidated Statement of Profit or Loss				
Remeasurements of staff retirement benefits				
- Adjustment related to opening deferred tax balance	3,615	(2,337)	4,203	(83)
Surplus on revaluation of land and buildings				
- Adjustment related to opening deferred tax balance on buildings	(31,533)	14,344	(36,658)	510
Proportionate share of surplus on revaluation of land and buildings of equity accounted investee	550,102	-	1,934	-
Related deferred tax for the period	(104,519)	-	(367)	-
	445,583	-	1,567	-
Items that will be subsequently reclassified to Consolidated Statement of Profit or Loss				
Foreign operations - foreign currency translation difference	8,598	8,494	4,948	6,646
Proportionate share of other comprehensive income of equity accounted investee	(770)	4,233	(705)	(36)
Other comprehensive income for the period	425,493	24,734	(26,645)	7,037
Total comprehensive income for the period	552,728	3,945,885	(721,131)	1,277,668
Total comprehensive income attributable to:				
- Owners of the Holding Company	492,079	2,206,533	(578,965)	675,234
- Non-controlling interest (NCI)	60,649	1,739,352	(142,166)	602,434
	552,728	3,945,885	(721,131)	1,277,668

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



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Officer



Sohail R. Bhojani
Chief Executive
Officer

Consolidated Condensed Interim Statement of Changes in Equity (Un-audited)

For the period ended December 31, 2022

	Attributable to owners of the Holding Company						Total	Non- controlling interest	Total equity
	Issued, subscribed and paid-up capital	Revenue reserves			Capital reserve	Total			
		General reserve	Unappropriated profit	Exchange translation reserves	Total revenue reserves				
(Rupees in '000)									
Balance as at July 1, 2021	1,318,819	2,991,258	11,365,899	5,863	14,363,020	4,267,987	19,949,826	8,247,364	28,197,190
Profit after tax for the period	-	-	2,181,799	-	2,181,799	-	2,181,799	1,739,352	3,921,151
Other comprehensive income for the period	-	-	1,896	8,494	10,390	14,344	24,734	-	24,734
Total comprehensive income for the period	-	-	2,183,695	8,494	2,192,189	14,344	2,206,533	1,739,352	3,945,885
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	36,485	-	36,485	(43,891)	(7,406)	7,406	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	825	-	825	(825)	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	1,619	-	1,619	(1,134)	485	-	485
Transactions with owners recorded directly in equity									
Distributions to owners of Holding Company - Final dividend at 65% (Rs. 6.50 per share) for the year ended June 30, 2021	-	-	(857,232)	-	(857,232)	-	(857,232)	-	(857,232)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(1,329,611)	(1,329,611)
Balance as at December 31, 2021	1,318,819	2,991,258	12,731,291	14,357	15,736,906	4,236,481	21,292,206	8,664,511	29,956,717
Balance as at July 1, 2022	1,318,819	2,991,258	12,699,443	27,392	15,718,093	6,986,115	24,023,027	9,376,528	33,399,555
Profit after tax for the period	-	-	66,586	-	66,586	-	66,586	60,649	127,235
Other comprehensive income for the period	-	-	(101,674)	8,598	(93,076)	518,569	425,493	-	425,493
Total comprehensive income for the period	-	-	(35,088)	8,598	(26,490)	518,569	492,079	60,649	552,728
Proportionate share of transfer to general reserves of equity accounted investee	-	121,067	(121,067)	-	-	-	-	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	81,995	-	81,995	(81,995)	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	1,320	-	1,320	(1,320)	-	-	-
Transactions with owners recorded directly in equity									
Distributions to owners of Holding Company - Final dividend @ 60% (Rs. 6.00 per share) for the year ended June 30, 2022	-	-	(791,291)	-	(791,291)	-	(791,291)	-	(791,291)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(854,750)	(854,750)
Balance as at December 31, 2022	1,318,819	3,112,325	11,835,312	35,990	14,983,627	7,421,369	23,723,815	8,582,427	32,306,242

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Consolidated Condensed Interim Statement of Cash Flows (Un-audited)

