

CUSTOMER FIRST



Promising Reliability, For Now and Tomorrow

Unaudited Financial Statements

for the six months ended December 31, 2021





International Industries Limited

Company Information

Chairman (Non-Executive)

Mr. Mustapha A. Chinoy

Independent Directors

Mr. Adnan Afridi

Mr. Asif Jooma

Mr. Haider Rashid (appointed on January 24, 2022)

Mr. Jehangir Shah

Mr. Mansur Nur Khan

Non-Executive Directors

Mr. Azam Faruque

Mr. Kamal A. Chinoy

Mrs. Saadia S. Rashid

Chief Executive Officer

Mr. Sohail R. Bhojani

Chief Financial Officer

Mr. Muhammad Akhtar

Company Secretary & Head of Legal Affairs

Mr. Mohammad Irfan Bhatti

Group Chief Internal Auditor

Ms. Asema Tapal

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

Fax: +9221-35680373

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, Fax: +9242-37220384

E-Mail: lahore@iil.com.pk

Islamabad Office

Office no. 303-A, 3rd Floor, Evacuee Trust Complex,
Sir Aga Khan Road, Sector F-5/1, Islamabad, Pakistan
Telephone: +9251-2524650, +9251-4864601-2

Multan Office

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

Faisalabad Office

Office No.1/1, Wahab Centre,
Electrocity Plaza, Susan Road, Faisalabad, Pakistan
Telephone: +9241-8720037

Peshawar Office

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

IIL Australia Pty Limited

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

IIL Americas Inc.

36, Gerigs Street, Scarborough,
Toronto, ON M1L 0B9, Canada
Website: www.iilamericas.com

IIL Construction Solutions (Pvt.) Ltd.

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

Factories

Factory 1

LX 15-16, Landhi Industrial Area,
Karachi – 75120, Pakistan
Telephone: +9221-35080451-55
Fax: +9221-35082403, E-mail: factory@iil.com.pk

Factory 2

Survey # 405 & 406, Rehri Road,
Landhi, Karachi – 75160, Pakistan
Telephone: +9221-35017026-28, 35017030
Fax: +9221-35013108

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, 2021

The Directors of your Company are pleased to present the financial statements for the half-year ended 31st December, 2021.

The Company maintains unstinting focus on the physical wellbeing of its staff and other stakeholders; consequently, we have a program to ensure that all employees are vaccinated for COVID-19 and adherence to SOPs is ensured.

Unconsolidated sales revenue for the period under review stood at Rs. 18.2 Bn, which is 37% higher than the same period last year. Domestic sales revenue increased 21%, driven primarily by high international steel prices. This more than offset a contraction in domestic sales volumes, which were impacted by lower activity in the commercial market as well as the institutional customers against the backdrop of macroeconomic challenges. Export sales revenue was up 115% and volumes grew by 24% compared to the same period last year. This trend is likely to continue as our export order book remains healthy and our overseas subsidiaries continue to strive to expand their footprint and acquire new customers in Australia and North America.

Polymer segment sales revenue remained unchanged from same period last year at Rs. 1.5 Bn. Sales volume was lower than same period last year by 15% because institutional interest in the gas distribution segment remained visibly absent. The installation of our production infrastructure for uPVC pipes and fittings is underway with commissioning expected later this year, which is likely to add fresh impetus to the Polymer segment from Q1 of FY23.

The unconsolidated Profit after Tax (PAT) for the period under review was Rs. 1.85 Bn (EPS Rs. 14.08), compared to Rs. 1.11 Bn (EPS Rs. 8.44) during same period last year. This includes significant dividend income from our subsidiary and associate companies.

Our largest subsidiary, International Steels Limited (ISL) reported Sales Revenue of Rs. 43.3 Bn which was up 29% from Rs. 33.5 Bn in the same period last year. Profit after Tax (PAT) of Rs. 4.2 Bn (EPS Rs. 9.71) was up 52% from Rs. 2.7 Bn (EPS Rs. 6.38) during the same period last year.

The Group earned a consolidated PAT of Rs. 3.9 Bn which was same as same period last year. EPS attributable to shareholders of the holding company was Rs. 16.54, compared to Rs. 20.13 for the same period last year.

The post-lockdown economic recovery in Pakistan has been adversely affected by high international commodity prices, soaring energy prices and subsequent shortages and higher resultant inflation which continues to affect local consumers and industry. This has been exacerbated by geopolitical and macroeconomic uncertainties, which will affect business confidence. A sluggish demand, weaker PKR and rising cost of borrowing will also pose significant challenges for businesses and the economy. The Company is well poised to focus strongly on operational efficiencies and optimizing its internal processes and structures to navigate through what are expected to be challenging times over the next few months.

We extend our gratitude to all stakeholders for their continued support and look forward to a productive second half of FY22.

For & on behalf of

International Industries Limited



Mustapha A. Chinoy
Chairman

Karachi.
February 3, 2022

ڈائریکٹرز کی رپورٹ

برائے ششماہی ختمہ 31 دسمبر 2021

آپ کی کمپنی کے ڈائریکٹرز مالیاتی اسٹیٹمنٹس برائے ششماہی ختمہ 31 دسمبر 2021 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ کمپنی اپنے اسٹاف اور دیگر اسٹیک ہولڈرز کی صحت پر بھرپور توجہ رکھتی ہے اور اس سلسلے میں ہم نے اس بات کو یقینی بنایا ہے کہ تمام ملازمین کو کووڈ-19 سے متعلق ویکسین لگائی جا چکی ہے اور سب لوگ SOPs پر پوری طرح عمل کر رہے ہیں۔

زیر جائزہ مدت کے دوران میں غیر مجموعی سیلز آمدنی 18.2 بلین روپے حاصل ہوئی جو گزشتہ سال کی اسی مدت کی آمدنی سے 37% زیادہ ہے۔ مقامی سیلز کی آمدنی میں 21% اضافہ ہوا، جو بنیادی طور پر بین الاقوامی اسٹیل کی قیمتوں کے زیادہ ہونے کے سبب ہوا۔ یہ مقامی طور پر سیلز کے حجم کے سکڑ جانے سے زیادہ ہے جو کمرشل مارکیٹ کی محدود سرگرمیوں اور میکرو اکنامک چیلنجز کے پس منظر میں اداراتی صارفین کی طلب میں کمی سے پیدا ہوا تھا۔ برآمدی سیلز کی آمدنی میں 115% اضافہ ریکارڈ کیا گیا اور اس کے حجم میں گزشتہ سال کی اسی مدت کے مقابلے میں 24% اضافہ دیکھنے میں آیا۔ اس رجحان کے جاری رہنے کی توقع ہے کیونکہ ہماری برآمدات کی آرڈر بک بھی بھری ہوئی ہے اور سمندر پار ہمارے ذیلی ادارے بھی مارکیٹ میں زیادہ سے زیادہ جگہ بنانے اور آسٹریلیا اور شمالی امریکہ سے نئے صارفین کے حصول کیلئے مسلسل کوشاں ہیں۔

پولیمیر کے شعبہ کی سیلز کی آمدنی گزشتہ سال کی اسی مدت کی 1.5 بلین روپے کی آمدنی کے برابر رہی، تاہم سیلز کا حجم گزشتہ سال کے اسی عرصے کے مقابلے میں 15% کم رہا کیونکہ اداروں کی گیس ڈسٹری بیوشن کے شعبہ نے واضح طور پر عدم دلچسپی کا اظہار کیا۔ uPVC پائپس اور فٹنگز کیلئے ہمارے پروڈکشن انفراسٹرکچر کی تنصیب ابھی زیر تکمیل ہے اور توقع ہے کہ یہ اس سال کے آخر تک کام شروع کر دے گا، جس کے ذریعے مالی سال 23 کی پہلی سہ ماہی میں پولیمیر کے شعبہ میں تازہ کھیپ کا اضافہ ہو جائے گا۔

