

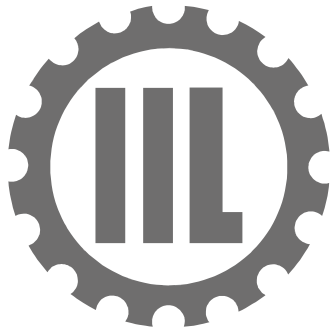
# STANDING STRONG



Promising Reliability, For Now and Tomorrow

## Unaudited Financial Statements

For the period ended December 31, 2023



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

## Chief Internal Auditor

Mr. Muhammad Atif Khan

## 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  
Telephone: +9221-35680045-54  
UAN: +9221-111-019-019  
E-mail: investors@iil.com.pk

## Lahore Office

Chinoy House, 6 Bank Square,  
Lahore - 54000, Pakistan  
Telephone: +9242-37229752-55  
UAN: +9242-111-019-019  
E-Mail: lahore@iil.com.pk

## Rawalpindi Office

2nd Floor, Khyber Heights,  
Rafi Commercial, Bahria Town, Phase # 8,  
Rawalpindi, Pakistan.

## Multan Office

1592, 2nd Floor, Quaid-e-Azam Shopping Centre No. 1,  
Multan Cantt., Multan, Pakistan  
Telephone: +9261-4583332

## Peshawar Office

Office No.1 & 2, 1st Floor, Hurmaz Plaza, Opp. Airport, Main  
University Road, Peshawar, Pakistan  
Telephone: +9291-5845068

## Subsidiaries

### IIL Construction Solutions (Pvt.) Ltd.

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

### IIL Americas Inc.

Suite 210-5800  
Ambler Drive, Mississauga  
ONL4W4J4, Canada

### IIL Australia Pty Limited

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

## 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, 2023

The Directors of your Company are pleased to present the financial statements for the half year ended December 31, 2023.

The domestic market continued to be severely impacted by the pressures of political uncertainty and macroeconomic headwinds, which have kept inflation and interest rates high, led to prolonged import and foreign exchange restrictions and a steep increase in energy prices and substantially curbed public spending. The current economic downturn, following quickly on the heels of the widespread floods and COVID-19 pandemic, have substantially weakened the Pakistani economy and dissipated business confidence. These factors have negatively impacted the sales and capacity utilization of most major industrial sectors, particularly construction & building materials and automobiles, which have historically been major revenue drivers for the Company. Consequently, the trend of low sales volumes experienced by your Company last year has persisted in the first half of this financial year and sales volume for the period under review registered a modest growth of 3%.

With the impact of the Ukraine-Russia war on world politics and the economy not yet diminished, a new conflict has started that is closer to home and already seems to be engulfing other countries in the region. The Palestine-Israel conflict has spread to the Red Sea and endangered the world's busiest shipping route, adding to sea freight and a potential threat to energy supply and prices. Supply chain disruptions may spread and affect the availability of raw materials as well as exports to the EU and USA. This, along with a global slowdown in developed economies and key markets, has considerably dampened the Company's export volumes and profitability.

Despite the backdrop of the gloomy economic scenario, your Company was relatively successful in navigating these difficult times. Despite lower sales volumes, healthy profit margins were achieved as the Company expanded its market reach into smaller urban centers and smaller markets. Our first project of providing construction solutions to the building sector in Lahore is nearing completion and has proved the concept of fast and efficient erection of grey structures and this segment of our business has also met reasonable success in developing multiple revenue streams.

Sales revenue for the period stood at Rs.16.6 Bn, which was 28% higher than the same period last year (SPLY). Domestic sales observed a slight increase whereas the exports remained almost the same compared to SPLY. The Company successfully strengthened its Balance Sheet through efficient cost and working capital management.

Profits improved despite lower volumes, and the Company reported a Profit After Tax of Rs. 865 Mn (EPS Rs. 6.56), compared to a Profit After Tax of Rs. 764 Mn (EPS 5.79) during the first half of last year. This includes dividend income of Rs. 613 Mn (SPLY: Rs. 1,142 Mn) from subsidiary and associate companies.

The Company's major subsidiary, International Steels Limited (ISL), has reported a sales turnover of Rs. 39,739 Mn (SPLY: Rs. 33,925 Mn) and a Profit after Tax at Rs. 2,353 Mn (SPLY: Rs. 60.865 Mn). EPS has been reported at Rs. 5.41 vs PKR 0.14 in the same period last year.

Your Company continues to demonstrate strong resilience in the face of the economic slowdown and political uncertainty. Despite the forecasted economic headwinds that will impede business confidence, it is hoped that the forthcoming general elections and the ensuing new government will result in all-round stability. This in turn may lead to the resumption of public spending, possible interest rate reduction and the inflow of foreign investment and IMF support. The Company therefore remains cautiously optimistic about the remainder of this financial year and the prospects for the next one.

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 30, 2024

## ڈائریکٹرز کی رپورٹ

برائے 31 دسمبر 2023

مذکورہ مدت کے لئے فروخت کی آمدنی 16.6 بلین روپے حاصل ہوئی جو گزشتہ سال کی اسی مدت (SPLY) سے 28% زیادہ ہے۔ مقامی فروخت میں SPLY کے مقابلے میں معمولی سا اضافہ ہوا جبکہ برآمدات کا حجم تقریباً اتنا ہی رہا۔ کمپنی نے مستعد لاگت اور جاری سرمایہ کی منجمنٹ کے ذریعے اپنی بیلنس شیٹ کو کامیابی کے ساتھ مستحکم کیا۔

فروخت کے کم حجم کے باوجود منافع میں بہتری آئی اور کمپنی نے بعد از ٹیکس 865 ملین روپے منافع حاصل کیا (فی شیئر منافع 6.56 روپے) جب کہ گزشتہ سال کی پہلی ششماہی کے دوران میں بعد از ٹیکس منافع 764 ملین روپے حاصل ہوا تھا۔ (فی شیئر منافع 5.79 روپے)۔ اس میں ذیلی اور ایسوسی ایٹڈ کمپنیز سے حاصل شدہ ڈیویڈنڈ کے 613 ملین روپے شامل ہیں۔ (گزشتہ سال: 1,142 ملین روپے)۔ کمپنی کے بڑے ذیلی ادارے، انٹرنیشنل اسٹیلز لمیٹڈ (ISL) نے سیلز کی آمدنی 39,739 ملین روپے (گزشتہ سال کی اسی مدت میں: 33,925 ملین روپے) اور بعد از ٹیکس منافع 2,353 ملین روپے حاصل کیا (گزشتہ سال کی اسی مدت میں: 60.865 ملین روپے)۔ فی شیئر آمدنی، گزشتہ سال کے اسی عرصے کے 0.14 روپے کے مقابلے میں 5.41 روپے رہی۔

آپ کی کمپنی معیشت کی سست روی اور سیاسی غیر یقینی کیفیت میں مسلسل بھرپور چلک کا مظاہرہ کر رہی ہے۔ معیشت میں مزید مشکلات کی پیش گوئیوں کے باوجود، جو کاروباری اعتماد کو ٹھیس پہنچا سکتی ہیں، امید ہے کہ آنے والے عام انتخابات اور نئی حکومت کے قیام کے نتیجے میں مجموعی طور پر استحکام کی صورتحال پیدا ہوگی۔ اس کے نتیجے میں عوام کی طرف سے خریداری کا عمل دوبارہ شروع ہونے، شرح سود میں متوقع کمی اور بیرون ملک سے سرمایہ کاری اور IMF کے تعاون کے امکانات موجود ہیں۔ لہذا مالی سال کی بقیہ مدت اور اس سے اگلے عرصے کے بارے میں کمپنی محتاط طور پر امید ہے۔

ہم ان غیر معمولی چیلنجز والی صورتحال میں اپنے تمام اسٹیک ہولڈرز کے مستقل تعاون پر شکر گزار ہیں اور مالی سال کی دوسری ششماہی کے فائدہ مند ہونے کی توقع کرتے ہیں۔

برائے اور منجانب

انٹرنیشنل انڈسٹریز لمیٹڈ



کمال اے چنائے

چیرمین

کراچی

مورخہ 30 جنوری 2024



## ڈائریکٹرز کی رپورٹ

برائے 31 دسمبر 2023

آپ کی کمپنی کے ڈائریکٹرز مالیاتی حسابات برائے ششماہی ختمہ 31 دسمبر 2023 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

زیر جائزہ مدت میں مقامی مارکیٹ پر سیاسی غیر یقینی کی کیفیت اور میکرو اکنامکس کی مشکلات کے گہرے اثرات برقرار رہے، جس کے سبب افراط زر اور شرح سود میں اضافہ ہوا اور اس کے نتیجے میں درآمدات اور زرمبادلہ کی پابندیوں کا سلسلہ جاری رہا، توانائی کی قیمتوں میں تیزی سے اضافہ ہوا اور عوام کی جانب سے خریداری کا رجحان کم رہا۔ موجودہ معاشی بحران، جو شدید سیلاب اور کووڈ-19 کی وبا کے فوراً بعد پیدا ہوا تھا، اس نے پاکستان کی معیشت کو بہت کمزور کر دیا اور کاروباری اعتماد کو بھی دھچکا پہنچایا۔ ان عوامل نے اکثر بڑے صنعتی شعبہ جات، خصوصاً تعمیراتی اور بلڈنگ میٹریلز اور آٹوموبیلز کی فروخت اور استعمال کی گنجائش پر منفی اثرات مرتب کئے جو ہمیشہ سے کمپنی کی آمدنی کے سب سے بڑے ذرائع تھے۔ اس کے نتیجے میں آپ کی کمپنی میں گزشتہ سال فروخت کے حجم میں نمایاں کمی کا رجحان موجودہ مالی سال کی پہلی ششماہی میں بھی برقرار رہا اور زیر جائزہ مدت میں فروخت کے حجم میں محض 3% کا اضافہ دیکھنے میں آیا۔