For the period ended December 31, 2022

	Note	Six months ended	
		December 31, 2022	December 31, 2021
----- (Rupees in '000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	16	15,738,660	(9,095,065)
Finance cost paid		(2,484,684)	(743,968)
Income on bank deposits received		12,645	25,681
Staff retirement benefits paid		(19,000)	(27,228)
Payment on account of compensated absences		(20,043)	(8,666)
Income tax paid - net		(1,189,048)	(1,451,697)
Net cash generated from / (used in) operating activities		12,038,530	(11,300,943)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property, plant and equipment		(768,629)	(1,329,023)
Payment for acquisition of intangible assets		(22,706)	(1,457)
Proceeds from disposal of property, plant and equipment		86,534	125,167
Investments in Term Deposit Receipt		-	-
Dividend received		39,601	48,740
Net cash used in investing activities		(665,200)	(1,156,573)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term financing		3,389,685	639,345
Repayment of long-term financing		(1,534,040)	(946,602)
Proceeds from short-term borrowings - net		1,218,190	2,907,235
Lease rentals paid		(1,642)	(6,546)
Dividends paid to non-controlling interest		(854,611)	(1,324,875)
Dividends paid to shareholders of the Holding Company		(787,195)	(854,755)
Net cash generated from financing activities		1,430,387	413,802
Net increase / (decrease) in cash and cash equivalents		12,803,718	(12,043,714)
Cash and cash equivalents at beginning of the period		(19,741,322)	(10,667,389)
Effects of exchange rate changes in cash and cash equivalents		(3,151)	27,659
Cash and cash equivalents at end of the period	17	(6,940,755)	(22,683,444)

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of International Industries Limited (the Holding Company), its 56.33%-owned subsidiary International Steels Limited (ISL), its wholly-owned subsidiary IIL Construction Solutions (Private) Limited (IIL CSL) and its wholly-owned foreign subsidiaries IIL Australia Pty. Limited (IIL Australia) and IIL Americas Inc. (IIL Americas) [together referred to as "the Group" and individually as "Group entities"] and the Holding Company's 17.124% interest in an equity accounted investee, Pakistan Cables Limited (PCL).

1.2 The Holding Company was incorporated in Pakistan in 1948 and is quoted on the Pakistan Stock Exchange. It is engaged in the business of manufacturing and marketing of galvanized steel pipes, precision steel tubes, API line pipes and polymer pipes and fittings. The registered office of the Holding Company is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Holding Company are situated as follows:

- i) LX 15 - 16, Landhi Industrial Area, Karachi;
- ii) Survey no. 402, 405 - 406, Dehshrabi Landhi Town, Karachi; and
- iii) 22 KM, Sheikhpura Road, Lahore.

The sales offices of the Holding Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore;
- ii) Office no. 303-A, 3rd Floor, Evacuee Trust Complex, Sir Agha Khan Road, Sector F-5/1, Islamabad;
- iii) 1592, 2nd Floor, Quaid-e-Azam Shopping Centre no. 1, Multan Cantt;
- iv) Office no. 1/1, Wahab Centre, Electrocitiy Plaza, Susan Road, Faisalabad; and
- v) Office no. 1 & 2, 1st Floor, Hurmaz Plaza, Main University Road, Peshawar.

1.3 International Steels Limited ("the Subsidiary Company") was incorporated on September 3, 2007 as a public unlisted company limited by shares under the repealed Companies Ordinance, 1984 and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to general public under an Initial Public Offer, the Subsidiary Company was listed on the Pakistan Stock Exchange on June 1, 2011. The primary activities of the Subsidiary Company is the business of manufacturing of cold rolled steel coils and galvanized sheets. The Subsidiary Company commenced commercial operations on January 1, 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 interest in the Subsidiary Company.

The manufacturing facilities of the Subsidiary Company are situated as follows:

- i) 399 - 405, Rehri Road, Landhi Industrial Area, Karachi; and
- ii) Plot No. LE 73 - 79, 102 - 103, 112 - 118, 125 - 129, Survey No. NC 98, National Industrial Parks (NIP), Bin Qasim Industrial Zone, Karachi.

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For the period ended December 31, 2022

The sales offices of the Subsidiary Company are situated as follows:

- i) Chinoy House, 6 Bank Square, Lahore;
- ii) Office no. 303-A, 3rd Floor, Evacuee Trust Complex, Sir Aga Khan Road, Sector F-5/1, Islamabad; and
- iii) Office no. 708-A, United Mall, Abdali Road, Multan.

1.4 IIL CSL was incorporated on August 19, 2020 under the Companies Act, 2017. It is engaged in the business of providing scaffolding and other business solutions. Its registered office is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

1.5 IIL Australia was incorporated in Australia on May 2, 2014. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes, pre-galvanized pipes and galvanized sheets and coils. Its registered office and sales office is situated at 101 - 103, Abbot Road, Hallam, Victoria 3803, Australia.

1.6 IIL Americas was incorporated in Canada on October 8, 2019. It is engaged in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. Its registered office and sales office is situated at 36 Gerigs St., Scarborough, Ontario, Canada MIL 0B9.