زیر جائزہ مدت کیلئے بعد از ٹیکس غیر مجموعی منافع (PAT) 1.85 بلین روپے (فی شیئر آمدنی 14.08 روپے) رہا جب کہ اس کے مقابلے میں گزشتہ سال کی اسی مدت میں 1.11 بلین روپے (فی شیئر آمدنی 8.44 روپے) تھا۔ اس سال اس میں ہماری ذیلی اور ایسوسی ایٹڈ کمپنیز کی طرف سے حاصل شدہ ڈیویڈنڈ کی نمایاں آمدنی شامل تھی۔

ہماری سب سے بڑی ذیلی کمپنی انٹرنیشنل اسٹیلز لمیٹڈ (ISL) نے سیلز کی آمدنی 43.3 بلین روپے ریکارڈ ہوئی جو کہ گزشتہ سال کی اسی مدت کی آمدنی 33.5 بلین روپے سے 29% زیادہ ہے۔ بعد از ٹیکس منافع (PAT)، 4.2 بلین روپے (فی شیئر آمدنی 9.71 روپے) رہا جو گزشتہ سال کی اسی مدت کے 2.7 بلین روپے (فی شیئر آمدنی 6.38 روپے) سے 52% زیادہ ہے۔

ڈائریکٹرز کی رپورٹ

برائے ششماہی ختمہ 31 دسمبر 2021

گروپ کو مجموعی بعد از ٹیکس منافع 3.9 بلین روپے حاصل ہوا جو گزشتہ سال کی اسی مدت کے برابر ہے۔ ہولڈنگ کمپنی کے شیئر ہولڈرز کو فی شیئر 16.14 روپے آمدنی حاصل ہوئی جب کہ گزشتہ اسی مدت کیلئے 20.13 روپے حاصل ہوئی تھی۔

لاک ڈاؤن کے بعد پاکستان میں معاشی بحالی پر بین الاقوامی اشیاء کی زیادہ قیمتوں، توانائی کی بڑھتی ہوئی قیمتوں اور اس کے بعد ان کی قلت اور زیادہ نتیجہ خیز افراط زر سے الٹا اثر پڑا جو مقامی صارفین اور صنعت پر جاری رہے گا۔ اس میں جیو پلٹیکل اور میکرو اکنامک کی غیر یقینی کیفیت سے مزید اضافہ ہوا ہے جو کاروباری اعتماد کو متاثر کر رہا ہے۔ پاکستانی روپے کی سست روی اور قرضہ جات کے حصول کی بڑھتی ہوئی قیمت کے سبب کاروباروں اور معیشت کو نمایاں چیلنجز کا سامنا ہے۔ کمپنی کاروباری عمل کی استعداد اور اپنے اندرونی پروسیسز اور اسٹرکچر پر بھرپور توجہ دے رہی ہے تاکہ آنے والے چند ماہ میں سامنے آنے والے متوقع چیلنجز سے مقابلہ کرنے کیلئے تیار رہے۔

ہم تمام اسٹیک ہولڈرز کے مسلسل تعاون پر ان کے شکر گزار ہیں اور مالی سال 2022 کی دوسری ششماہی کے نتیجہ خیز ہونے کے منتظر ہیں۔

برائے اور منجانب

انٹرنیشنل انڈسٹریز لمیٹڈ



مصطفیٰ اے چنائے

چیئر مین

کراچی

مورخہ 3 فروری 2022

Independent Auditor's Review Report



A.F. FERGUSON & CO.

To the members of International Industries Limited

Report on the review of Interim Financial Statements

Introduction

We have reviewed the accompanying Unconsolidated Condensed Interim Statement of Financial Position of International Industries Limited as at December 31, 2021 and the related Unconsolidated Condensed Interim Statement of Profit or Loss, Unconsolidated Condensed Interim Statement of Comprehensive Income, Unconsolidated Condensed Interim Statement of Changes in Equity, Unconsolidated Condensed Interim Statement of Cash Flows, and Notes to the Financial Statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). The management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the Unconsolidated Condensed Interim Statement of Profit or loss, and Unconsolidated Condensed Interim Statement of Comprehensive Income for the quarters ended December 31, 2021 and December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2021.

Scope of Review

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

Conclusion

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

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



Chartered Accountants
Karachi

Date: February 18, 2022

UDIN: RR202110073s8E0Q6aG1

UNCONSOLIDATED **CONDENSED INTERIM FINANCIAL STATEMENTS**

Unconsolidated Condensed Interim Statement of Financial Position

As at December 31, 2021

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	7,692,560	7,480,309
Intangible assets		2,725	1,608
Investments	6	3,372,515	3,372,515
Long term deposits		1,653	1,653
Deferred taxation - net		282,956	277,977
		<u>11,352,409</u>	<u>11,134,062</u>
CURRENT ASSETS			
Stores and spares		286,613	221,945
Stock-in-trade	7	13,361,708	11,923,524
Trade debts		8,412,074	5,138,171
Advances, trade deposits and prepayments		247,439	84,477
Other receivables		8,037	26,974
Sales tax receivable		97,325	188,818
Cash and bank balances		103,038	73,489
		<u>22,516,234</u>	<u>17,657,398</u>
TOTAL ASSETS		<u>33,868,643</u>	<u>28,791,460</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid-up capital		1,318,819	1,318,819
Revenue reserves			
General reserve		2,700,036	2,700,036
Unappropriated profit		5,444,766	4,419,169
Capital reserve			
Revaluation surplus on property, plant and equipment		3,047,087	3,060,499
TOTAL SHAREHOLDERS' EQUITY		<u>12,510,708</u>	<u>11,498,523</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long - term financing - secured	8	1,864,925	2,072,610
Deferred income - government grant		53,153	27,185
Gas Infrastructure Development Cess	9	160,707	202,820
Staff retirement benefits		127,296	115,338
		<u>2,206,081</u>	<u>2,417,953</u>
CURRENT LIABILITIES			
Trade and other payables	10	3,626,699	3,097,257
Contract liabilities		390,449	170,745
Short - term borrowings - secured	11	13,249,636	10,181,491
Unclaimed dividend		38,366	35,889
Current portion of long - term financing - secured	8	1,141,330	888,720
Taxation - net		547,215	447,376
Accrued mark-up		158,159	53,506
		<u>19,151,854</u>	<u>14,874,984</u>
TOTAL LIABILITIES		<u>21,357,935</u>	<u>17,292,937</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		<u>33,868,643</u>	<u>28,791,460</u>

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



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

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

For the six months ended December 31, 2021

		Six months ended		Three months ended	
	Note	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- (Rupees in '000) -----					
Revenue from contracts with customers	13	18,225,243	13,274,380	9,366,222	7,880,490
Cost of sales		(16,119,740)	(11,473,992)	(8,454,231)	(6,553,253)
Gross profit		2,105,503	1,800,388	911,991	1,327,237
Selling and distribution expenses		(1,148,096)	(580,312)	(585,981)	(370,106)
Administrative expenses		(149,240)	(126,359)	(66,887)	(65,191)
Reversal of loss allowance on trade debts		962	31,339	962	31,339
		(1,296,374)	(675,332)	(651,906)	(403,958)
Operating profit		809,129	1,125,056	260,085	923,279
Finance cost		(471,591)	(347,988)	(239,876)	(184,354)
Other operating charges		(51,233)	(99,347)	(9,005)	(85,868)
		(522,824)	(447,335)	(248,881)	(270,222)
Other income	14	2,058,891	286,535	137,357	163,892
Profit before income tax		2,345,196	964,256	148,561	816,949
Income tax (expense) / credit	15	(487,786)	148,906	(52,741)	225,368
Profit after tax for the period		1,857,410	1,113,162	95,820	1,042,317
Earnings per share					
- basic and diluted (Rupees)		14.08	8.44	0.73	7.90