دنیا کی سیاست اور معیشت پر یوکرین روس کی جنگ کے اثرات ابھی کم نہیں ہوئے تھے کہ ایک اور نیا تصادم شروع ہو گیا جو ہمارے ملک کے قریب تر ہے اور معلوم ہوتا ہے کہ اس خطے کے دوسرے ممالک بھی اس کی لپیٹ میں آجائیں گے۔ فلسطین اسرائیل جنگ، جو بحیرہ احمر تک پھیل چکی ہے، دنیا کے سب سے بڑے شپنگ روٹ کیلئے خطرہ ہے اور سمندری نقل و حمل اور توانائی کی فراہمی اور قیمتوں کے متاثر ہونے کا خدشہ ہے۔ سپلائی چین میں خلل بڑھنے سے نہ صرف خام مال کی دستیابی متاثر ہوگی بلکہ یورپین یونین اور یولیس اے کو برآمدات پر بھی اثر پڑے گا۔ اس کے ساتھ ساتھ ترقی پذیر معیشتوں اور بنیادی مارکیٹس میں عالمی سطح پر کاروباری سست روی بھی کمپنی کے برآمدات کے حجم اور منافع میں نمایاں کمی کا بڑا سبب ہے۔

معیشت کی غیر واضح صورتحال کے باوجود، آپ کی کمپنی نے ان مشکل حالات میں کامیابیاں حاصل کیں اور فروخت کے کم حجم کے باوجود، خاطر خواہ مارجن حاصل کر لئے۔ اس کی وجہ یہ تھی کہ کمپنی نے اپنی مارکیٹ کو چھوٹے شہری مراکز اور زیادہ چھوٹی مارکیٹس تک وسیع کیا۔ لاہور میں بلڈنگ کے شعبہ کو تعمیراتی سلوشن فراہم کرنے کا ہمارا پہلا پروجیکٹ تکمیل کے قریب ہے اور اس سلسلے میں گرے اسٹرکچر کی تیز تر اور مستعد تعمیر کا ثبوت دیا اور ہمارے کاروبار کے اس شعبہ نے کثیر النوع آمدنی کے ذرائع مہیا کرنے میں خاطر خواہ کامیابی حاصل کی۔

# Independent Auditor's Review Report

For the period ended December 31, 2023



A.F.FERGUSON & CO.

## INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF INTERNATIONAL INDUSTRIES LIMITED

REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of International Industries Limited as at December 31, 2023 and the related unconsolidated condensed interim statement of profit or loss, the unconsolidated condensed interim statement of comprehensive income, the unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed 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 unconsolidated condensed interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and the unconsolidated condensed interim statement of comprehensive income for the three months ended December 31, 2023 and December 31, 2022 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed 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 unconsolidated condensed 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.



A. F. Ferguson & Co.,  
Chartered Accountants  
Karachi

Date: February 20, 2024

UDIN: RR202310073BMLAhpZ7i

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD



# UNCONSOLIDATED **CONDENSED INTERIM FINANCIAL STATEMENTS**

For the period ended December 31, 2023

# Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2023

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	10,204,462	9,874,046
Intangible assets		1,716	2,630
Investments	6	3,372,515	3,372,515
Long-term deposits		1,806	1,806
Deferred taxation - net		63,778	-
		<u>13,644,277</u>	<u>13,250,997</u>
<b>CURRENT ASSETS</b>			
Stores and spares		233,075	243,094
Stock-in-trade	7	9,578,279	14,105,808
Trade debts		6,661,942	5,270,752
Advances, trade deposits and prepayments		78,510	98,707
Other receivables	8	164,429	41,884
Sales tax receivable		-	672,749
Cash and bank balances		417,196	212,471
		<u>17,133,431</u>	<u>20,645,465</u>
Asset classified as held for sale	9	59,865	59,865
		<u>17,193,296</u>	<u>20,705,330</u>
		<u>30,837,573</u>	<u>33,956,327</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
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		6,967,140	6,322,088
Capital reserve			
Revaluation surplus on property, plant and equipment		4,846,658	4,908,327
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>15,832,653</u>	<u>15,249,270</u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing - secured	10	3,787,440	4,004,213
Deferred income - Government grant		34,601	39,961
Gas Infrastructure Development Cess	11	-	42,625
Staff retirement benefits		187,520	165,520
Deferred taxation - net		-	34,467
		<u>4,009,561</u>	<u>4,286,786</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	3,877,806	4,223,289
Contract liabilities		473,561	925,354
Short-term borrowings - secured	13	4,812,923	7,345,342
Unclaimed dividend		40,172	46,149
Current portion of long-term financing - secured	10	329,837	608,826
Taxation - net		1,141,929	902,572
Sales tax payable		18,522	-
Accrued mark-up		300,609	368,739
		<u>10,995,359</u>	<u>14,420,271</u>
		<u>15,004,920</u>	<u>18,707,057</u>
<b>TOTAL LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>30,837,573</u>	<u>33,956,327</u>

The annexed notes 1 to 24 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 half year ended December 31, 2023

	Note	Six months ended		Three months ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees in '000) -----					
Revenue from contracts with customers	15	<b>16,600,901</b>	12,989,232	<b>8,489,108</b>	6,718,697
Cost of sales	16	<b>(14,061,454)</b>	(11,568,401)	<b>(6,965,726)</b>	(6,186,187)
<b>Gross profit</b>		<b>2,539,447</b>	1,420,831	<b>1,523,382</b>	532,510
Selling and distribution expenses		<b>(641,645)</b>	(770,206)	<b>(357,826)</b>	(285,437)
Administrative expenses		<b>(200,561)</b>	(160,811)	<b>(112,604)</b>	(70,109)
(Charge) / reversal of loss allowance on trade debts		<b>(49,310)</b>	(2,215)	<b>(12,889)</b>	19,267
		<b>(891,516)</b>	(933,232)	<b>(483,319)</b>	(336,279)
Operating profit		<b>1,647,931</b>	487,599	<b>1,040,063</b>	196,231
Finance cost		<b>(828,691)</b>	(928,761)	<b>(347,982)</b>	(466,484)
Other operating (charges) / income		<b>(62,686)</b>	(6,385)	<b>(49,685)</b>	6,468
		<b>(891,377)</b>	(935,146)	<b>(397,667)</b>	(460,016)
Other income	17	<b>582,742</b>	1,530,798	<b>(651)</b>	48,552
<b>Profit / (loss) before income tax</b>		<b>1,339,296</b>	1,083,251	<b>641,745</b>	(215,233)
Income tax expense	18	<b>(474,345)</b>	(319,044)	<b>(193,949)</b>	(57,652)
<b>Profit / (loss) after tax for the period</b>		<b>864,951</b>	764,207	<b>447,796</b>	(272,885)
<b>Earnings / (loss) per share - basic and diluted (Rupees)</b>		<b>6.56</b>	5.79	<b>3.40</b>	(2.07)

The annexed notes 1 to 24 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 half year ended December 31, 2023

	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees in '000) -----				
Profit / (loss) after tax for the period	<b>864,951</b>	764,207	<b>447,796</b>	(272,885)
<b>Other comprehensive income / (loss)</b>				
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	<b>1,811</b>	3,615	<b>(1,669)</b>	4,203
Surplus on revaluation of land and buildings				
- Adjustment related to opening deferred tax balance	<b>(19,615)</b>	(31,533)	<b>5,889</b>	(36,658)
<b>Other comprehensive (loss) / income for the period - net of tax</b>	<b>(17,804)</b>	(27,918)	<b>4,220</b>	(32,455)
<b>Total comprehensive income / (loss) for the period</b>	<b>847,147</b>	736,289	<b>452,016</b>	(305,340)

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.



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

For the half year ended December 31, 2023

	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) -----					
<b>Balance as at July 1, 2022</b>	<b>1,318,819</b>	<b>2,700,036</b>	<b>5,465,105</b>	<b>5,110,255</b>	<b>14,594,215</b>
Profit after tax for the period	-	-	764,207	-	764,207
Other comprehensive (loss) / income for the period	-	-	3,615	(31,533)	(27,918)
Total comprehensive income 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)	-
<b>Transactions with owners recorded directly in equity - distributions</b>					
Dividend:					
- Final dividend at 60% (i.e. Rs. 6.00 per share) for the year ended June 30, 2022	-	-	(791,291)	-	(791,291)
<b>Balance as at December 31, 2022</b>	<b>1,318,819</b>	<b>2,700,036</b>	<b>5,498,913</b>	<b>5,021,445</b>	<b>14,539,213</b>
<b>Balance as at July 1, 2023</b>	<b>1,318,819</b>	<b>2,700,036</b>	<b>6,322,088</b>	<b>4,908,327</b>	<b>15,249,270</b>
Profit after tax for the period	-	-	864,951	-	864,951
Other comprehensive (loss) / income for the period	-	-	1,811	(19,615)	(17,804)
Total comprehensive income for the period	-	-	866,762	(19,615)	847,147
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	42,054	(42,054)	-
<b>Transactions with owners recorded directly in equity - distributions</b>					
Dividend:					
- Final dividend at 20% (i.e. Rs. 2.00 per share) for the year ended June 30, 2023	-	-	(263,764)	-	(263,764)
<b>Balance as at December 31, 2023</b>	<b>1,318,819</b>	<b>2,700,036</b>	<b>6,967,140</b>	<b>4,846,658</b>	<b>15,832,653</b>

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.