1.7 Details of the equity accounted investee is given in note 6 to these consolidated condensed interim financial statements.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

- International Accounting Standard (IAS) 34 'Interim Financial Reporting' issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.1.1 These consolidated condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Holding Company as at and for the year ended June 30, 2022.

2.1.2 The comparative Consolidated Condensed Interim Statement of Financial Position presented in these consolidated condensed interim financial statements have been extracted from the audited annual consolidated financial statements for the year ended June 30, 2022, whereas the comparative Consolidated Condensed Interim Statement of Profit or Loss, Consolidated Condensed Interim Statement of Comprehensive Income, Consolidated Condensed Interim Statement of Cash Flows and Consolidated Condensed Interim Statement of Changes in Equity are extracted from the unaudited consolidated condensed interim financial statements for the period ended December 31, 2021.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

2.2 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historical cost convention except for the Group entities' liabilities under defined benefit plan (Gratuity Fund) which is determined based on the present value of defined benefit obligations less fair value of plan assets determined by an independent actuary and land and buildings at revalued amounts assessed by an independent valuer which are stated at fair value.

2.3 Functional and presentation currency

These consolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Holding Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2.4 Basis of consolidation

2.4.1 Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision-making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases. These consolidated condensed interim financial statements include the Holding Company and all companies which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the Subsidiaries).

The interim financial statements of the Subsidiaries have been consolidated on a line-by-line basis. Inter-company transactions, balances, income and expenses on transactions between Group entities are eliminated. Unrealised profits and losses are also eliminated. Accounting policies of the Subsidiaries are consistent with the policies adopted by the Group.

2.4.2 Transactions and non-controlling interests

Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income for the period, even if that results in a deficit balance.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of a subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of audited annual consolidated financial statements as at and for the year ended June 30, 2022.

3.2 Changes in accounting standards, interpretations and pronouncements

a) Standards and amendments to approved accounting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Group's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Group's financial reporting.

b) Standards and amendments to approved accounting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the annual accounting periods beginning on or after July 1, 2023. However, these are considered either not to be relevant or to have any significant impact on the consolidated financial statements and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of consolidated condensed interim financial statements in conformity with accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

4.2 The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended June 30, 2022.

4.3 The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual consolidated financial statements as at and for the year ended June 30, 2022.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work- in-progress (including capital spares)	Total
	----- (Rupees in '000) -----		
Cost / revalued amount			
Balance at beginning of the period	41,611,309	1,286,526	42,897,835
Additions	-	768,630	768,630
Translation reserve	396	-	396
Adjustments / transfers - net	319,251	(319,251)	-
Disposals	(97,460)	-	(97,460)
	<u>41,833,496</u>	<u>1,735,905</u>	<u>43,569,401</u>
Accumulated depreciation			
Balance at beginning of the period	(11,991,887)	(134,564)	(12,126,451)
Charge for the period	(996,649)	(63,779)	(1,060,428)
Disposals	42,617	-	42,617
	<u>(12,945,919)</u>	<u>(198,343)</u>	<u>(13,144,262)</u>
Written down value as at December 31, 2022 (Un-audited)	<u>28,887,577</u>	<u>1,537,562</u>	<u>30,425,139</u>
Written down value as at June 30, 2022 (Audited)	<u>29,619,422</u>	<u>1,151,962</u>	<u>30,771,384</u>
		(Un-audited)	(Audited)
	Note	December 31, 2022	June 30, 2022
		----- (Rupees in '000) -----	

6. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Pakistan Cables Limited (PCL)			
- associated company	6.1	<u>1,793,069</u>	<u>1,238,598</u>

6.1 The Holding Company holds a 17.124% (June 30, 2022: 17.124%) ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Fahd K. Chinoy. The Holding Company considers it has significant influence over PCL as, in addition to its holding, the companies have common directorships. The price per share of PCL as at reporting date was Rs. 107.69 (June 30, 2022: Rs. 139.50) resulting in a market value of total investment amounting to Rs. 754.51 million (June 30, 2022: Rs. 849.90 million). The share of profit and other comprehensive income for the period is recognised based on the financial statements of PCL as at September 30, 2022 as the latest financial statements as at December 31, 2022 were presently not available.

6.2 Market value of the investment disclosed in note 6.1 is categorised as level 1 fair value measurement in accordance with IFRS 13 "Fair Value Measurement".