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



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

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

For the six months ended December 31, 2021

	Six months ended		Three months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Profit after tax for the period	1,857,410	1,113,162	95,820	1,042,317
Other comprehensive income / (loss)				
Items that will not be subsequently reclassified to Statement of Profit or Loss				
Remeasurement of staff retirement benefits				
Adjustment related to opening deferred tax balance	(2,337)	(576)	(83)	(576)
Related deferred tax charge for the period	-	(12,138)	-	(12,138)
	(2,337)	(12,714)	(83)	(12,714)
Surplus on revaluation of land and buildings				
Adjustment related to opening deferred tax balance	14,344	5,081	510	5,081
Other comprehensive income / (loss) for the period - net of tax	12,007	(7,633)	427	(7,633)
Total comprehensive income for the period	1,869,417	1,105,529	96,247	1,034,684

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



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

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

For the six months ended December 31, 2021

	Issued, subscribed and paid-up capital	Revenue Reserves General reserve	Unappropriated profit	Capital Reserve Revaluation surplus on property, plant and equipment	Total
	(Rupees in '000)				
Balance as at July 1, 2020	1,318,819	2,700,036	2,554,370	2,372,304	8,945,529
Profit for the period	-	-	1,113,162	-	1,113,162
Other comprehensive loss for the period	-	-	(7,633)	-	(7,633)
Total comprehensive income for the period	-	-	1,105,529	-	1,105,529
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	31,938	(31,938)	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	327	(327)	-
Balance as at December 31, 2020	1,318,819	2,700,036	3,692,164	2,340,039	10,051,058
Balance as at July 1, 2021	1,318,819	2,700,036	4,419,169	3,060,499	11,498,523
Profit for the period	-	-	1,857,410	-	1,857,410
Other comprehensive income/(loss) for the period	-	-	(2,337)	14,344	12,007
Total comprehensive income for the period	-	-	1,855,073	14,344	1,869,417
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	26,931	(26,931)	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	825	(825)	-
Transactions with owners recorded directly in equity - distributions					
Dividend:					
- Final dividend for the year ended June 30, 2021	-	-	(857,232)	-	(857,232)
Balance as at December 31, 2021	1,318,819	2,700,036	5,444,766	3,047,087	12,510,708

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



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

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

For the six months ended December 31, 2021

Note	Six months ended	
	December 31, 2021 (Rupees in '000)	December 31, 2020
16	(2,837,660)	629,124
	-	2,476
	(356,601)	(297,298)
	296	510
	(11,956)	(69,800)
	(5,581)	-
	(380,919)	(63,235)
	<u>(3,592,421)</u>	<u>201,777</u>
5	(470,180)	(67,445)
	(1,457)	-
	33,799	30,022
	1,764,129	-
	1,326,291	(37,423)
	307,954	1,352,886
	(225,665)	(184,545)
	1,078,790	1,933,854
	(854,755)	(10,878)
	306,324	3,091,317
	<u>(1,959,806)</u>	<u>3,255,671</u>
	(8,653,002)	(6,479,988)
17	<u>(10,612,808)</u>	<u>(3,224,317)</u>

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



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

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

For the six months ended December 31, 2021

1. STATUS AND NATURE OF BUSINESS

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

The manufacturing facilities of the Company are situated as follows;

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

The sales offices of the Company are situated as follows:

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

For the six months ended December 31, 2021

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, 2021.

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, 2021, 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, 2020.

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 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, 2021.

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, 2021. 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, 2022. 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.

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

For the six months ended December 31, 2021

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, 2021.
- 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, 2021.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work- in-progress (including capital stores and spares)	Total
	----- (Rupees in '000) -----		
Cost / revalued amount			
Balance at beginning of the period	11,012,706	41,020	11,053,726
Additions	-	470,180	470,180
Transfers	265,300	(265,300)	-
Disposals	(122,280)	-	(122,280)
	<u>11,155,726</u>	<u>245,900</u>	<u>11,401,626</u>
Accumulated depreciation			
Balance at beginning of the period	(3,573,417)	-	(3,573,417)
Charge for the period	(246,258)	-	(246,258)
Disposals	110,609	-	110,609
	<u>(3,709,066)</u>	<u>-</u>	<u>(3,709,066)</u>
Written down value			
as at December 31, 2021 (Un-audited)	<u>7,446,660</u>	<u>245,900</u>	<u>7,692,560</u>
Written down value			
as at June 30, 2021 (Audited)	<u>7,439,289</u>	<u>41,020</u>	<u>7,480,309</u>

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

For the six months ended December 31, 2021

6. INVESTMENTS

(Un-audited) December 31, 2021 (Number of shares)	(Audited) June 30, 2021		(Un-audited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
Quoted Companies				
245,055,543	245,055,543	International Steels Limited (ISL) - subsidiary company, at cost	2,450,555	2,450,555
6,092,470	6,092,470	Pakistan Cables Limited (PCL) - associated company, at cost	817,553	817,553
Un-quoted Companies				
150,000	150,000	IIL Americas Inc. (IIL Americas) - subsidiary company, at cost	17,966	17,966
100,000	100,000	IIL Australia Pty Limited (IIL Australia) - subsidiary company, at cost	9,168	9,168
7,727,270	7,727,270	IIL Construction Solutions (Private) Limited (IIL CSL) - subsidiary company, at cost	77,273	77,273
			3,372,515	3,372,515
		Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021

7. STOCK-IN-TRADE

Raw material - in hand	7.1	4,790,205	4,893,900
- in transit		2,640,513	1,622,101
		7,430,718	6,516,001
Work-in-process		1,666,483	1,444,729
Finished goods		4,035,856	3,908,988
By-products		67,949	11,040
Scrap material		160,702	42,766
		13,361,708	11,923,524

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

For the six months ended December 31, 2021

- 7.1** Raw material amounting to Rs. 10.5 million as at December 31, 2021 (June 30, 2021: Rs. 5.2 million) was held at a vendor's premises for the production of pipe caps.

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
8. LONG-TERM FINANCING - secured			
(Rupees in '000)			
CONVENTIONAL			
Long-Term Finance Facility (LTFF)	8.2	484,581	433,085
Long-term finance		1,665,961	1,581,818
Payroll Refinance Scheme	8.3	324,995	454,985
		2,475,537	2,469,888
ISLAMIC			
Diminishing Musharakah		250,000	318,182
Islamic Long-Term Finance Facility (ILTFF)	8.4	118,866	118,866
Islamic Temporary Economic Refinance Facility (ITERF)	8.5	234,628	105,959
		603,494	543,007
		3,079,031	3,012,895
Less: Deferred income - government grant		(72,776)	(51,565)
Less: Current portion of long-term financing:			
CONVENTIONAL			
Long-Term Finance Facility (LTFF)		(87,272)	(87,272)
Long-term finance		(645,454)	(395,454)
Payroll Refinance Scheme		(259,991)	(259,991)
		(992,717)	(742,717)
ISLAMIC			
Diminishing Musharakah		(136,364)	(136,364)
Islamic Long-Term Finance Facility (ILTFF)		(12,249)	(9,639)
		(148,613)	(146,003)
		(1,141,330)	(888,720)
		1,864,925	2,072,610

- 8.1** These facilities are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at Plot Number LX - 15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi.

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

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

For the six months ended December 31, 2021

- 8.2** This represents finance facility loan obtained from various banks under the State Bank of Pakistan (SBP) Long Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 8.3** This represents long-term loans obtained by the Company for financing its salaries and wages under SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.
- 8.4** This represents finance facility loan obtained from an Islamic bank under SBP's Islamic Long Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 8.5** This represents long-term loans obtained by the Company under SBP's Islamic Temporary Economic Refinance Facility available from various Islamic banks at below - market interest rates.

9. GAS INFRASTRUCTURE DEVELOPMENT CESS

Supreme Court of Pakistan (SCP) has decided the appeal against consumers upholding the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act) through its judgement dated August 13, 2020. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act in complete sense and the benefits 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 Company has also filed a civil suit before Sindh High Court (SHC) on the ground that the Company has not passed on the burden of the Cess. A stay order was granted in the aforesaid suit, which is operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the Federal Government did not initiate the gas project within six months. Therefore, during the prior financial year, the Company has filed a petition with the SHC challenging the decision of the SCP.