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 Chief Executive  
 Officer



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

For the half year ended December 31, 2023

	Note	Six months ended	
		December 31, 2023	December 31, 2022
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	19	4,552,662	4,100,685
Finance cost paid		(882,347)	(976,798)
Income on bank deposits received		5,571	2,040
Staff retirement benefits paid		(14,000)	(2,518)
Payment on account of compensated absences		(8,973)	(11,060)
Income tax paid - net		(351,037)	(334,160)
Net cash generated from operating activities		<u>3,301,876</u>	<u>2,778,189</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of property, plant and equipment		(432,034)	(305,895)
Proceeds from disposal of property, plant and equipment		25,519	15,180
Dividend received		612,639	1,142,351
Net cash generated from investing activities		<u>206,124</u>	<u>851,636</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term financing		-	3,144,220
Repayment of long-term financing		(501,115)	(571,989)
Proceeds from short-term borrowings - net		171,668	697,000
Dividend paid		(269,741)	(787,195)
Net cash (used in) / generated from financing activities		<u>(599,188)</u>	<u>2,482,036</u>
Net increase in cash and cash equivalents		<u>2,908,812</u>	<u>6,111,861</u>
Cash and cash equivalents at beginning of the period		(4,424,408)	(10,419,740)
Cash and cash equivalents at end of the period	20	<u>(1,515,596)</u>	<u>(4,307,879)</u>

The annexed notes 1 to 24 form an integral part of these unconsolidated condensed interim financial statements.



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 Board Audit Committee



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 Chief Executive  
 Officer

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

For the half year ended December 31, 2023

## 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, structural hollow sections, stainless steel tubes, polymer pipes & fittings. The Company also offers customized construction solution services. The registered office of the Company is situated at 101-107 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

The manufacturing facilities of the Company are situated as follows:

- i) LX 15 - 16, HX-7/4, LX-2, Landhi Industrial Area, Karachi;
- ii) Survey no. 402, 405 - 406, 95, Rehri Road, Landhi Town, Karachi; and
- iii) 22 KM, Sheikhpura Road, Lahore.

The sales offices of the Company are situated as follows:

- i) Chinoy House, 2nd and 3rd Floor, Bank Square, Lahore;
- ii) Hall No.1, Second Floor, Rafi Shopping Center, Plot No.7, Safari Valley, Rawalpindi;
- 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

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

For the half year ended December 31, 2023

- 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.

**2.1.2** 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, 2023.

**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, 2023, 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, 2022.

**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, 2023.

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

For the half year ended December 31, 2023

## 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, 2023. However, these do not have any significant impact on the Company'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 Company's annual accounting periods beginning on or after July 1, 2024. 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, 2023.
- 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, 2023.

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

For the half year ended December 31, 2023

## 5. PROPERTY, PLANT AND EQUIPMENT

	Note	Operating assets	Capital work-in-progress (including capital stores and spares)	Total
----- (Rupees in '000) -----				
<b>Cost / revalued amount</b>				
Balance at beginning of the period		13,854,631	71,446	13,926,077
Additions		-	648,118	648,118
Transfers	5.1	132,061	(132,061)	-
Disposals	5.1	(24,164)	-	(24,164)
Asset classified as held for sale		(62,894)	-	(62,894)
		<u>13,899,634</u>	<u>587,503</u>	<u>14,487,137</u>
<b>Accumulated depreciation</b>				
Balance at beginning of the period		(3,992,166)	-	(3,992,166)
Charge for the period		(309,238)	-	(309,238)
Disposals	5.1	15,700	-	15,700
Asset classified as held for sale		3,029	-	3,029
		<u>(4,282,675)</u>	<u>-</u>	<u>(4,282,675)</u>
<b>Written down value as at December 31, 2023 (Un-audited)</b>		<u><u>9,616,959</u></u>	<u><u>587,503</u></u>	<u><u>10,204,462</u></u>
Written down value as at June 30, 2023 (Audited)		<u>9,862,465</u>	<u>71,446</u>	<u>9,933,911</u>

### 5.1 Additions and disposals of operating assets during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees in '000) -----				
Building on freehold land	-	80	-	-
Building on leasehold land	-	28,442	-	-
Plant and machinery	63,907	28,612	-	309
Furniture, fixtures and office equipment	8,877	13,007	47	-
Vehicles	59,277	17,217	8,417	2,215
	<u><u>132,061</u></u>	<u><u>87,358</u></u>	<u><u>8,464</u></u>	<u><u>2,524</u></u>



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

For the half year ended December 31, 2023

### 6. INVESTMENTS

(Un-audited) December 31, 2023 (Number of shares)	(Audited) June 30, 2023		(Un-audited) December 31, 2023 ------(Rupees in '000)-----	(Audited) June 30, 2023
<b>Quoted Companies</b>				
<b>245,055,543</b>	245,055,543	International Steels Limited (ISL) - subsidiary company, at cost	<b>2,450,555</b>	2,450,555
<b>7,615,588</b>	7,615,588	Pakistan Cables Limited (PCL) - associated company, at cost	<b>817,553</b>	817,553
<b>Un-quoted Companies</b>				
<b>150,000</b>	150,000	IIL Americas Inc. (IIL Americas) - subsidiary company, at cost	<b>17,966</b>	17,966
<b>100,000</b>	100,000	IIL Australia Pty. Limited (IIL Australia) - subsidiary company, at cost	<b>9,168</b>	9,168
<b>7,727,270</b>	7,727,270	IIL Construction Solutions (Private) Limited (IIL CSL) - subsidiary company, at cost	<b>77,273</b>	77,273
			<b>3,372,515</b>	3,372,515

### 7. STOCK-IN-TRADE

	Note		
Raw material - in hand	7.1	<b>4,278,990</b>	6,768,397
- in transit		<b>731,021</b>	1,540,685
		<b>5,010,011</b>	8,309,082
Work-in-process		<b>983,983</b>	1,164,330
Finished goods		<b>3,396,967</b>	4,424,204
By-products		<b>19,260</b>	24,950
Scrap material		<b>168,058</b>	183,242
		<b>9,578,279</b>	14,105,808

7.1 Raw material amounting to Rs. 3.8 million as at December 31, 2023 (June 30, 2023: Rs. 2.8 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 half year ended December 31, 2023

## 8. OTHER RECEIVABLES

This includes receivable from IIL Australia - a wholly owned subsidiary amounting to Rs 118.43 million which was received by it on behalf of the Company in respect of the amount recovered from the Shipping Company for short receipt of hot rolled coils in the prior year.

	(Un-audited)	(Audited)
Note	December 31, 2023	June 30, 2023
	------(Rupees in '000)-----	

## 9. ASSET CLASSIFIED AS HELD FOR SALE

Operating asset	9.1	<u>59,865</u>	<u>59,865</u>
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- 9.1** This represents carrying value of warehouse located at Plot no. NEIR - 61, Khasra no. 3303-3308, Hadbast Mouza Naulakha, GT Road, Lahore, for which agreement to sell between the Company and the prospective buyer has been entered on June 9, 2023.

The said warehouse was included in property plant and equipment in the financial statements for the year ended June 30, 2023 and has been reclassified as held for sale in the corresponding figure of these unconsolidated condensed interim financial statements for better presentation.

	(Un-audited)	(Audited)
Note	December 31, 2023	June 30, 2023
	------(Rupees in '000)-----	

## 10. LONG-TERM FINANCING - secured

### CONVENTIONAL

Long-Term Finance Facility (LTFF)	10.2	440,440	486,800
Long-Term Finance		<u>281,723</u>	<u>677,178</u>
		<u>722,163</u>	1,163,978

### ISLAMIC

Diminishing Musharakah		<b>3,034,091</b>	3,079,545
Islamic Long-Term Finance Facility (ILTFF)	10.3	<b>91,760</b>	99,190
Islamic Temporary Economic Refinance Facility (ITERF)	10.4	<b>233,885</b>	240,285
Islamic Finance Facility for Renewable Energy (IFRE)	10.5	<b>80,000</b>	80,000

	<u>3,439,736</u>	<u>3,499,020</u>
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	<u>4,161,899</u>	<u>4,662,998</u>
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Less: Deferred income - Government grant		<b>(44,622)</b>	(49,959)
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# Notes to and forming part of the Unconsolidated Condensed Interim Financial Statements (Un-audited)

For the half year ended December 31, 2023

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
	------(Rupees in '000)-----	
Less: Current portion of long-term financing:		
<b>CONVENTIONAL</b>		
Long-Term Finance Facility (LTFF)	(108,515)	(98,390)
Long-Term Finance	(147,159)	(395,455)
	<b>(255,674)</b>	(493,845)
<b>ISLAMIC</b>		
Diminishing Musharakah	(34,091)	(79,545)
Islamic Long-Term Finance Facility (ILTFF)	(14,859)	(14,859)
Islamic Temporary Economic Refinance Facility (ITERF)	(17,213)	(12,577)
Islamic Finance Facility for Renewable Energy (IFRE)	(8,000)	(8,000)
	<b>(74,163)</b>	(114,981)
	<b>(329,837)</b>	(608,826)
	<b>3,787,440</b>	4,004,213

**10.1** 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, 95, Rehri Road, Landhi Town, Karachi.

**10.1.1** In relation to the above borrowings, the Company needs to observe certain non-financial covenants as specified in the agreement with respective lenders which are complied with as of the reporting date.