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

7. STOCK-IN-TRADE	Note	(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
----- (Rupees in '000) -----			
Raw material - in hand	7.1	9,798,909	15,436,789
- in transit		<u>6,187,388</u>	<u>9,745,563</u>
		15,986,297	25,182,352
Work-in-process		4,206,887	6,833,793
Finished goods - in hand		14,236,318	11,335,368
- in transit		853,056	2,110,127
By-products		55,556	72,635
Scrap material		52,021	154,066
		<u>35,390,135</u>	<u>45,688,341</u>

7.1 Raw material of the Holding Company amounting to Rs. 2.3 million as at December 31, 2022 (June 30, 2022: Rs. 7.7 million) was held at a vendor's premises for the production of pipe caps.

8. LONG-TERM FINANCING - secured	Note	(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
----- (Rupees in '000) -----			
CONVENTIONAL			
Long-Term Finance Facility (LTFF)	8.2	1,367,508	1,462,053
Long-term finance		863,637	1,186,364
Payroll Refinance Scheme	8.3	64,997	194,993
Temporary Economic Refinance Facility (TERF)	8.4	493,003	442,889
		<u>2,789,145</u>	<u>3,286,299</u>
ISLAMIC			
Diminishing Musharakah		3,113,637	181,819
Islamic Long-Term Finance Facility (ILTFF)	8.5	603,694	561,450
Islamic Temporary Economic Refinance Facility (ITERF)	8.6	240,281	240,281
Long-term finance		1,960,000	2,450,000
Payroll Refinance Scheme	8.7	-	128,820
		<u>5,917,612</u>	<u>3,562,370</u>
		8,706,757	6,848,669
Less: Deferred income - government grant		(224,215)	(224,935)

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	
Less: Current portion of long-term financing:		
CONVENTIONAL		
Long-Term Finance Facility (LTFF)	(337,293)	(337,293)
Long-term finance	(676,268)	(645,455)
Payroll Refinance Scheme	(64,997)	(194,993)
	(1,078,558)	(1,177,741)
ISLAMIC		
Diminishing Musharakah	(90,910)	(136,364)
Long-term finance	(980,000)	(980,000)
Islamic Long-Term Finance Facility (ILTF)	(79,339)	(75,514)
Payroll Refinance Scheme	-	(128,820)
	(2,228,807)	(2,498,439)
	6,253,735	4,125,295

- 8.1** The above loans are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at Plot Number LX - 15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi of the Holding Company and by way of joint pari passu charge and ranking charge over the fixed assets of ISL (such as land, building, plant and machinery etc.).
- 8.1.1** In relation to the above borrowings, the Holding Company and ISL need to observe certain financial and non-financial covenants as specified in the agreements with various lenders which are complied with as of the reporting date.
- 8.2** This represents finance facility loans obtained by the Holding Company and ISL from various banks under the State Bank of Pakistan's (SBP) Long-Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 8.3** This represents long-term loans obtained by the Holding Company for financing its salaries and wages under the SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.
- 8.4** This represents finance facility loans obtained from a commercial bank by ISL under SBP's Temporary Economic Refinance Facility available at below-market interest rates for setting up new industrial units.
- 8.5** This represents finance facility loans obtained by the Holding Company and ISL from Islamic banks under SBP's Islamic Long-Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 8.6** This represents long-term loans obtained by the Holding Company under the SBP's Islamic Temporary Economic Refinance Facility available to the Holding Company from various Islamic banks at below-market interest rates.
- 8.7** This represents long-term loans obtained by ISL under the SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

9. TAXATION - net

Under the Finance Act, 2022, the Federal Government inserted section 4C to the Income Tax Ordinance, 2001 which imposed a super tax on persons earning more than Rs. 150 million at varying rates. The Holding Company and ISL, along with the other companies, filed a petition in SHC on October 22, 2022 against the chargeability of Super Tax for the tax year 2022 and accordingly submitted bank guarantees amounting to Rs. 398.75 million and Rs. 640 million in the Nazir of SHC respectively. On December 22, 2022, the SHC decided that the Super Tax shall be applicable from FY 2023 instead of FY 2022 at a rate of a maximum 4%. However, this decision is subject to appeal before the Supreme Court within 60 days of the date of order.

10. GAS INFRASTRUCTURE DEVELOPMENT CESS

Supreme Court of Pakistan (SCP) upheld the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act, 2015) through its judgement dated August 13, 2020 and advised the Government of Pakistan (the GoP) to initiate the gas pipeline project within six months. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act, 2015 in complete sense and the exceptions allowed under Section 8(2) of the GIDC Act to the industrial sector are also available. Further, payment of due Gas Infrastructure Development Cess (the Cess) was allowed in 48 instalments instead of 24 instalments.