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
10. TRADE AND OTHER PAYABLES			
		(Rupees in '000)	
Trade creditors		194,264	196,080
Bills payable		1,147,809	826,378
Accrued expenses	10.1	1,333,559	1,211,273
Provision for Infrastructure Cess	10.2	778,488	663,983
Short-term compensated absences		11,250	6,750
Workers' Profit Participation Fund		30,997	7,065
Workers' Welfare Fund	10.3	103,244	127,956
Current portion of deferred income			
- government grant		19,623	24,380
Payable to Provident Fund		-	4,898
Others		7,465	28,494
		3,626,699	3,097,257

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

For the six months ended December 31, 2021

10.1 These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 157.9 million (June 30, 2021: Rs. 115.4 million) and a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 109.5 million (June 30, 2021: Rs. 99.93 million).

10.2 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. 907 million (June 30, 2021: Rs. 780 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 prudence. Subsequently through the Sindh Finance Act 2015 and 2016, the legislation has doubled the rate of Sindh infrastructure cess. The Company had obtained a stay against this and the ultimate dispute had been linked with the previous infrastructure cess case.

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

On September 1, 2021, the SCP granted a stay order against the operation of the order of SHC dated June 4, 2021, that the bank guarantees already submitted by the Company in pursuant to the order of the High Court is 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.

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

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

For the six months ended December 31, 2021

	Note	(Un-audited) December 31, 2021 (Rupees in '000)	(Audited) June 30, 2021
11. SHORT - TERM BORROWINGS - secured			
CONVENTIONAL			
Running finance under mark-up arrangement from banks	11.1	3,776,854	267,156
Short - term borrowing under Money Market Scheme - maturing within three months	11.1	650,000	6,469,489
Short - term borrowing under Export Refinance Scheme	11.2	2,533,790	955,000
ISLAMIC			
Short - term borrowing under Money Market Scheme		-	1,422,000
Short - term borrowing under Running Musharakah	11.3	6,288,992	567,846
Short - term borrowing under Export Refinance Scheme		-	500,000
		<u>13,249,636</u>	<u>10,181,491</u>
11.1	These facilities for short - term finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from 7.78% to 10.26% (June 30, 2021: 7.40% to 8.28%) per annum.		
11.2	The Company has obtained short - term running finance facility under Export Refinance Scheme of the SBP from commercial banks. The rate of mark-up on these facilities is 2.50% (June 30, 2021: 3.00%) per annum. These facilities mature within six months and are renewable.		
11.3	The Company has obtained facilities for short - term finance under Running Musharakah. The rate of profit is 7.78% to 8.18% (June 30, 2021: 7.42% to 7.99%) per annum.		
11.4	As at December 31, 2021, the unavailed facilities from the above borrowings amounted to Rs. 4,329 million (June 30, 2021: Rs. 6,028 million).		
11.5	The above facilities are secured by way of a joint pari passu charge and ranking charge over all current and future moveable assets of the Company.		

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

For the six months ended December 31, 2021

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

There have been no significant changes during the period in the contingencies reported in the annual audited financial statements for the year ended June 30, 2021 except as discussed below.

During the period, the Sindh High Court (SHC) vide its order dated October 12, 2021 has disposed off the case pertaining to sale of zinc wastages with directions to the Appellate Tribunal to decide the pending appeal within sixty days. The SHC further directed that the respondents shall not take any coercive action against the Company in respect of the impugned demand till the conclusion of the appeal. The case is still pending at the Appellate Tribunal despite the order of the SHC.

12.2 Commitments

12.2.1 Capital expenditure commitments outstanding as at December 31, 2021 amounted to Rs. 36.7 million (June 30, 2021: Rs. 177.6 million).

12.2.2 Commitments under letters of credit for raw materials and stores and spares as at December 31, 2021 amounted to Rs. 335.2 million (June 30, 2021: Rs. 3,047.5 million).

12.2.3 Commitments under purchase contracts as at December 31, 2021 amounted to Rs. 320.4 million (June 30, 2021: Rs. 99.1 million).

12.2.4 The facilities for opening letters of credit and guarantees from banks as at December 31, 2021 amounted to Rs. 11,825 million (June 30, 2021: Rs. 11,700 million) and Rs. 2,808 million (June 30, 2021: Rs. 2,550 million) respectively, of which the unutilised balance at period - end amounted to Rs. 11,458 million (June 30, 2021: Rs. 8,987 million) and Rs. 961 million (June 30, 2021: Rs. 810 million) respectively.

(Un-audited)			
Six months ended		Three months ended	
December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees in '000)			

13. REVENUE FROM CONTRACTS WITH CUSTOMERS

Sale of goods less returns

Local	16,717,577	13,567,943	8,590,818	8,125,917
Sales tax	(2,365,078)	(1,975,621)	(1,196,146)	(1,182,626)
Trade discounts	(1,089,099)	(624,181)	(595,569)	(382,792)
	13,263,400	10,968,141	6,799,103	6,560,499
Export	4,996,284	2,325,176	2,586,898	1,329,907
Export commission & discounts	(34,441)	(18,937)	(19,779)	(9,916)
	4,961,843	2,306,239	2,567,119	1,319,991
	18,225,243	13,274,380	9,366,222	7,880,490

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

For the six months ended December 31, 2021

14. OTHER INCOME

This includes dividend income from subsidiary and associated companies amounting to Rs. 1,764.1 million (December 31, 2020: Nil).

(Un-audited)			
Six months ended		Three months ended	
December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
(Rupees in '000)			

15. INCOME TAX (EXPENSE) / CREDIT

Current	(528,884)	(281,082)	(76,075)	(201,134)
Deferred	41,098	429,988	23,334	426,502
	<u>(487,786)</u>	<u>148,906</u>	<u>(52,741)</u>	<u>225,368</u>

16. CASH (USED IN) / GENERATED FROM OPERATIONS

		(Un-audited)	
		Six months ended	
	Note	December 31, 2021	December 31, 2020
(Rupees in '000)			
Profit before income tax		2,345,196	964,256
Add / (less): adjustment for non-cash charges and other items			
Depreciation of property, plant and equipment		246,258	263,910
Amortisation of intangible assets		340	111
Reversal of loss allowance on trade debts		(962)	(31,339)
Provision for staff retirement benefits		23,914	19,194
Provision for compensated absences		10,081	2,250
Income on bank deposits		(296)	(510)
Gain on disposal of property, plant and equipment		(22,128)	(18,957)
Gain on remeasurement of Gas Infrastructure Development Cess		(9,835)	(52,535)
Unwinding of Gas Infrastructure Development Cess		10,337	-
Dividend income		(1,764,129)	-
Government grant income		(16,153)	(13,125)
Finance cost		461,254	347,988
		<u>1,283,877</u>	<u>1,481,243</u>
Changes in working capital	16.1	<u>(4,121,537)</u>	<u>(852,119)</u>
		<u>(2,837,660)</u>	<u>629,124</u>

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

For the six months ended December 31, 2021

		(Un-audited)	
		Six months ended	
Note		December 31, 2021	December 31, 2020
		(Rupees in '000)	
16.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Store and spares	(64,668)	(452)
	Stock-in-trade	(1,438,184)	840,550
	Trade debts	(3,272,941)	(1,951,611)
	Advances, trade deposits and prepayments	(162,962)	(571,961)
	Other receivables	18,937	592
	Sales tax receivable	91,493	-
		(4,828,325)	(1,682,882)
	Increase in current liabilities:		
	Trade and other payables	487,084	397,943
	Sales tax payable	-	364,949
	Contract liabilities	219,704	67,871
		706,788	830,763
		(4,121,537)	(852,119)
17.	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	103,038	353,783
	Running finance under mark-up arrangement from banks	11 (3,776,854)	(1,155,300)
	Short-term borrowing under Money Market Scheme maturing within three months	11 (650,000)	(921,339)
	Short-term borrowing under Running Musharakah	11 (6,288,992)	(1,501,461)
		(10,612,808)	(3,224,317)

18. 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 the 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 six months ended December 31, 2021