**10.2** 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.

**10.3** 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.

**10.4** 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.

**10.5** This represents finance facility loan obtained from an Islamic bank under SBP's Islamic Finance Facility for Renewable Energy for Solar power project.

## **11. 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.

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

For the half year ended December 31, 2023

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, 2023	(Audited) June 30, 2023
------(Rupees in '000)-----			
<b>12. TRADE AND OTHER PAYABLES</b>			
Trade creditors		<b>818,552</b>	643,310
Bills payable		<b>698,477</b>	1,381,901
Accrued expenses	12.1	<b>950,404</b>	962,029
Provision for Infrastructure Cess	12.2	<b>1,154,889</b>	1,079,268
Short-term compensated absences		<b>5,928</b>	6,434
Workers' Profit Participation Fund		<b>39,335</b>	5
Workers' Welfare Fund	12.3	<b>117,810</b>	138,390
Current portion of deferred income			
- Government grant		<b>10,021</b>	9,998
Others		<b>82,390</b>	1,954
		<b>3,877,806</b>	4,223,289

**12.1** These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 351.96 million (June 30, 2023: Rs. 299.07 million) and a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 125.49 million (June 30, 2023: Rs. 125.49 million). On February 18, 2023 the Sindh High Court validated the increase in gas tariff w.e.f. October 23, 2020 instead of September 1, 2020 and encashment of cheques submitted to the Nazir against the differential of tariff. The Company preferred an appeal against the said order before the divisional bench.

**12.2** 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. 1,252 million (June 30, 2023: Rs. 1,207 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 Infrastructure Cess. The Company had obtained a stay against this and the ultimate dispute had been linked with the previous Infrastructure Cess case.

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

For the half year ended December 31, 2023

The case was decided on June 4, 2021 by the SHC whereby the SHC 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 SHC is valid and enforceable. The SHC further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

- 12.3** 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.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
<b>13. SHORT-TERM BORROWINGS - secured</b>			
<b>CONVENTIONAL</b>			
Running finance under mark-up arrangement from banks	13.1	<b>1,033,367</b>	1,283,363
Short-term borrowing under Money Market Scheme maturing within three months	13.1	<b>475,000</b>	2,326,191
Short-term borrowing under Export Refinance Scheme	13.2	<b>2,047,000</b>	2,301,000
Short-term borrowing under Export Finance Scheme	13.3	<b>703,131</b>	207,463
<b>ISLAMIC</b>			
Short-term borrowing under Money Market Scheme maturing within three months		-	925,000
Short-term borrowing under Running Musharakah maturing within three months	13.4	<b>424,425</b>	102,325
Short-term borrowing under Export Refinance Scheme	13.2	<b>130,000</b>	200,000
		<b>4,812,923</b>	<b>7,345,342</b>



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

For the half year ended December 31, 2023

- 13.1** 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 facilities range from 22.15% to 23.14% (June 30, 2023: 21.18% to 22.63%) per annum.
- 13.2** 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 is 19% (June 30, 2023: 12.50% to 18.00%) per annum. These facilities will mature within six months and are renewable.
- 13.3** The Company has obtained short-term finance under Export Finance Scheme (post discount) of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities range from 2.00% to 3.00% (June 30, 2023: 2.00% to 2.50%).
- 13.4** The Company has obtained facilities for short-term finance under Running Musharakah. The rates of profit on these facilities range from 22.51% to 23.06% (June 30, 2023: 21.41% to 22.38%) per annum.
- 13.5** As at December 31, 2023, the unavailed facilities from the above borrowings amounted to Rs. 14,785 million (June 30, 2023: Rs. 12,224 million).
- 13.6** 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.

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 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, 2023 except as discussed below:

- 14.1.1** 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. 664.71 million (June 30, 2023: Rs. 664.71 million). The SHC has dismissed the petitions. The Company preferred an appeal before the Supreme Court of Pakistan against all such dismissal orders by the SHC.

### 14.2 Commitments

- 14.2.1** Capital expenditure commitments outstanding as at December 31, 2023 amounted to Rs. Nil (June 30, 2023: Rs. 183.42 million).
- 14.2.2** Commitments under letters of credit for raw materials and stores and spares as at December 31, 2023 amounted to Rs. 3,980.85 million (June 30, 2023: Rs. 769.56 million).
- 14.2.3** Commitments under purchase contracts as at December 31, 2023 amounted to Rs. 543.02 million (June 30, 2023: Rs. 832.20 million).
- 14.2.4** The facilities for opening letters of credit and guarantees from banks as at December 31, 2023 amounted to Rs. 14,200 million (June 30, 2023: Rs. 14,800 million) and Rs. 3,600 million (June 30, 2023: Rs. 3,050 million) respectively, of which the unutilised balance at period-end amounted to Rs. 10,219.15 million (June 30, 2023: Rs. 13,847 million) and Rs. 414.58 million (June 30, 2023: Rs. 77 million) respectively.

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

For the half year ended December 31, 2023

	(Un-audited)			
	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----			
<b>15. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>				
Sale of goods less returns				
Local	17,945,951	12,628,206	8,848,741	7,188,135
Sales tax	(2,595,814)	(1,782,392)	(1,296,780)	(1,009,488)
Trade discounts	(1,271,565)	(755,738)	(506,853)	(437,529)
	<b>14,078,572</b>	10,090,076	<b>7,045,108</b>	5,741,118
Export	<b>2,537,458</b>	2,903,544	<b>1,455,479</b>	980,414
Export commission & discounts	(15,129)	(4,388)	(11,479)	(2,835)
	<b>2,522,329</b>	2,899,156	<b>1,444,000</b>	977,579
	<b>16,600,901</b>	12,989,232	<b>8,489,108</b>	6,718,697

### 16. COST OF SALES

This includes Rs. 140 million against the reversal of provision in respect of short shipment of hot rolled coil which was recognised in prior year. The reversal represents the compensation of loss received from the Shipping Company amounting to Rs. 118.80 million and the remaining balance of Rs. 21.20 million (net of claim refundable) is received from the insurance company.

### 17. OTHER INCOME

This includes dividend income from subsidiary and associated companies amounting to Rs. 612.60 million (December 31, 2022: Rs. 1,142.40 million).

	(Un-audited)			
	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----			
<b>18. INCOME TAX EXPENSE</b>				
Current	578,532	377,607	278,030	86,215
Prior	11,861	-	-	-
Deferred	(116,048)	(58,563)	(84,081)	(28,563)
	<b>474,345</b>	319,044	<b>193,949</b>	57,652

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

For the half year ended December 31, 2023

	Note	(Un-audited)	
		Six months ended	
		December 31, 2023	December 31, 2022
		----- (Rupees in '000) -----	
<b>19. CASH GENERATED FROM OPERATIONS</b>			
Profit before income tax		1,339,296	1,083,251
<b>Add/(less): Adjustment for non-cash charges and other items</b>			
Depreciation of property, plant and equipment		309,238	297,518
Amortisation of intangible assets		765	685
Charge of loss allowance on trade debts		49,310	2,215
Provision for staff retirement benefits		36,000	27,361
Provision for compensated absences		8,467	9,134
Provision for stores and spares		21,868	-
Income on bank deposits		(5,571)	(2,040)
Gain on disposal of property, plant and equipment		(17,055)	(12,657)
Loss / (gain) on remeasurement of Gas Infrastructure Development Cess		932	(2,979)
Unwinding of Gas Infrastructure Development Cess		9,138	11,265
Dividend income		(612,639)	(1,142,351)
Government grant income		(5,336)	(7,581)
Finance cost		819,553	917,496
		<u>1,953,966</u>	<u>1,181,317</u>
Changes in working capital	19.1	<u>2,598,696</u>	<u>2,919,368</u>
		<u>4,552,662</u>	<u>4,100,685</u>
<b>19.1 Working capital changes</b>			
Decrease /(Increase) in current assets:			
Stores and spares		(11,849)	9,791
Stock-in-trade		4,311,610	2,653,044
Trade debts		(1,440,500)	1,876,603
Advances, trade deposits and prepayments		20,197	(754,142)
Other receivables		(122,545)	40,449
Sales tax receivable		672,749	34,875
		<u>3,429,662</u>	<u>3,860,620</u>
(Decrease) / Increase in current liabilities:			
Trade and other payables		(397,695)	(1,187,209)
Contract liabilities		(451,793)	161,482
Sales tax payable		18,522	84,475
		<u>(830,966)</u>	<u>(941,252)</u>
		<u>2,598,696</u>	<u>2,919,368</u>

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

For the half year ended December 31, 2023

		(Un-audited)	
		Six months ended	
Note		December 31, 2023	December 31, 2022
		----- (Rupees in '000) -----	
<b>20.</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	<b>417,196</b>	140,151
	Running finance under mark-up arrangement from banks	13 <b>(1,033,367)</b>	(1,677,979)
	Short-term borrowing under Money Market Scheme maturing within three months	13 <b>(475,000)</b>	(1,450,000)
	Short-term borrowing under Running Musharakah maturing within three months	13 <b>(424,425)</b>	(1,320,051)
		<u><b>(1,515,596)</b></u>	<u>(4,307,879)</u>