The Holding Company and ISL have also filed civil suits before Sindh High Court (SHC) on the ground that they have not passed on the burden of the Cess. Stay orders were granted in the aforesaid suits, which are operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the GoP did not initiate the gas project within six months. Therefore, during the financial year ended June 30, 2021, the Holding Company and ISL filed a petition with the SHC challenging the validity of the GIDC Act, 2015.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
11. TRADE AND OTHER PAYABLES			
Trade creditors		4,428,109	743,293
Bills payable		727,467	1,810,739
Accrued expenses	11.1	3,111,646	3,973,524
Provision for Infrastructure Cess	11.2	3,846,177	3,473,999
Provision for government levies		2,579	778
Short-term compensated absences		17,714	22,242
Workers' Profit Participation Fund		4,171	440,127
Workers' Welfare Fund	11.3	268,409	452,793
Current portion of deferred income - government grant		38,605	38,426
Others		82,181	64,666
		12,527,058	11,020,587

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

11.1 These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 1,129.8 million (June 30, 2022: Rs. 917.34 million) and also a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 846.04 million (June 30, 2022: Rs. 804.93 million).

11.2 This represents a provision against the amount guaranteed to Excise and Taxation Department. The Sindh Finance Act, 1994 prescribed an infrastructure fee at the rate of 1% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh High Court (SHC) passed an interim order directing that every company subsequent to December 27, 2006, is required to clear the goods by paying 50% of the fee amount involved and furnishing a guarantee / security for the balance amount. Bank guarantees issued as per the above-mentioned interim order amounting to Rs. 4,014.5 million (June 30, 2022: Rs. 3,615 million) have been provided to the Department. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Holding Company and ISL on the basis of prudence. Subsequently, through the Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh Infrastructure Cess. The Holding Company and ISL had obtained a stay against this and the ultimate dispute has been linked with the previous infrastructure cess case.

The case was decided on June 4, 2021 by the SHC whereby the court declared the first four versions of the law unconstitutional and a release of bank guarantees was ordered. However, the Sindh Infrastructure Development Cess Act, 2017 was declared constitutional with retrospective effect from 1994. The operation of the order remained suspended till September 3, 2021. The Holding Company and ISL were not in agreement with the above orders and filed an appeal before the Supreme Court of Pakistan (SCP).

On September 1, 2021, the SCP granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Holding Company and ISL in pursuant to the order of the SHC are valid and enforceable. The Court further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

11.3 The Holding Company and ISL have filed a constitutional petition with the SHC against a notice to the companies for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014 despite the fact that the companies are making the payments of Workers Welfare Fund to the Federal Government. A stay was obtained on the ground that the Holding Company and ISL are trans-provincial establishments operating industrial and commercial activities across Pakistan and are liable to pay Workers Welfare Fund under federal Workers Welfare Fund Ordinance, 1971.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
12.	SHORT-TERM BORROWINGS - secured		
	CONVENTIONAL		
	Running finance under mark-up arrangement from banks	12.1 2,338,122	4,558,025
	Short-term borrowing under Money Market Scheme maturing within three months	12.1 5,350,000	8,270,000
	Short-term borrowing under Export Refinance Scheme	12.2 7,989,971	7,036,781
	ISLAMIC		
	Short-term borrowing under Running Musharakah maturing within three months	12.3 1,671,429	6,432,067
	Term Musharakah maturing within three months	250,000	1,700,000
	Short-term borrowing under Export Refinance Scheme	12.4 2,265,000	2,000,000
		19,864,522	29,996,873

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

- 12.1** These facilities for short-term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances obtained by the Holding Company range from 10.46% to 17.08% (June 30, 2022: 10.88% to 14.81%) per annum. The rates of mark-up on these finances obtained by ISL range from 15.81% to 17.08% (June 30, 2022: 11.95% to 14.61%) per annum. The rates of mark-up on these finances obtained by IIL Australia is 7.27% (June 30, 2022: Nil) per annum.
- 12.2** The Holding Company and ISL have obtained short-term running finance facilities under the Export Refinance Scheme of the SBP from commercial banks. The rate of mark-up on these facilities obtained by Holding Company is 8.50% to 11.00% (June 30, 2022: 2.50%) per annum. The rates of mark-up on these facilities obtained by ISL range from 9.50% to 10.00% (June 30, 2022: 2.50% to 7.50%) per annum. These facilities mature within six months and are renewable.
- 12.3** The Holding Company and ISL have obtained facilities for short-term finance under Running Musharakah. The rates of profit on these finances obtained by the Holding Company range from 15.77% to 16.78% (June 30, 2022: 11.95% to 14.51%) per annum. The rates of profit on these finances obtained by ISL range from 15.73% to 16.38% (June 30, 2022: 11.99% to 12.46%) per annum.
- 12.4** The Holding Company and ISL has availed short-term running finance facilities under the Islamic Export Refinance Scheme of the SBP from an Islamic bank. The rate of profit on this facility obtained by Holding company is 11.00% (June 30, 2022: Nil) per annum. The rate of profit on this facility obtained by ISL is 10.00% (June 30, 2022: Range from 3.00% to 7.50%) per annum.
- 12.5** As at December 31, 2022, the unavailed facilities from above borrowings for the Holding Company amounted to Rs. 12,091 million (June 30, 2022: Rs. 5,601 million) and for ISL amounted to Rs. 16,703 million (June 30, 2022: Rs. 8,900 million).
- 12.6** The above facilities are secured by way of a joint pari passu charge and ranking charge over all current and future movable assets of the Holding Company and ISL.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