18.1 Transactions with related parties

	Un-audited			
	Six months ended		Three months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Subsidiary companies				
Sales	4,155,408	1,041,356	2,096,462	622,648
Sale of vehicles	3,350	-	3,350	-
Purchases	3,658,473	471	2,663,152	13
Purchase of vehicles	2,350	-	2,350	-
Cost of shared resources	41,035	36,609	19,741	22,094
Reimbursement of expenses	3,166	9,610	2,098	8,668
Rental income	5,894	108,701	2,947	2,741
Dividend received	1,715,389	-	-	-
Associated companies				
Sales	4,863	287,183	4,863	219,818
Purchases	5,680	378	3,088	75
Purchase of vehicle	-	11,970	-	11,970
Reimbursement of expenses	329	302	160	150
Insurance premium	21,914	23,947	16,309	10,413
Insurance claim	1,107	29,061	500	4,051
Dividend received	48,740	-	-	-
Dividend paid	7,967	-	-	-
Donation	-	6,200	-	6,200
Subscription	2,000	2,163	-	5
Registration and training	3,093	21	3,078	21
Key management personnel				
Remuneration and allowances	232,395	133,640	72,436	66,820
Staff retirement funds				
Contribution paid	47,020	128,960	13,950	84,569
Non-executive directors				
Directors' fee	2,625	3,600	975	2,700
Reimbursement of Chairman's expenses	2,189	-	1,299	-

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

For the six months ended December 31, 2021

19. SEGMENT REPORTING

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

19.1 Segment revenue and results

	Steel segment	Polymer segment	Investments segment	Total
----- (Rupees in '000) -----				
For the six months ended December 31, 2021				
Revenue from contracts with customers				
Local	11,774,665	1,488,735	-	13,263,400
Exports	4,961,843	-	-	4,961,843
	<u>16,736,508</u>	<u>1,488,735</u>	<u>-</u>	<u>18,225,243</u>
Cost of sales	(14,714,365)	(1,405,375)	-	(16,119,740)
Gross profit	<u>2,022,143</u>	<u>83,360</u>	<u>-</u>	<u>2,105,503</u>
Selling and distribution expenses	(1,101,252)	(46,844)	-	(1,148,096)
Administrative expenses	(141,199)	(8,041)	-	(149,240)
Reversal of loss allowance on trade debts	962	-	-	962
	<u>(1,241,489)</u>	<u>(54,885)</u>	<u>-</u>	<u>(1,296,374)</u>
Finance cost	(433,069)	(38,522)	-	(471,591)
Other operating charges	(51,233)	-	-	(51,233)
	<u>(484,302)</u>	<u>(38,522)</u>	<u>-</u>	<u>(522,824)</u>
Other income	294,762	-	1,764,129	2,058,891
Profit / (loss) before income tax	<u>591,114</u>	<u>(10,047)</u>	<u>1,764,129</u>	<u>2,345,196</u>
Income tax expense				(487,786)
Profit after tax for the period				<u>1,857,410</u>
For the six months ended December 31, 2020				
Revenue from contracts with customers				
Local	9,498,908	1,469,233	-	10,968,141
Exports	2,302,322	3,917	-	2,306,239
	<u>11,801,230</u>	<u>1,473,150</u>	<u>-</u>	<u>13,274,380</u>
Cost of sales	(10,246,028)	(1,227,964)	-	(11,473,992)
Gross profit	<u>1,555,202</u>	<u>245,186</u>	<u>-</u>	<u>1,800,388</u>
Selling and distribution expenses	(545,989)	(34,323)	-	(580,312)
Administrative expenses	(119,004)	(7,355)	-	(126,359)
Reversal / (charge) of loss allowance on trade debts	37,752	(6,413)	-	31,339
	<u>(627,241)</u>	<u>(48,091)</u>	<u>-</u>	<u>(675,332)</u>
Finance cost	(324,028)	(23,960)	-	(347,988)
Other operating charges	(87,227)	(12,120)	-	(99,347)
	<u>(411,255)</u>	<u>(36,080)</u>	<u>-</u>	<u>(447,335)</u>
Other income	286,535	-	-	286,535
Profit before income tax	<u>803,241</u>	<u>161,015</u>	<u>-</u>	<u>964,256</u>
Income tax credit				148,906
Profit after tax for the period				<u>1,113,162</u>

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

For the six months ended December 31, 2021

19.2 Segment assets and liabilities

	Steel segment	Polymer segment	Investments segment	Total
	----- (Rupees in '000) -----			
As at December 31, 2021 - Un-audited				
Segment assets	<u>27,138,707</u>	<u>1,938,145</u>	<u>3,372,515</u>	<u>32,449,367</u>
Segment liabilities	<u>17,210,148</u>	<u>979,146</u>	<u>-</u>	<u>18,189,294</u>
As at June 30, 2021 - Audited				
Segment assets	<u>22,387,009</u>	<u>1,778,101</u>	<u>3,372,515</u>	<u>27,537,625</u>
Segment liabilities	<u>13,621,522</u>	<u>819,573</u>	<u>-</u>	<u>14,441,095</u>

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

	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	(Rupees in '000)	
Total reportable segments assets	32,449,367	27,537,625
Unallocated assets	1,419,276	1,253,835
Total assets as per Statement of Financial Position	<u>33,868,643</u>	<u>28,791,460</u>
Total reportable segments liabilities	18,189,294	14,441,095
Unallocated liabilities	3,168,641	2,851,842
Total liabilities as per Statement of Financial Position	<u>21,357,935</u>	<u>17,292,937</u>

20. NON-ADJUSTING EVENT AFTER REPORTING DATE


The Board of Directors of the Company, in their meeting held on February 3, 2022, have declared an interim cash dividend of Rs. 2.00 (December 31, 2020: Rs. 3.50) per share for the year ending June 30, 2022 amounting to Rs. 263.76 million (December 31, 2020: Rs. 461.59 million). The unconsolidated condensed interim financial statements do not include the effect of the aforementioned interim dividend which will be accounted for in the subsequent period.

21. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were approved and authorised for issue on February 3, 2022 by the Board of Directors of the Company.


Jehangir Shah
Director & Chairman
Board Audit Committee


Muhammad Akhtar
Chief Financial
Officer


Sohail R. Bhojani
Chief Executive
Officer

CONSOLIDATED **CONDENSED INTERIM FINANCIAL STATEMENTS**

Consolidated Condensed Interim Statement of Financial Position

As at December 31, 2021

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	26,983,531	26,706,486
Right-of-use assets		5,628	9,714
Intangible assets		3,454	2,493
Investment in equity accounted investee	6	1,161,408	1,132,235
Long-term deposits		1,843	1,835
		<u>28,155,864</u>	<u>27,852,763</u>
CURRENT ASSETS			
Stores and spares		1,131,589	898,627
Stock-in-trade	7	47,295,503	29,992,300
Trade debts		7,608,211	4,816,190
Advances, trade deposits and prepayments		541,888	2,020,014
Other receivables		30,560	62,376
Sales tax receivable		3,271,749	1,753,757
Cash and bank balances		727,582	635,590
		<u>60,607,082</u>	<u>40,178,854</u>
TOTAL ASSETS		<u><u>88,762,946</u></u>	<u><u>68,031,617</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Issued, subscribed and paid-up capital		1,318,819	1,318,819
Revenue reserves			
General reserve		2,991,258	2,991,258
Unappropriated profit		12,731,291	11,365,899
Exchange translation reserve		14,357	5,863
Capital reserve			
Revaluation surplus on property, plant and equipment		4,236,481	4,267,987
TOTAL SHAREHOLDERS' EQUITY		<u>21,292,206</u>	<u>19,949,826</u>
Non-controlling interest		8,664,511	8,247,364
		<u>29,956,717</u>	<u>28,197,190</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing - secured	8	5,028,028	5,803,471
Deferred income - government grant		166,772	28,203
Gas Infrastructure Development Cess	9	722,459	911,776
Staff retirement benefits		127,296	115,338
Deferred taxation - net		1,389,587	1,753,469
Lease liabilities		-	1,929
		<u>7,434,142</u>	<u>8,614,186</u>
CURRENT LIABILITIES			
Trade and other payables	10	13,338,669	9,658,752
Contract liabilities		1,665,847	1,457,763
Short-term borrowings - secured	11	31,993,118	16,977,836
Unclaimed dividend		38,366	35,889
Unclaimed dividend attributable to non-controlling interest (NCI)		13,534	8,798
Current portion of long-term financing - secured	8	2,646,706	2,351,155
Current portion of lease liabilities		6,874	11,068
Taxation - net		1,311,687	586,746
Accrued mark-up		357,286	132,234
		<u>51,372,087</u>	<u>31,220,241</u>
TOTAL LIABILITIES		<u>58,806,229</u>	<u>39,834,427</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	12	<u>88,762,946</u>	<u>68,031,617</u>