## 21. 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 half year ended December 31, 2023

	(Un-audited)			
	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----			
<b>21.1 Transactions with related parties</b>				
<b>Subsidiary companies</b>				
Sales	<b>1,430,656</b>	2,007,686	<b>623,757</b>	508,225
Purchases	<b>2,056,381</b>	3,491,995	<b>1,889,164</b>	1,928,108
Purchases of Fixed Assets	-	50,068	-	-
Cost of shared resources	<b>102,783</b>	64,037	<b>61,326</b>	31,320
Reimbursement of expenses	<b>95,440</b>	8,875	<b>4,785</b>	8,212
Rental income	<b>6,382</b>	12,650	<b>3,191</b>	6,346
Dividend received	<b>612,639</b>	1,102,750	-	-
<b>Associated companies</b>				
Sales	<b>20,396</b>	602	-	602
Purchases	<b>8,904</b>	8,163	<b>5,110</b>	739
Reimbursement of expenses	<b>1,556</b>	5,454	<b>1,291</b>	4,568
Insurance premium	-	2,161	-	886
Insurance claim	-	153	-	153
Dividend received	<b>1,267</b>	39,601	-	-
Dividend paid	-	3,802	-	-
Subscription	<b>2,500</b>	2,500	-	-
Registration and training	<b>1,467</b>	130	<b>537</b>	-
<b>Key management personnel</b>				
Remuneration and allowances	<b>198,127</b>	175,950	<b>72,618</b>	110,867
<b>Staff retirement funds</b>				
Contribution paid	<b>45,745</b>	32,344	<b>24,161</b>	22,881
<b>Non-executive directors</b>				
Directors' fee	<b>3,500</b>	3,525	<b>1,500</b>	2,025
<b>Reimbursement of Chairman's expenses</b>	-	1,650	-	-

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

For the half year ended December 31, 2023

## 22. 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.

### 22.1 Segment revenue and results

	Steel segment	Polymer segment	Investments segment	Total
	----- (Rupees in '000) -----			
<b>For the half year ended December 31, 2023</b>				
Revenue from contracts with customers				
Local	11,108,202	2,970,370	-	14,078,572
Exports	2,522,329	-	-	2,522,329
	<u>13,630,531</u>	<u>2,970,370</u>	<u>-</u>	<u>16,600,901</u>
Cost of sales	(12,140,701)	(1,920,753)	-	(14,061,454)
<b>Gross profit</b>	<u>1,489,830</u>	<u>1,049,617</u>	<u>-</u>	<u>2,539,447</u>
Selling and distribution expenses	(578,764)	(62,881)	-	(641,645)
Administrative expenses	(183,692)	(16,869)	-	(200,561)
Charge of loss allowance on trade debts	(8,504)	(40,806)	-	(49,310)
	<u>(770,960)</u>	<u>(120,556)</u>	<u>-</u>	<u>(891,516)</u>
Finance cost	(680,415)	(148,276)	-	(828,691)
Other operating charges	(8,031)	(54,655)	-	(62,686)
	<u>(688,446)</u>	<u>(202,931)</u>	<u>-</u>	<u>(891,377)</u>
Other income	(29,897)	-	612,639	582,742
<b>Profit before income tax</b>	<u>527</u>	<u>726,130</u>	<u>612,639</u>	<u>1,339,296</u>
Income tax expense				(474,345)
<b>Profit after tax for the period</b>				<u>864,951</u>
<b>For the half year ended December 31, 2022</b>				
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	(10,198,676)	(1,369,725)	-	(11,568,401)
<b>Gross profit</b>	<u>1,058,127</u>	<u>362,704</u>	<u>-</u>	<u>1,420,831</u>
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
<b>(Loss) / Profit before income tax</b>	<u>(265,154)</u>	<u>206,054</u>	<u>1,142,351</u>	<u>1,083,251</u>
Income tax expense				(319,044)
<b>Profit after tax for the period</b>				<u>764,207</u>

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

For the half year ended December 31, 2023

### 22.2 Segment assets and liabilities

	Steel segment	Polymer segment	Investments segment	Total
	----- (Rupees in '000) -----			
<b>As at December 31, 2023</b>				
<b>Un-audited</b>				
Segment assets	<u>23,193,272</u>	<u>3,218,780</u>	<u>3,372,515</u>	<u>29,784,567</u>
Segment liabilities	<u>10,167,833</u>	<u>1,098,188</u>	<u>-</u>	<u>11,266,021</u>
<b>As at June 30, 2023</b>				
<b>Audited</b>				
Segment assets	<u>26,606,654</u>	<u>2,260,191</u>	<u>3,372,515</u>	<u>32,239,360</u>
Segment liabilities	<u>14,163,534</u>	<u>975,375</u>	<u>-</u>	<u>15,138,909</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, 2023	(Audited) June 30, 2023
	----- (Rupees in '000) -----	
Total for reportable segments assets	<b>29,784,567</b>	32,239,360
Unallocated assets	<b>1,053,006</b>	1,716,967
<b>Total assets as per unconsolidated Statement of Financial Position</b>	<u><b>30,837,573</b></u>	<u>33,956,327</u>
Total for reportable segments liabilities	<b>11,266,021</b>	15,138,909
Unallocated liabilities	<b>3,738,899</b>	3,568,148
<b>Total liabilities as per unconsolidated Statement of Financial Position</b>	<u><b>15,004,920</b></u>	<u>18,707,057</u>



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

For the half year ended December 31, 2023

### 23. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Company in their meeting held on January 30, 2024 have declared an interim cash dividend of Rs. 2.00 (December 31, 2022: Nil) per share for the year ending June 30, 2024 amounting to Rs. 263.76 million (December 31, 2022: Nil). The unconsolidated condensed interim financial statements do not include the effect of above interim dividend which will be accounted for in the subsequent period.

### 24. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorised for issue on January 30, 2024 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**

For the six months ended December 31, 2023

# Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2023

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	30,025,182	30,171,750
Right-of-use assets		17,540	22,245
Intangible assets		385,847	312,210
Investment in equity accounted investee	6	1,887,699	1,855,464
Long-term deposits		2,045	4,077
		<u>32,318,313</u>	<u>32,365,746</u>
<b>CURRENT ASSETS</b>			
Stores and spares		1,129,815	1,247,740
Stock-in-trade	7	29,511,824	32,531,505
Trade debts		6,738,764	5,327,874
Advances, trade deposits and prepayments		288,412	176,334
Other receivables		82,707	95,339
Sales tax receivable		355,447	1,156,198
Cash and bank balances		2,987,358	2,411,238
		<u>41,094,327</u>	<u>42,946,228</u>
Asset classified as held for sale	8	59,865	59,865
<b>TOTAL ASSETS</b>		<u><b>73,472,505</b></u>	<u><b>75,371,839</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital			
Issued, subscribed and paid-up capital		1,318,819	1,318,819
Revenue reserves			
General reserve		3,222,432	3,112,325
Unappropriated profit		15,391,137	14,275,645
Exchange translation reserves		86,952	83,445
Capital reserve			
Revaluation surplus on property, plant and equipment		6,917,177	7,068,935
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u><b>26,936,517</b></u>	<u><b>25,859,169</b></u>
Non-controlling interest		9,986,967	9,406,738
		<u><b>36,923,484</b></u>	<u><b>35,265,907</b></u>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing - secured	9	4,613,066	5,010,199
Deferred income - government grant		146,552	166,699
Gas Infrastructure Development Cess	10	-	191,619
Staff retirement benefits		187,520	165,521
Deferred taxation - net		2,106,650	2,192,287
Lease liabilities		10,351	15,839
		<u>7,064,139</u>	<u>7,742,164</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	16,909,258	15,023,742
Contract liabilities		2,597,189	2,822,281
Short-term borrowings - secured	12	6,762,923	11,041,530
Unclaimed dividend		40,172	46,149
Unclaimed dividend attributable to non-controlling interest (NCI)		9,049	10,024
Current portion of long-term financing - secured	9	714,580	986,204
Current portion of lease liabilities		10,100	8,993
Taxation - net		1,957,771	1,840,449
Sales tax payable		29,421	-
Accrued mark-up		454,419	584,396
		<u>29,484,882</u>	<u>32,363,768</u>
<b>TOTAL LIABILITIES</b>		<u><b>36,549,021</b></u>	<u><b>40,105,932</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	13	<u><b>73,472,505</b></u>	<u><b>75,371,839</b></u>

The annexed notes 1 to 22 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 six months ended December 31, 2023

	Note	Six months ended		Three months ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees in '000) -----					
Revenue from contracts with customers	14	54,337,907	45,442,289	27,184,769	23,098,958
Cost of sales		(46,506,334)	(40,145,250)	(22,936,554)	(21,724,935)
<b>Gross profit</b>		<b>7,831,573</b>	<b>5,297,039</b>	<b>4,248,215</b>	<b>1,374,023</b>
Selling and distribution expenses		(1,682,587)	(1,019,073)	(964,465)	(407,982)
Administrative expenses		(479,494)	(337,824)	(254,450)	(164,915)
(Charge) / reversal of loss allowance on trade debts		(49,055)	(2,417)	(14,821)	18,939
		(2,211,136)	(1,359,314)	(1,233,736)	(553,958)
<b>Operating profit</b>		<b>5,620,437</b>	<b>3,937,725</b>	<b>3,014,479</b>	<b>820,065</b>
Finance cost		(1,202,843)	(2,582,811)	(523,104)	(1,258,536)
Other operating charges		(461,210)	(1,122,365)	(301,165)	(334,115)
		(1,664,053)	(3,705,176)	(824,269)	(1,592,651)
Other income		105,483	450,462	11,858	84,861
Share of profit in equity accounted investee		58,081	44,740	23,344	27,101
<b>Profit / (loss) before income tax</b>		<b>4,119,948</b>	<b>727,751</b>	<b>2,225,412</b>	<b>(660,624)</b>
Income tax expense	15	(1,645,502)	(600,516)	(652,288)	(33,862)
<b>Profit / (loss) after tax for the period</b>		<b>2,474,446</b>	<b>127,235</b>	<b>1,573,124</b>	<b>(694,486)</b>
<b>Profit / (loss) attributable to:</b>					
- Owners of the Holding Company		1,419,356	66,586	1,068,426	(552,320)
- Non-controlling interest (NCI)		1,055,090	60,649	504,698	(142,166)
		<b>2,474,446</b>	<b>127,235</b>	<b>1,573,124</b>	<b>(694,486)</b>
----- (Rupees) -----					
<b>Earnings / (loss) per share - basic and diluted</b>		<b>10.76</b>	<b>0.50</b>	<b>8.10</b>	<b>(4.19)</b>