There have been no significant changes during the period in the contingencies reported in the audited annual consolidated financial statements for the year ended June 30, 2022 except as discussed below.

Holding Company

- 13.1.1** There have been no significant changes during the period in the contingencies reported in the annual audited consolidated financial statements for the year ended June 30, 2022 except as discussed below:
- 13.1.2** In relation to the case of the sale of zinc wastages generated from imports under manufacturing bond, the Appellate Tribunal heard the case and the Customs department submitted its response during the hearing. The Appellate Tribunal, thereafter, reserved its order and, subsequently, announced its decision upholding the order of the Collector of Customs (Adjudication - II). Being aggrieved by the decision of the Appellate Tribunal, the Holding Company preferred a reference to the Sindh High Court (SHC). The SHC held the first hearing of the case on September 9, 2022, and has issued a short notice of a hearing to be held subsequently.
- 13.1.3** In connection to the application challenging the chargeability of tax on inter corporate dividends from ISL, the Holding Company has filed various constitutional petitions before the SHC covering past dividends issued by ISL. Stay orders were granted in each respective case against submission of bank guarantees amounting Rs. 664.7 million (June 30, 2022: Rs. 499.3 million). Final decision of the cases is awaited.

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

13.2 Commitments

Holding Company and ISL

13.2.1 Capital expenditure commitments outstanding as at December 31, 2022 amounted to Rs. 27.5 million (June 30, 2022: Rs. 273.7 million).

13.2.2 Commitments under letters of credit for raw materials and stores and spares as at December 31, 2022 amounted to Rs. 5,823.0 million (June 30, 2022: Rs. 3,593.9 million).

13.2.3 Facilities for opening letters of credit and guarantees from banks as at December 31, 2022 amounted to Rs. 51,648.0 million (June 30, 2022: Rs. 45,000.0 million) and Rs. 11,381.0 million (June 30, 2022: Rs. 10,440.0 million) respectively, of which the unutilised balance at period-end amounted to Rs. 45,818.3 million (June 30, 2022: Rs. 41,134.0 million) and Rs. 558.0 million (June 30, 2022: Rs. 1,434.0 million) respectively.

Holding Company

13.2.4 Commitments under purchase contracts as at December 31, 2022 amounted to Rs. 431.4 million (June 30, 2022: Rs. 685.8 million).

----- (Un-audited) -----			
Six months ended		Three months ended	
December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
----- (Rupees in '000) -----			

14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Sale of goods less returns

Local	44,281,067	55,430,269	25,212,667	25,927,494
Sales tax	(6,420,507)	(8,026,275)	(3,647,141)	(3,701,958)
Trade discounts	(908,931)	(1,531,804)	(355,295)	(1,021,881)
	36,951,629	45,872,190	21,210,231	21,203,655

Export	8,792,450	11,593,645	2,188,964	4,324,215
Export commission & discounts	(301,790)	(34,441)	(300,237)	(19,779)
	8,490,660	11,559,204	1,888,727	4,304,436
	45,442,289	57,431,394	23,098,958	25,508,091

15. INCOME TAX EXPENSE

Current	600,466	2,223,289	59,497	902,257
Deferred	50	(400,003)	(25,635)	(419,948)
	600,516	1,823,286	33,862	482,309