The annexed notes 1 to 20 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, 2021

		Six months ended		Three months ended	
	Note	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
----- (Rupees in '000) -----					
Revenue from contracts with customers	13	57,431,394	46,727,640	25,508,091	25,568,480
Cost of sales		(48,584,584)	(39,896,019)	(22,127,867)	(20,627,489)
Gross profit		8,846,810	6,831,621	3,380,224	4,940,991
Selling and distribution expenses		(1,643,728)	(861,486)	(869,417)	(541,386)
Administrative expenses		(330,136)	(288,741)	(156,484)	(162,120)
Reversal of loss allowance on trade debts		2,496	27,559	2,496	27,559
		(1,971,368)	(1,122,668)	(1,023,405)	(675,947)
Operating profit		6,875,442	5,708,953	2,356,819	4,265,044
Finance cost		(1,015,913)	(786,917)	(608,463)	(362,710)
Other operating charges		(636,594)	(455,515)	(313,861)	(373,218)
		(1,652,507)	(1,242,432)	(922,324)	(735,928)
Other income		448,307	479,331	286,779	405,579
Share of profit / (loss) in equity accounted investee		73,195	(23,234)	31,666	(7,454)
Profit before income tax		5,744,437	4,922,618	1,752,940	3,927,241
Income tax expense	14	(1,823,286)	(1,056,424)	(482,309)	(673,543)
Profit after tax for the period		3,921,151	3,866,194	1,270,631	3,253,698
Profit attributable to:					
- Owners of the Holding Company		2,181,799	2,655,236	668,197	2,286,459
- Non-controlling interest (NCI)		1,739,352	1,210,958	602,434	967,239
		3,921,151	3,866,194	1,270,631	3,253,698
----- (Rupees) -----					
Earnings per share - basic and diluted		16.54	20.13	5.07	17.34

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
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Officer

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

For the six months ended December 31, 2021

	Six months ended		Three months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Profit after tax for the period	3,921,151	3,866,194	1,270,631	3,253,698
Other comprehensive income / (loss)				
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	(2,337)	(576)	(83)	(576)
Related deferred tax for the period	-	(12,138)	-	(12,138)
	(2,337)	(12,174)	(83)	(12,174)
Surplus on revaluation of land and buildings				
Adjustment related to opening deferred tax balance on buildings	14,344	5,081	510	5,081
Items that will be subsequently reclassified to Consolidated Statement of Profit or Loss				
Foreign operations - foreign currency translation difference	8,494	1,506	6,646	1,162
Proportionate share of other comprehensive income / (loss) of equity accounted investee	4,233	4,072	(36)	630
Other comprehensive income / (loss) for the period	24,734	(2,055)	7,037	(5,841)
Total comprehensive income for the period	<u>3,945,885</u>	<u>3,864,139</u>	<u>1,277,668</u>	<u>3,247,857</u>
Total comprehensive income attributable to:				
- Owners of the Holding Company	2,206,533	2,653,181	675,234	2,280,618
- Non-controlling interest (NCI)	1,739,352	1,210,958	602,434	967,239
	<u>3,945,885</u>	<u>3,864,139</u>	<u>1,277,668</u>	<u>3,247,857</u>

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.



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

For the six months ended December 31, 2021

	Attributable to owners of the Holding Company						Non-controlling interest	Total equity	
	Issued, subscribed and paid-up capital	Revenue reserves				Capital reserve Revaluation surplus on property, plant and equipment			Total
		General reserve	Unappropriated profit	Exchange translation reserves	Total revenue reserves				
	(Rupees in '000)								
Balance as at July 1, 2020	1,318,819	2,991,258	6,411,432	4,565	9,407,255	3,616,039	14,342,113	5,466,668	19,808,781
Profit for the period	-	-	2,655,236	-	2,655,236	-	2,655,236	1,210,958	3,866,194
Other comprehensive (loss) / income for the period	-	-	(8,642)	1,506	(7,136)	5,081	(2,055)	-	(2,055)
Total comprehensive income for the period	-	-	2,646,594	1,506	2,648,100	5,081	2,653,181	1,210,958	3,864,139
Transferred from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	41,492	-	41,492	(48,898)	(7,406)	7,406	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	327	-	327	(327)	-	-	-
Proportionate share of revaluation surplus on property, plant and equipment - PCL	-	-	-	-	-	(1,161)	(1,161)	-	(1,161)
Proportionate share / reclassification of surplus on revaluation of property, plant and equipment - NCI	-	-	-	-	-	7,406	7,406	(7,406)	-
Balance as at December 31, 2020	1,318,819	2,991,258	9,099,845	6,071	12,097,174	3,578,140	16,994,133	6,677,626	23,671,759
Balance as at July 1, 2021	1,318,819	2,991,258	11,365,899	5,863	14,363,020	4,267,987	19,949,826	8,247,364	28,197,190
Profit for the period	-	-	2,181,799	-	2,181,799	-	2,181,799	1,739,352	3,921,151
Other comprehensive income for the period	-	-	1,896	8,494	10,390	14,344	24,734	-	24,734
Total comprehensive income for the period	-	-	2,183,695	8,494	2,192,189	14,344	2,206,533	1,739,352	3,945,885
Transfer from revaluation surplus on property, plant and equipment on account of incremental depreciation - net of tax	-	-	36,485	-	36,485	(43,891)	(7,406)	7,406	-
Transferred from revaluation surplus on disposal of property, plant and equipment - net of tax	-	-	825	-	825	(825)	-	-	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL	-	-	1,619	-	1,619	(1,134)	485	-	485
Transactions with owners recorded directly in equity - distribution									
- Final dividend @ 65% (Rs. 6.50 per share) for the year ended June 30, 2021	-	-	(857,232)	-	(857,232)	-	(857,232)	-	(857,232)
Dividend to non-controlling interest	-	-	-	-	-	-	-	(1,329,611)	(1,329,611)
Balance as at December 31, 2021	1,318,819	2,991,258	12,731,291	14,357	15,736,906	4,236,481	21,292,206	8,664,511	29,956,717

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
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Board Audit Committee



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Officer



Sohail R. Bhojani
Chief Executive
Officer

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

For the six months ended December 31, 2021

		Six months ended		
		December 31,	December 31,	
Note		2021	2020	
		----- (Rupees in '000) -----		
CASH FLOWS FROM OPERATING ACTIVITIES				
	Cash (used in) / generated from operations	15	(9,076,924)	8,959,817
	(Increase) / decrease in long - term deposits		(8)	2,476
	Translation reserve		8,494	1,784
	Finance cost paid		(743,968)	(855,701)
	Income on bank deposits received		25,681	9,197
	Staff retirement benefits paid		(27,228)	(74,750)
	Payment on account of compensated absences		(8,666)	(6,482)
	Income tax paid - net		(1,450,219)	(430,210)
	Net cash (used in) / generated from operating activities		(11,272,838)	7,606,131
CASH FLOWS FROM INVESTING ACTIVITIES				
	Payment for acquisition of property, plant and equipment		(1,329,469)	(192,273)
	Payment for acquisition of intangible assets		(1,457)	-
	Proceeds from disposal of property, plant and equipment		125,167	38,408
	Dividend received		48,740	-
	Net cash used in investing activities		(1,157,019)	(153,865)
CASH FLOWS FROM FINANCING ACTIVITIES				
	Proceeds from long-term financing		639,345	1,528,439
	Repayment of long-term financing		(946,602)	(1,008,435)
	Proceed from short -term borrowings - net		2,907,235	3,308,227
	Lease rentals paid		(6,546)	(606)
	Dividends paid to non-controlling interest		(1,324,875)	-
	Dividends paid to shareholders of the Holding Company		(854,755)	(12,294)
	Net cash generated from financing activities		413,802	3,815,331
	Net (decrease) / increase in cash and cash equivalents		(12,016,055)	11,267,597
	Cash and cash equivalents at beginning of the period		(10,667,389)	(14,873,303)
	Cash and cash equivalents at end of the period	16	(22,683,444)	(3,605,706)

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.