The annexed notes 1 to 22 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 Comprehensive Income (Un-audited)

For the six months ended December 31, 2023

	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----			
Profit / (loss) after tax for the period	2,474,446	127,235	1,573,124	(694,486)
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	1,811	3,615	(1,669)	4,203
Surplus on revaluation of land and buildings				
- Adjustment related to opening deferred tax balance on buildings	(63,556)	(31,533)	6,078	(36,658)
Proportionate share of surplus on revaluation of land and buildings of equity accounted investee	(23,360)	550,102	(23,360)	1,934
Related deferred tax for the period	5,840	(104,519)	5,840	(367)
	(17,520)	445,583	(17,520)	1,567
Items that will be subsequently reclassified to Consolidated Statement of Profit or Loss				
Foreign operations - foreign currency translation difference	3,507	8,598	8,294	4,948
Proportionate share of other comprehensive income of equity accounted investee	(2,240)	(770)	61	(705)
Other comprehensive (loss) / income for the period	(77,998)	425,493	(4,756)	(26,645)
Total comprehensive income / (loss) for the period	<u>2,396,448</u>	<u>552,728</u>	<u>1,568,368</u>	<u>(721,131)</u>
Total comprehensive income attributable to:				
- Owners of the Holding Company	1,341,358	492,079	1,063,670	(578,965)
- Non-controlling interest (NCI)	1,055,090	60,649	504,698	(142,166)
	<u>2,396,448</u>	<u>552,728</u>	<u>1,568,368</u>	<u>(721,131)</u>

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



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

For the six months ended December 31, 2023

	Attributable to owners of the Holding Company					Capital reserve Revaluation surplus on property, plant and equipment	Total	Non- controlling interest	Total equity
	Issued, subscribed and paid-up capital	Revenue reserves			Total revenue reserves				
		General reserve	Unappropriated profit	Exchange translation reserves					
	(Rupees in '000)								
<b>Balance as at July 1, 2022</b>	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	-	-	508,902	8,598	517,500	518,569	1,036,069	-	1,036,069
<b>Total comprehensive income for the period</b>	-	-	575,488	8,598	584,086	518,569	1,102,655	60,649	1,163,304
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)	-	-	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	-	-	-	-	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	1,320	-	1,320	(1,320)	-	-	-
<b>Transactions with owners recorded directly in equity</b>									
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)
<b>Balance as at December 31, 2022</b>	<u>1,318,819</u>	<u>2,991,258</u>	<u>12,566,955</u>	<u>35,990</u>	<u>15,594,203</u>	<u>7,421,369</u>	<u>24,334,391</u>	<u>8,582,427</u>	<u>32,916,818</u>
<b>Balance as at July 1, 2023</b>	1,318,819	3,112,325	14,275,645	83,445	17,471,415	7,068,935	25,859,169	9,406,738	35,265,907
Profit after tax for the period	-	-	1,419,356	-	1,419,356	-	1,419,356	1,055,090	2,474,446
Other comprehensive income / (loss) for the period	-	-	5,411	3,507	8,918	(86,916)	(77,998)	-	(77,998)
<b>Total comprehensive income for the period</b>	-	-	1,424,767	3,507	1,428,274	(86,916)	1,341,358	1,055,090	2,396,448
Proportionate share of transfer to general reserves of equity accounted investee	-	110,107	(110,107)	-	-	-	-	-	-
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	63,290	-	63,290	(63,290)	-	-	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	-	-	-	-	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	1,306	-	1,306	(1,552)	(246)	-	(246)
<b>Transactions with owners recorded directly in equity</b>									
Distributions to owners of Holding Company - Final dividend @ 20% (Rs. 2.00 per share) for the year ended June 30, 2023	-	-	(263,764)	-	(263,764)	-	(263,764)	-	(263,764)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(474,861)	(474,861)
<b>Balance as at December 31, 2023</b>	<u>1,318,819</u>	<u>3,222,432</u>	<u>15,391,137</u>	<u>86,952</u>	<u>18,700,521</u>	<u>6,917,177</u>	<u>26,936,517</u>	<u>9,986,967</u>	<u>36,923,484</u>

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



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

For the six months ended December 31, 2023

	Note	Six months ended	
		December 31, 2023	December 31, 2022
----- (Rupees in '000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	16	<b>10,257,937</b>	15,738,660
Finance cost paid		(1,267,392)	(2,484,684)
Income on bank deposits received		201,091	12,645
Staff retirement benefits paid		(33,228)	(19,000)
Payment on account of compensated absences		(16,371)	(20,043)
Income tax paid - net		(1,669,722)	(1,189,048)
<b>Net cash generated from operating activities</b>		<b>7,472,315</b>	12,038,530
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of property, plant and equipment		(1,173,471)	(768,629)
Payment for acquisition of intangible assets		(75,143)	(22,706)
Proceeds from disposal of property, plant and equipment		78,977	86,534
Investments in Term Deposit Receipt		(20,000)	-
Dividend received		-	39,601
<b>Net cash used in investing activities</b>		<b>(1,189,637)</b>	(665,200)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term financing		-	3,389,685
Repayment of long-term financing		(688,899)	(1,534,040)
(Repayments) / proceeds from short-term borrowings - net		(1,069,060)	1,218,190
Lease rentals paid		(8,783)	(1,642)
Dividends paid to non-controlling interest		(475,836)	(854,611)
Dividends paid to shareholders of the Holding Company		(269,741)	(787,195)
<b>Net cash ( used in ) / generated from financing activities</b>		<b>(2,512,319)</b>	1,430,387
<b>Net increase in cash and cash equivalents</b>		<b>3,770,359</b>	12,803,718
Cash and cash equivalents at beginning of the period		(3,133,005)	(19,741,322)
Effects of exchange rate changes in cash and cash equivalents		13,210	(3,151)
<b>Cash and cash equivalents at end of the period</b>	17	<b>650,564</b>	(6,940,755)

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



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

For the six months ended December 31, 2023

## 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 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, structural hollow sections, stainless steel tubes, polymer pipes & fittings. The Company also offers customized construction solution services. The registered office of the Company is situated at 101-107 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530.

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

- i) LX 15 - 16, HX-7/4, LX-2, Landhi Industrial Area, Karachi;
- ii) Survey no. 402, 405 - 406, 95, Rehri Road, Landhi Town, Karachi; and
- iii) 22 KM, Sheikhpura Road, Lahore.

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

- i) Chinoy House, 2nd and 3rd Floor, Bank Square, Lahore;
- ii) Hall No.1, Second Floor, Rafi Shopping Center, Plot No.7, Safari Valley, Rawalpindi;
- 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 (ISL) was incorporated on September 03, 2007 as a public unlisted company limited by shares under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) 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 activity of the Company is the business of manufacturing of cold rolled, galvanized and colour coated steel coils and sheets. The Subsidiary Company commenced commercial operations on January 1, 2011. The registered office of ISL is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530. The Holding Company has 56.33% ownership interest in International Steels Limited.

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

For the six months ended December 31, 2023

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

- i) 399-405, Rehri Road, Landhi Industrial Area, Karachi;
- 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.

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 building solutions. Its registered office is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi 75530. Its sales offices are situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi-75530 and Chinoy House, 6 Bank Square, Lahore. The manufacturing facility of IIL CSL is located at LX 15 - 16, Landhi Industrial Area, Karachi.

**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 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 Suite 210, 5800 Ambler Drive Mississauga, ON L4W 4J4, Canada.

**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

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

For the six months ended December 31, 2023

- 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, 2023.

**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, 2023, 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, 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.

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

For the six months ended December 31, 2023

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.

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, 2023.

### 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, 2023. 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, 2024. 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.

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

For the six months ended December 31, 2023

## 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, 2023.
- 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, 2023.

## 5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work- in-progress (including capital spares)	Total
	----- (Rupees in '000) -----		
<b>Cost / revalued amount</b>			
Balance at beginning of the period	42,010,590	1,323,348	43,333,938
Additions	843,856	1,048,625	1,892,481
Translation reserve	122,861	-	122,861
Adjustments / transfers - net	132,061	(973,933)	(841,872)
Disposals	(148,533)	-	(148,533)
Asset classified as held for sale	(62,894)	-	(62,894)
	<u>42,897,941</u>	<u>1,398,040</u>	<u>44,295,981</u>
<b>Accumulated depreciation</b>			
Balance at beginning of the period	(13,102,323)	-	(13,102,323)
Charge for the period	(1,260,154)	-	(1,260,154)
Disposals	88,648	-	88,648
Asset classified as held for sale	3,029	-	3,029
	<u>(14,270,800)</u>	<u>-</u>	<u>(14,270,800)</u>
<b>Written down value as at</b>			
<b>December 31, 2023 (Un-audited)</b>	<u>28,627,141</u>	<u>1,398,040</u>	<u>30,025,182</u>
Written down value as at			
June 30, 2023 (Audited)	<u>28,848,402</u>	<u>1,323,348</u>	<u>30,171,750</u>
		(Un-audited)	(Audited)
		<b>December 31,</b>	<b>June 30,</b>
		<b>2023</b>	<b>2023</b>
	Note	----- (Rupees in '000) -----	

## 6. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

Pakistan Cables Limited (PCL)			
- associated company	6.1	<u>1,887,699</u>	<u>1,855,464</u>

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

For the six months ended December 31, 2023

**6.1** The Holding Company holds a 17.124% (June 30, 2023: 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. 120.99 (June 30, 2023: Rs. 82.92) resulting in a market value of total investment amounting to Rs. 921.41 million (June 30, 2023: Rs. 631.48 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, 2023 as the latest financial statements as at December 31, 2023 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".