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

		----- (Un-audited) -----	
		<u>Six months ended</u>	
		December 31, 2022	December 31, 2021
		----- (Rupees in '000) -----	
16.	CASH GENERATED FROM / (USED IN) OPERATIONS		
	Profit before income tax	727,751	5,744,437
	Add / (less): adjustments for non-cash charges and other items		
	Depreciation of property, plant and equipment	1,065,238	1,013,128
	Depreciation of right-of-use assets	81	4,086
	Amortisation of intangible assets	763	496
	Charge / (reversal) of loss allowance on trade debts	2,417	(2,496)
	Provision for obsolescence against stores and spares	(39,848)	32,481
	Provision for staff retirement benefits	43,843	39,186
	Provision for compensated absences	15,515	15,016
	Income on bank deposits	(12,645)	(25,681)
	Gain on disposal of property, plant and equipment	(31,097)	(85,871)
	Gain on remeasurement of Gas Infrastructure Development Cess	(13,391)	(44,213)
	Share of profit from associated company	(44,740)	(73,195)
	Government grant income	(22,146)	(26,433)
	Unwinding of Gas Infrastructure Development Cess	50,643	46,470
	Finance cost	2,532,168	969,443
		<u>4,274,552</u>	<u>7,606,854</u>
	Changes in working capital	16.1 11,464,108	(16,701,919)
		<u>15,738,660</u>	<u>(9,095,065)</u>
16.1	Changes in working capital		
	(Increase) / decrease in current assets:		
	Stores and spares	(41,825)	(265,443)
	Stock-in-trade	10,519,972	(17,163,931)
	Trade debts	1,995,366	(2,648,036)
	Advances, trade deposits and prepayments	(4,647,484)	1,479,215
	Other receivables	92,837	32,695
	Sale tax receivable	1,554,025	(1,519,576)
		<u>9,472,891</u>	<u>(20,085,076)</u>
	(Decrease) / increase in current liabilities:		
	Trade and other payables	916,395	3,175,073
	Contract liabilities	1,074,822	208,084
		<u>11,464,108</u>	<u>(16,701,919)</u>

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

	----- (Un-audited) -----	
	<u>Six months ended</u>	
	<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
	----- (Rupees in '000) -----	
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,668,796	727,582
Running finance under mark-up arrangement from banks	(2,338,122)	(11,375,713)
Short-term borrowing under Money Market scheme maturing within three months	(5,350,000)	(2,600,000)
Short-term borrowing under Running Musharakah maturing within three months	(1,671,429)	(9,435,313)
Term Musharakah maturing within three months	(250,000)	-
	<u>(6,940,755)</u>	<u>(22,683,444)</u>

18. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of the associated undertakings, directors of the group entities, key management employees and staff retirement funds. The group entities continue to follow a policy whereby all transactions with related parties are entered into at commercial terms and conditions. The contributions to the defined contribution plan (Provident Fund) of the group entities, wherever applicable, are made as per the terms of employment and contributions to the group entities defined benefit plan (Gratuity Fund), wherever applicable, are in accordance with the latest actuarial advice. Remuneration to key management personnel is in accordance with their terms of employment and the policies of respective group entities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group entities. The Group entities consider their Chief Executive Officer, Chief Financial Officer, Company Secretary, non-executive directors and departmental heads to be their key management personnel. There are no transaction with key management personnel other than their terms of employment / entitlement.

- 18.1** Details of transactions with related parties, other than those which have been specially disclosed elsewhere in these consolidated condensed interim financial statements, are as follows:

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

	----- (Un-audited) -----			
	Six months ended		Three months ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
Associated companies				
Sales	1,208,962	879,267	286,180	29,676
Purchases	13,515,900	31,778,816	3,880,725	7,289,682
Reimbursement of expenses	7,422	329	6,209	160
Insurance premium	2,161	21,914	886	16,309
Insurance claim	153	1,107	153	500
Rent income	1,448	1,387	724	668
Dividend received	39,601	48,740	-	-
Dividend paid	181,451	284,311	-	-
Registration and training	130	3,093	-	3,078
Subscription	2,500	2,000	-	-
Services	6,396	11,864	5,229	11,485
Key management personnel				
Remuneration and allowances	354,574	374,619	207,277	143,548
Staff retirement funds				
Contribution paid	63,047	79,410	36,187	30,139
Non-executive directors				
Directors' fee	8,025	5,525	4,325	2,575
Reimbursement of Chairman's expenses	1,650	2,189	-	1,299

19. SEGMENT REPORTING

Performance is measured based on respective segment's results. Information regarding the reportable segments is presented below:

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

	Steel coils & sheets	Steel pipes	Polymer pipes	Investment	Total
	----- (Rupees in '000) -----				
19.1 Segment revenue and results					
For the six months ended December 31, 2022					
Revenue from contracts with customers					
Local	26,786,405	8,432,795	1,732,429	-	36,951,629
Exports	4,124,480	4,366,180	-	-	8,490,660
	<u>30,910,885</u>	<u>12,798,975</u>	<u>1,732,429</u>		<u>45,442,289</u>
Cost of sales	<u>(27,820,639)</u>	<u>(10,954,886)</u>	<u>(1,369,725)</u>	-	<u>(40,145,250)</u>
Gross profit	3,090,246	1,844,089	362,704	-	5,297,039
Selling and distribution expenses	(143,400)	(826,732)	(48,941)	-	(1,019,073)
Administrative expenses	(152,846)	(173,017)	(11,961)	-	(337,824)
(Charge) / reversal of loss allowance on trade debts	-	(30,542)	28,125	-	(2,417)
	<u>(296,246)</u>	<u>(1,030,291)</u>	<u>(32,777)</u>	-	<u>(1,359,314)</u>
Finance cost	(1,649,956)	(808,982)	(123,873)	-	(2,582,811)
Other operating charges	(1,115,515)	(6,850)	-	-	(1,122,365)
	<u>(2,765,471)</u>	<u>(815,832)</u>	<u>(123,873)</u>	-	<u>(3,705,176)</u>
Other income	61,857	388,605	-	-	450,462
Share of profit in equity accounted investee	-	-	-	44,740	44,740
Profit before income tax	90,386	386,571	206,054	44,740	727,751
Income tax expense					(600,516)
Profit after tax for the period					127,235
For the six months ended December 31, 2021					
Revenue from contracts with customers					
Local	32,581,930	11,801,525	1,488,735	-	45,872,190
Exports	7,073,093	4,486,111	-	-	11,559,204
	<u>39,655,023</u>	<u>16,287,636</u>	<u>1,488,735</u>		<u>57,431,394</u>
Cost of sales	<u>(32,784,170)</u>	<u>(14,395,039)</u>	<u>(1,405,375)</u>	-	<u>(48,584,584)</u>
Gross profit	6,870,853	1,892,597	83,360	-	8,846,810
Selling and distribution expenses	(390,126)	(1,206,758)	(46,844)	-	(1,643,728)
Administrative expenses	(164,849)	(157,246)	(8,041)	-	(330,136)
Reversal of loss allowance on trade debts	-	2,496	-	-	2,496
	<u>(554,975)</u>	<u>(1,361,508)</u>	<u>(54,885)</u>	-	<u>(1,971,368)</u>
Finance cost	(543,945)	(433,446)	(38,522)	-	(1,015,913)
Other operating charges	(585,361)	(51,233)	-	-	(636,594)
	<u>(1,129,306)</u>	<u>(484,679)</u>	<u>(38,522)</u>	-	<u>(1,652,507)</u>
Other income	152,823	295,484	-	-	448,307
Share of profit in equity accounted investee	-	-	-	73,195	73,195
Profit / (loss) before income tax	5,339,396	341,894	(10,047)	73,195	5,744,437
Income tax expense					(1,823,286)
Profit after tax for the period					3,921,151

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

	Steel coils & sheets	Steel pipes	Polymer pipes	Investment	Total
	----- (Rupees in '000) -----				
19.2 Segment assets and liabilities					
As at December 31, 2022 - Un-audited					
Segment assets	<u>50,866,493</u>	<u>24,920,367</u>	<u>2,696,988</u>	<u>1,793,069</u>	<u>80,276,917</u>
Segment liabilities	<u>31,210,827</u>	<u>13,462,893</u>	<u>997,816</u>	<u>-</u>	<u>45,671,536</u>
As at June 30, 2022 - Audited					
Segment assets	<u>55,565,427</u>	<u>28,756,037</u>	<u>2,755,839</u>	<u>1,238,598</u>	<u>88,315,901</u>
Segment liabilities	<u>34,091,155</u>	<u>16,674,831</u>	<u>1,151,798</u>	<u>-</u>	<u>51,917,784</u>

Reconciliation of segment assets and liabilities with total assets and liabilities in the Consolidated Condensed Interim Statement of Financial Position is as follows :

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	
Total for reportable segments assets	80,276,917	88,315,901
Unallocated assets	1,618,249	943,754
Total assets as per Consolidated Condensed Interim Statement of Financial Position	<u>81,895,166</u>	<u>89,259,655</u>
Total for reportable segments liabilities	45,671,536	51,917,784
Unallocated liabilities	3,917,388	3,942,316
Total liabilities as per Consolidated Condensed Interim Statement of Financial Position	<u>49,588,924</u>	<u>55,860,100</u>

Notes to and forming part of the Consolidated Condensed Interim Financial Statements (Un-audited)

For the period ended December 31, 2022

20. CORRESPONDING FIGURES

Comparative information has been reclassified or re-arranged in these consolidated condensed interim financial statements, wherever necessary, having no impact on previously reported profit or equity.

21. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorised for issue on January 31, 2023 by the Board of Directors of the Holding Company.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer



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