Jehangir Shah
Director & Chairman
Board Audit Committee



Muhammad Akhtar
Chief Financial
Officer



Sohail R. Bhojani
Chief Executive
Officer

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

1. THE GROUP AND ITS OPERATIONS

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

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

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

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

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

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

1.3 International Steels Limited ("the Subsidiary Company") was incorporated on September 3, 2007 as a public unlisted company limited by shares under the repealed Companies Ordinance, 1984 and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to general public under an Initial Public Offer, the Subsidiary Company was listed on the Pakistan Stock Exchange on June 1, 2011. The primary activities of the Subsidiary Company is the business of manufacturing of cold rolled steel coils and galvanized sheets. The Subsidiary Company commenced commercial operations on January 1, 2011. The registered office of the Subsidiary Company is situated at 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530. The Holding Company has 56.33% ownership interest in the Subsidiary Company.

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

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

The sales offices of ISL 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.
- 1.5** IIL Australia Pty Limited 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 of the IIL Australia 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 situated at 36 Gerigs St. Scarborough, Ontario, Canada MIL 0B9.
- 1.7** Details of the equity accounted investee is given in note 6 to these consolidated condensed interim financial statements.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

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

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

- 2.1.1** These consolidated condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Holding Company as at and for the year ended June 30, 2021.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

- 2.1.2** The comparative consolidated condensed interim statement of financial position presented in this consolidated condensed interim financial statements have been extracted from the audited annual consolidated financial statements for the year ended June 30, 2021, 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, 2020.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Basis of consolidation

2.4.1 Subsidiaries

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

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

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

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

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, 2021.

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, 2021. 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 Group's annual accounting periods beginning on or after July 1, 2022. However, these will not have any impact on the Group's financial reporting and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

- 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, 2021.
- 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, 2021.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work-in-progress (Including capital spares)	Total
	(Rupees in '000)		
Cost / revalued amount			
Balance at beginning of the period	37,543,319	192,013	37,735,332
Additions	-	1,438,028	1,438,028
Translation reserve	466	-	466
Adjustments / transfers - net	265,236	(374,261)	(109,025)
Disposal	(198,159)	-	(198,159)
	<u>37,610,862</u>	<u>1,255,780</u>	<u>38,866,642</u>
Accumulated depreciation			
Balance at beginning of the period	(11,028,846)	-	(11,028,846)
Charge for the period	(1,013,128)	-	(1,013,128)
Disposal	158,863	-	158,863
	<u>(11,883,111)</u>	<u>-</u>	<u>(11,883,111)</u>
Written down value as at			
December 31, 2021 (Un-audited)	<u>25,727,751</u>	<u>1,255,780</u>	<u>26,983,531</u>
Written down value as at			
June 30, 2021 (Audited)	<u>26,514,473</u>	<u>192,013</u>	<u>26,706,486</u>
		(Un-audited)	(Audited)
		December 31,	June 30,
	Note	2021	2021

6. INVESTMENT IN EQUITY ACCOUNTED INVESTEE

		(Rupees in '000)
Pakistan Cables Limited (PCL)		
- associated company	6.1	<u>1,161,408</u>
		<u>1,132,235</u>

- 6.1** The Holding Company holds a 17.124% (2021: 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 Chairman of the Board of the Holding Company is also the Chairman of the Board of PCL. The price per share of PCL as at reporting date was Rs. 157.17 (June 30, 2021: Rs. 149.50) resulting in a market value of total investment amounting to Rs. 957.6 million (June 30, 2021: Rs. 910.82 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, 2021 as the latest financial statements as at December 31, 2021 were presently not available.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

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

7. STOCK-IN-TRADE

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
Raw material - in hand		15,471,346	7,935,726
- in transit	7.1	3,879,957	6,909,277
		19,351,303	14,845,003
Work-in-process		7,005,276	3,298,071
Finished goods - in hand		19,181,588	11,395,485
- in transit		1,495,725	313,044
By-products		84,859	28,356
Scrap material		176,752	112,341
		47,295,503	29,992,300

- 7.1** Raw material of the Holding Company amounting to Rs. 10.5 million as at December 31, 2021 (June 30, 2021: Rs. 5.2 million) was held at a vendor's premises for the production of pipe caps.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
----- (Rupees in '000) -----			
8. LONG-TERM FINANCING - secured			
CONVENTIONAL			
Long -Term Finance Facility (LTFF)	8.2	1,315,487	1,389,002
Long - term finance		1,665,961	1,581,818
Payroll Refinance Scheme	8.3	324,995	454,985
Temporary Economic Refinance Facility (TERF)	8.4	343,580	12,189
		3,650,023	3,437,994
ISLAMIC			
Diminishing Musharakah		250,000	318,182
Islamic Long -Term Finance Facility (ILTFF)	8.5	596,598	626,925
Islamic Temporary Economic Refinance Facility (ITERF)	8.6	234,628	105,959
Long - term finance		2,940,000	3,430,000
Payroll Refinance Scheme	8.7	214,701	300,580
		4,235,927	4,781,646
		7,885,950	8,219,640
Less: Deferred income - government grant		(211,216)	(65,014)
Less: Current portion of long-term financing:			
CONVENTIONAL			
Long -Term Finance Facility (LTFF)		(337,292)	(337,292)
Long - term finance		(645,454)	(395,454)
Payroll Refinance Scheme		(259,991)	(259,991)
		(1,242,737)	(992,737)
ISLAMIC			
Diminishing Musharakah		(136,364)	(136,364)
Long - term finance		(980,000)	(980,000)
Islamic Long -Term Finance Facility (ILTFF)		(72,904)	(70,294)
Payroll Refinance Scheme		(214,701)	(171,760)
		(2,646,706)	(2,351,155)
		5,028,028	5,803,471

8.1 These facilities are secured by way of a charge on stocks and all present and future land, buildings and plant and machinery located at plot number LX - 15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey number 402, 405 - 406, Dehsharabi, Landhi Town, Karachi of the Holding Company and by way of joint pari passu charge and ranking charge over the fixed assets of ISL (such as land, building, plant and machinery etc.).

8.1.1 In relation to these borrowings, the Holding Company and ISL need to observe certain financial and non-financial covenants as specified in the agreement with various lenders which are complied with as of the reporting date.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

- 8.2** This represents finance facility loans obtained by the Holding Company and ISL from various banks under the State Bank of Pakistan's (SBP) Long - Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 8.3** This represents long - term loans obtained by the Holding Company for financing its salaries and wages under the SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.
- 8.4** This represents finance facility loans obtained from various banks by ISL under the SBP's Temporary Economic Refinance Facility available at below-market interest rates for setting up of new industrial units.
- 8.5** This represents finance facility loans obtained by the Holding Company and ISL from Islamic banks under the SBP's Islamic Long - Term Finance Facility for plant and machinery in respect of export-oriented projects.
- 8.6** This represents long - term loans obtained by the Holding Company under the SBP's Islamic Temporary Economic Refinance Facility available to the Holding Company from various Islamic banks at below-market interest rates.
- 8.7** These represent long - term loans obtained by ISL under the SBP's Payroll Refinance Scheme for payment of wages and salaries, earmarked from running finance limit.