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>7. STOCK-IN-TRADE</b>			
Raw material - in hand	7.1	<b>6,978,989</b>	12,615,638
- in transit		<b>6,020,361</b>	5,499,968
		<b>12,999,350</b>	18,115,606
Work-in-process		<b>3,426,313</b>	1,623,223
Finished goods - in hand		<b>12,007,496</b>	12,168,747
- in transit		<b>818,951</b>	387,918
By-products		<b>26,840</b>	29,893
Scrap material		<b>232,874</b>	206,118
		<b>29,511,824</b>	32,531,505

**7.1** Raw material of the Holding Company amounting to Rs. 3.8 million as at December 31, 2023 (June 30, 2023: Rs. 2.8 million) was held at a vendor's premises for the production of pipe caps.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
<b>8. ASSET CLASSIFIED AS HELD FOR SALE</b>			
Operating asset	8.1	<b>59,865</b>	59,865

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

For the six months ended December 31, 2023

- 8.1** This represents carrying value of warehouse located at Plot no. NEIR - 61, Khasra no. 3303-3308, Hadbast Mouza Naulakha, GT Road, Lahore, for which agreement to sell between the Company and the prospective buyer has been entered on June 9, 2023.

The said warehouse was included in property plant and equipment in the financial statements for the year ended June 30, 2023 and has been reclassified as held for sale in the corresponding figure of these consolidated condensed interim financial statements for better presentation.

9. LONG-TERM FINANCING - secured	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- (Rupees in '000) -----			
<b>CONVENTIONAL</b>			
Long-Term Finance Facility (LTFF)	9.2	969,908	1,142,506
Long-Term Finance		281,723	677,178
Temporary Economic Refinance Facility (TERF)	9.3	462,190	493,003
		1,713,821	2,312,687
<b>ISLAMIC</b>			
Diminishing Musharakah		3,034,091	3,079,545
Islamic Long-Term Finance Facility (ILTFF)	9.4	451,458	489,217
Islamic Temporary Economic Refinance Facility (ITERF)	9.5	233,885	240,285
Islamic Finance Facility for Renewabale Energy (IFRE)	9.6	80,000	80,000
		3,799,434	3,889,047
		5,513,255	6,201,734
Less: Deferred income - government grant		(185,609)	(205,331)
Less: Current portion of long-term financing:			
<b>CONVENTIONAL</b>			
Long-Term Finance Facility (LTFF)		(367,697)	(352,869)
Long-Term Finance		(147,159)	(395,455)
Temporary Economic Refinance Facility (TERF)		(61,625)	(61,625)
		(576,481)	(809,949)
<b>ISLAMIC</b>			
Diminishing Musharakah		(34,091)	(79,545)
Islamic Long-Term Finance Facility (ILTFF)		(78,795)	(76,133)
Islamic Temporary Economic Refinance Facility (ITERF)		(17,213)	(12,577)
Islamic Finance Facility for Renewabale Energy (IFRE)		(8,000)	(8,000)
		(714,580)	(986,204)
		4,613,066	5,010,199



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

For the six months ended December 31, 2023

- 9.1** 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. HX-7/4 and LX-2 Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, 95 Rehri Road, 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.).
- 9.1.1** 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.
- 9.2** 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.
- 9.3** 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.
- 9.4** 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.
- 9.5** 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.
- 9.6** This represents finance facility loan obtained from an Islamic bank under SBP's Islamic Finance Facility for Renewabale Energy for solar power project.
- 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 Paksitan (the GoP) to intitiate 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.

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

For the six months ended December 31, 2023

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- (Rupees in '000) -----			
<b>11. TRADE AND OTHER PAYABLES</b>			
Trade creditors		<b>6,568,418</b>	4,684,877
Bills payable		<b>698,477</b>	1,381,901
Accrued expenses	11.1	<b>3,963,771</b>	3,782,410
Provision for Infrastructure Cess	11.2	<b>4,726,313</b>	4,291,707
Provision for government levies		<b>3,765</b>	3,094
Short-term compensated absences		<b>22,170</b>	25,574
Workers' Profit Participation Fund		<b>228,106</b>	277,336
Workers' Welfare Fund	11.3	<b>339,765</b>	389,776
Current portion of deferred income - government grant		<b>39,057</b>	38,632
Others		<b>319,416</b>	148,435
		<b>16,909,258</b>	15,023,742

**11.1** These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 1,584.7 million (June 30, 2023: Rs. 1,344.48 million) and also a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 843.31 million (June 30, 2023: Rs. 843.22 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. 4,934.5 million (June 30, 2023: Rs. 4,250 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.

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

For the six months ended December 31, 2023

- 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.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
<b>12. SHORT-TERM BORROWINGS - secured</b>		----- (Rupees in '000) -----	
<b>CONVENTIONAL</b>			
Running finance under mark-up arrangement from banks	12.1	<b>1,033,367</b>	1,416,708
Short-term borrowing under Money Market Scheme maturing within three months	12.1	<b>475,000</b>	2,326,191
Short-term borrowing under Export Refinance Scheme	12.2	<b>3,997,000</b>	5,351,000
Short-term borrowing under Export Finance Scheme	12.3	<b>703,131</b>	207,463
Invoice Financing Liability		-	239,139
<b>ISLAMIC</b>			
Short-term borrowing under Running Musharakah maturing within three months		<b>424,425</b>	925,000
Short-term borrowing under Running Musharakah maturing within three months	12.4	-	376,029
Short-term borrowing under Export Refinance Scheme		<b>130,000</b>	200,000
		<b><u>6,762,923</u></b>	<b><u>11,041,530</u></b>

- 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 22.15% to 23.14% (June 30, 2023: 21.18% to 22.63%) per annum. The rates of mark-up on these finances obtained by ISL range from 22.32% to 23.01% (June 30, 2023: 11.95% to 14.61%) per annum. The rates of mark-up on these finances obtained by IIL Australia is NIL (June 30, 2023: 21.75% to 22.20%) 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 19.00% (June 30, 2023: 12.50% to 18.00%) per annum. The rates of mark-up on these facilities obtained by ISL range from 19.00% (June 30, 2023: 16.50% to 17.75%) per annum. These facilities mature within six months and are renewable.
- 12.3** The Company has obtained short-term finance under Export Finance Scheme (Post Discount) of the State Bank of Pakistan from commercial banks. The rate of mark-up on these facilities is 2.00% to 3.00% (June 30, 2023: 2.00% to 2.50%) per annum. These facilities mature within six months.

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

For the six months ended December 31, 2023

- 12.4** 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 22.51% to 23.06% (June 30, 2023: 21.41% to 22.38%) per annum. The rates of profit on these finances obtained by ISL range from 22.37% to 23.11% (June 30, 2023: 22.18% to 22.48%) per annum.
- 12.5** As at December 31, 2023, the unavailed facilities from above borrowings for the Holding Company amounted to Rs. 14,785 million (June 30, 2023: Rs. 12,224 million) and for ISL amounted to Rs. 24,210 million (June 30, 2023: Rs. 25,826 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, 2023 except as discussed below.

##### Holding Company

- 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, at the hearing on September 9, 2022 adjourned the matter for a later date.
- 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, 2023: Rs. 664.7 million). The SHC has dismissed our petitions. The Company preferred appeals before the Supreme Court against all such dismissal orders by the SHC.

#### 13.2 Commitments

##### Holding Company and ISL

- 13.2.1** Capital expenditure commitments outstanding as at December 31, 2023 amounted to Rs. NIL (June 30, 2023: Rs. 183.42 million).
- 13.2.2** Commitments under letters of credit for raw materials and stores and spares as at December 31, 2023 amounted to Rs. 16,273.9 million (June 30, 2023: Rs. 9,753.07 million).

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

For the six months ended December 31, 2023

- 13.2.3** Facilities for opening letters of credit and guarantees from banks as at December 31, 2023 amounted to Rs. 53,630 million (June 30, 2023: Rs. 53,100 million) and Rs. 13,299 million (June 30, 2023: Rs. 11,334 million) respectively, of which the unutilised balance at period-end amounted to Rs. 37,356 million (June 30, 2023: Rs. 43,163 million) and Rs. 1,462 million (June 30, 2023: Rs. 7,872 million) respectively.

### Holding Company

- 13.2.4** Commitments under purchase contracts as at December 31, 2023 amounted to Rs. 543 million (June 30, 2023: Rs. 832.20 million).

	(Un-audited)			
	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
----- (Rupees in '000) -----				
<b>14. REVENUE FROM CONTRACTS WITH CUSTOMERS</b>				
Sale of goods less returns				
Local	<b>52,699,591</b>	44,281,067	<b>25,042,171</b>	25,212,667
Sales tax	<b>(7,917,091)</b>	(6,420,507)	<b>(3,777,845)</b>	(3,647,141)
Trade discounts	<b>(2,003,049)</b>	(908,931)	<b>(822,692)</b>	(355,295)
	<b>42,779,451</b>	36,951,629	<b>20,441,634</b>	21,210,231
Export	<b>11,573,585</b>	8,792,450	<b>6,754,614</b>	2,188,964
Export commission & discounts	<b>(15,129)</b>	(301,790)	<b>(11,479)</b>	(300,237)
	<b>11,558,456</b>	8,490,660	<b>6,743,135</b>	1,888,727
	<b>54,337,907</b>	45,442,289	<b>27,184,769</b>	23,098,958
<b>15. INCOME TAX EXPENSE</b>				
Current	<b>1,814,979</b>	600,466	<b>931,300</b>	59,497
Prior	<b>(27,940)</b>	-	<b>(39,801)</b>	-
Deferred	<b>(141,537)</b>	50	<b>(239,211)</b>	(25,635)
	<b>1,645,502</b>	600,516	<b>652,288</b>	33,862

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

For the six months ended December 31, 2023

		(Un-audited)	
		Six months ended	
		December 31, 2023	December 31, 2022
		----- (Rupees in '000) -----	
<b>16.</b>	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit before income tax	4,119,948	727,751
	Add / (less): adjustments for non-cash charges and other items		
	Depreciation of property, plant and equipment	1,270,850	1,065,238
	Depreciation of right-of-use assets	5,399	81
	Amortisation of intangible assets	765	763
	Charge of loss allowance on trade debts	49,055	2,417
	Provision / (reversal) for obsolescence against stores and spares	42,802	(39,848)
	Provision for staff retirement benefits	55,228	43,843
	Provision for compensated absences	12,967	15,515
	Income on bank deposits	(201,091)	(12,645)
	Gain on disposal of property, plant and equipment	(19,092)	(31,097)
	Loss / (gain) on remeasurement of Gas Infrastructure Development Cess	7,090	(13,391)
	Share of profit from associated company	(58,081)	(44,740)
	Government grant income	(19,721)	(22,146)
	Unwinding of Gas Infrastructure Development Cess	41,304	50,643
	Finance cost	1,161,539	2,532,168
		<u>6,468,962</u>	<u>4,274,552</u>
	Changes in working capital	16.1 <u>3,788,975</u>	<u>11,464,108</u>
		<u>10,257,937</u>	<u>15,738,660</u>
<b>16.1</b>	<b>Changes in working capital</b>		
	(Increase) / decrease in current assets:		
	Stores and spares	75,123	(41,825)
	Stock-in-trade	3,019,681	10,519,972
	Trade debts	(1,459,945)	1,995,366
	Advances, trade deposits and prepayments	(112,078)	(4,647,484)
	Other receivables	12,632	92,837
	Sale tax receivable	800,751	1,554,025
		<u>2,336,164</u>	<u>9,472,891</u>
	(Decrease) / increase in current liabilities:		
	Trade and other payables	1,648,482	916,395
	Sales tax payable	29,421	-
	Contract liabilities	(225,092)	1,074,822
		<u>3,788,975</u>	<u>11,464,108</u>
<b>17.</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and bank balances	2,583,356	2,668,796
	Running finance under mark-up arrangement from banks	(1,033,367)	(2,338,122)
	Short-term borrowing under Money Market scheme maturing within three months	(475,000)	(5,350,000)
	Short-term borrowing under Running Musharakah maturing within three months	(424,425)	(1,671,429)
	Term Musharakah maturing within three months	-	(250,000)
		<u>650,564</u>	<u>(6,940,755)</u>



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

For the six months ended December 31, 2023

## 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:

	(Un-audited)			
	Six months ended		Three months ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----			
<b>Associated companies</b>				
Sales	<b>2,721,139</b>	1,208,962	<b>2,033,313</b>	286,180
Purchases	<b>24,226,256</b>	13,515,900	<b>15,489,979</b>	3,880,725
Reimbursement of expenses	<b>11,082</b>	7,422	<b>2,082</b>	6,209
Insurance premium	-	2,161	-	886
Insurance claim	-	153	-	153
Rent income	<b>1,458</b>	1,448	<b>729</b>	724
Dividend received	<b>1,267</b>	39,601	-	-
Dividend paid	<b>98,694</b>	181,451	-	-
Registration and training	<b>1,467</b>	130	<b>537</b>	-
Subscription	<b>2,500</b>	2,500	-	-
Services	<b>722</b>	6,396	<b>36</b>	5,229
<b>Key management personnel</b>				
Remuneration and allowances	<b>415,132</b>	354,574	<b>179,778</b>	207,277
<b>Staff retirement funds</b>				
Contribution paid	<b>85,979</b>	63,047	<b>44,285</b>	36,187
<b>Non-executive directors</b>				
Directors' fee	<b>7,300</b>	8,025	<b>2,800</b>	4,325
Reimbursement of Chairman's expenses	-	1,650	-	-



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

For the six months ended December 31, 2023

## 19. SEGMENT REPORTING

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

### 19.1 Segment revenue and results

For the six months ended December 31, 2023	Steel coils & sheets	Steel pipes	Polymer pipes	Investment	Total
	----- (Rupees in '000) -----				
Revenue from contracts with customers					
Local	28,697,828	11,111,253	2,970,370	-	42,779,451
Exports	8,851,572	2,706,884	-	-	11,558,456
	<u>37,549,400</u>	<u>13,818,137</u>	<u>2,970,370</u>	-	<u>54,337,907</u>
Cost of sales	<u>(32,131,688)</u>	<u>(12,453,893)</u>	<u>(1,920,753)</u>	-	<u>(46,506,334)</u>
Gross profit	5,417,712	1,364,244	1,049,617	-	7,831,573
Selling and distribution expenses	(941,675)	(678,031)	(62,881)	-	(1,682,587)
Administrative expenses	(235,962)	(226,663)	(16,869)	-	(479,494)
Charge of loss allowance on trade debts	-	(8,249)	(40,806)	-	(49,055)
	(1,177,637)	(912,943)	(120,556)	-	(2,211,136)
Finance cost	(369,720)	(684,847)	(148,276)	-	(1,202,843)
Other operating charges	(398,524)	(8,031)	(54,655)	-	(461,210)
	(768,244)	(692,878)	(202,931)	-	(1,664,053)
Other income	143,651	(38,168)	-	-	105,483
Share of profit in equity accounted investee	-	-	-	58,081	58,081
Profit / (loss) income before income tax	<u>3,615,482</u>	<u>(279,745)</u>	<u>726,130</u>	<u>58,081</u>	<u>4,119,948</u>
Income tax expense					(1,645,502)
Profit after tax for the period					<u><u>2,474,446</u></u>
<b>For the six months ended December 31, 2022</b>					
reversal 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)
	(296,246)	(1,030,291)	(32,777)	-	(1,359,314)
Finance cost	(1,649,956)	(808,982)	(123,873)	-	(2,582,811)
Other operating charges	(1,115,515)	(6,850)	-	-	(1,122,365)
	(2,765,471)	(815,832)	(123,873)	-	(3,705,176)
Other income	61,857	388,605	-	-	450,462
Share of profit in equity accounted investee	-	-	-	44,740	44,740
Profit before income tax	<u>90,386</u>	<u>386,571</u>	<u>206,054</u>	<u>44,740</u>	<u>727,751</u>
Income tax expense					(600,516)
Profit after tax for the period					<u><u>127,235</u></u>

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

For the six months ended December 31, 2023

	Steel coils & sheets	Steel pipes	Polymer pipes	Investments	Total
	----- (Rupees in '000) -----				
<b>19.2 Segment assets and liabilities</b>					
<b>As at December 31, 2023</b>					
<b>Un-audited</b>					
Segment assets	<u>43,731,644</u>	<u>23,645,152</u>	<u>3,218,780</u>	<u>1,887,699</u>	<u>72,483,275</u>
Segment liabilities	<u>20,859,381</u>	<u>10,648,769</u>	<u>1,098,189</u>	<u>-</u>	<u>32,606,339</u>
<b>As at June 30, 2023 - Audited</b>					
Segment assets	<u>42,063,322</u>	<u>27,475,893</u>	<u>2,260,191</u>	<u>1,855,464</u>	<u>73,654,870</u>
Segment liabilities	<u>20,519,864</u>	<u>14,783,068</u>	<u>975,375</u>	<u>-</u>	<u>36,278,307</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, 2023	(Audited) June 30, 2023
	----- (Rupees in '000) -----	
Total for reportable segments assets	<u>72,483,275</u>	73,654,870
Unallocated assets	<u>989,230</u>	1,716,969
Total assets as per Consolidated Condensed Interim Statement of Financial Position	<u>73,472,505</u>	<u>75,371,839</u>
Total for reportable segments liabilities	<u>32,606,339</u>	36,278,307
Unallocated liabilities	<u>3,942,682</u>	3,827,625
Total liabilities as per Consolidated Condensed Interim Statement of Financial Position	<u>36,549,021</u>	<u>40,105,932</u>

## 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. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Holding Company, in their meeting held on January 30, 2024, has declared an interim cash dividend of Rs. 2.00 (December 31, 2022: Nil) per share for the year ending June 30, 2024 amounting to Rs. 263.76 million (December 31, 2022: Nil). The unconsolidated condensed interim financial statements do not include the effect of above interim dividend which will be accounted for in the subsequent period.

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

For the six months ended December 31, 2023

The Board of Directors of ISL in their meeting held on January 29, 2024 has declared an interim cash dividend of Rs. 2.50 (December 31, 2022: Nil) per share for the year ending June 30, 2024 amounting to Rs. 1,087.5 million (December 31, 2022: Nil). The condensed interim financial statements do not include the effect of above interim dividend which will be accounted for in the subsequent period.

### 22. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were approved and authorised for issue on January 30, 2024 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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