9. GAS INFRASTRUCTURE DEVELOPMENT CESS

Supreme Court of Pakistan (SCP) has decided the appeal against consumers upholding the vires of the Gas Infrastructure Development Cess Act, 2015 (GIDC Act) through its judgement dated August 13, 2020. The SCP on November 2, 2020 ordered that its decision of August 13, 2020 has validated the GIDC Act in complete sense and the benefits 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 also filed civil suits before the Sindh High Court (SHC) on the ground that the companies have not passed on the burden of the Cess. A stay order was granted in the aforesaid suit, which is operative till the next date of hearing.

Despite the aforesaid order dated August 13, 2020 by the SCP, the Federal Government did not initiate the gas project within six months. Therefore, during the prior financial year, the Holding Company and ISL have filed petitions with the SHC challenging the decision of the SCP.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
10. TRADE AND OTHER PAYABLES			
Trade creditors		4,828,524	2,043,207
Bills payable		1,147,809	826,378
Accrued expenses	10.1	3,549,018	3,291,440
Provision for Infrastructure Cess	10.2	2,924,389	2,289,074
Provision for government Levies		1,331	2,531
Short - term compensated absences		23,992	17,642
Workers' Profit Participation Fund		342,038	560,830
Workers' Welfare Fund	10.3	383,318	489,917
Current portion of deferred income - government grant		44,444	36,811
Payable to Provident Fund		-	4,898
Others		93,806	96,024
		13,338,669	9,658,752

10.1 These include the current portion of Gas Infrastructure Development Cess amounting to Rs. 710.1 million (June 30, 2021: Rs. 518.4 million) and also a provision against the revision of gas tariff by the Oil and Gas Regulatory Authority amounting to Rs. 763.6 million (June 30, 2021: 710.2 million).

10.2 This represents a provision against 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 amount of Rs. 3,029.5 million (June 30, 2021: Rs. 2,448 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 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 these 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 it 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 appeals with 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 High Court are valid and enforceable. The Court further ordered that imports should be released on submission of fresh bank guarantees equivalent to the duty under the Act.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

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

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note		
11. SHORT - TERM BORROWINGS - secured			
CONVENTIONAL			
Running finance under mark-up arrangement from banks	11.1	11,375,713	626,411
Short-term borrowing under Money Market Scheme maturing within 3 months	11.1	2,600,000	8,319,489
Short-term borrowing under Export Refinance Scheme	11.2	7,082,092	3,755,000
ISLAMIC			
Short-term borrowing under Money Market Scheme - maturing within 3 months		-	1,422,000
Short-term borrowing under Running Musharakah	11.3	9,435,313	935,079
Short-term borrowing under Export Refinance Scheme	11.4	1,500,000	1,919,857
		31,993,118	16,977,836

- 11.1** 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 7.78% to 10.26% (June 30, 2021: 7.40% to 8.28%) per annum. The rates of mark-up on these finances obtained by ISL range from 7.78% to 10.35% (June 30, 2021: 7.37% to 8.28%) per annum.
- 11.2** 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 2.50% (June 30, 2021: 3.00%) per annum. The rates of mark-up on these facilities obtained by ISL range from 2.50% to 2.90% (June 30, 2021: 2.75% to 3.0%) per annum. These facilities mature within six months and are renewable.
- 11.3** The Holding Company and ISL have obtained facilities for short-term finance under Running Musharakah. The rates of profit on these finances obtained by the Holding Company ranges from 7.78% to 8.18% (June 30, 2021: 7.42% to 7.99%) per annum. The rates of profit on these finances obtained by ISL ranges from 7.88% to 9.25% (June 30, 2021: 7.39% to 7.68%) per annum.
- 11.4** ISL has availed short-term running finance facilities under the Islamic Export Refinance Scheme of the SBP from commercial banks. The rate of mark-up on this facility is 3% (June 30, 2021: 3.00%) per annum.
- 11.5** As at December 31, 2021, unavailed facilities from above borrowings for the Holding Company amounted to Rs. 4,329 million (June 30, 2021: 6,028 million) and for ISL amounted to 7,307 million (June 30, 2021: 16,714 million).

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

- 11.6** The above facilities are secured by way of joint pari passu charge and ranking charge over all current and future movable assets of the Holding Company and ISL.

12. CONTINGENCIES AND COMMITMENTS

12.1 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, 2021 except as discussed below.

Holding Company

During the period, the Sindh High Court (SHC) vide its order dated October 12, 2021 has disposed off the case pertaining to the sale of zinc wastages by the Holding Company with directions to the Appellate Tribunal to decide the pending appeal within sixty days. The SHC further directed that the respondents shall not take any coercive action against the Holding Company in respect of the impugned demand till the conclusion of the appeal. The case is still pending at the Appellate Tribunal despite the order of the SHC.

12.2 Commitments

Holding Company and ISL

- 12.2.1** Capital expenditure commitments outstanding as at December 31, 2021 amounted to Rs. 557.6 million (June 30, 2021: Rs. 873.8 million).
- 12.2.2** Commitments under letters of credit for raw materials and stores and spares as at December 31, 2021 amounted to Rs. 9,665.2 million (June 30, 2021: Rs. 23,203.8 million).
- 12.2.3** Facilities for opening letters of credit and guarantees from banks as at December 31, 2021 amounted to Rs. 41,822 million (June 30, 2021: Rs. 32,552 million) and Rs. 9,108 million (June 30, 2021: Rs. 6,777.5 million) respectively, of which unutilised balance at period end amounted to Rs. 28,252 million (June 30, 2021: Rs. 17,418 million) and Rs. 985 million (June 30, 2021: Rs. 1,115 million) respectively.

Holding Company

- 12.2.4** Commitments under purchase contracts as at December 31, 2021 amounted to Rs. 320.4 million (June 30, 2021: Rs. 99.1 million).

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

		(Un-audited)			
		Six months ended		Three months ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		(Rupees in '000)			
13. REVENUE FROM CONTRACTS WITH CUSTOMERS					
Sale of goods less returns					
Local		55,430,269	47,353,876	25,927,494	26,270,163
Sales tax		(8,026,275)	(6,928,615)	(3,701,958)	(3,839,517)
Trade discounts		(1,531,804)	(1,085,764)	(1,021,881)	(605,215)
		<u>45,872,190</u>	<u>39,339,497</u>	<u>21,203,655</u>	<u>21,825,431</u>
Export		<u>11,593,645</u>	<u>7,407,080</u>	<u>4,324,215</u>	<u>3,752,965</u>
Export commission & discounts		<u>(34,441)</u>	<u>(18,937)</u>	<u>(19,779)</u>	<u>(9,916)</u>
		<u>11,559,204</u>	<u>7,388,143</u>	<u>4,304,436</u>	<u>3,743,049</u>
		<u>57,431,394</u>	<u>46,727,640</u>	<u>25,508,091</u>	<u>25,568,480</u>
14. INCOME TAX EXPENSE					
Current		2,223,289	894,511	902,257	585,916
Deferred		(400,003)	161,913	(419,948)	87,627
		<u>1,823,286</u>	<u>1,056,424</u>	<u>482,309</u>	<u>673,543</u>
		(Un-audited)			
		Six months ended			
		December 31, 2021	December 31, 2020		
		(Rupees in '000)			
15. CASH (USED IN) / GENERATED FROM OPERATIONS					
Profit before income tax				5,744,437	4,922,618
Adjustments for non-cash charges and other items:					
Depreciation of property, plant and equipment				1,013,128	1,047,428
Depreciation of right-of-use assets				4,086	-
Amortisation of intangible assets				496	266
Reversal of loss allowance on trade debts				(2,496)	(27,559)
Provision for obsolescence against spares				32,481	35,734
Provision for staff retirement benefits				39,186	31,382
Provision for compensated absences				15,016	7,739
Income on bank deposits				(25,681)	(9,197)
Gain on disposal of property, plant and equipment				(85,871)	(22,876)
Gain on remeasurement of Gas Infrastructure Development Cess				(44,213)	(236,172)
Share of profit from associated company				(73,195)	23,234
Government grant income				(26,433)	(14,276)
Unwinding of Gas Infrastructure Development Cess				46,470	-
Finance cost				969,443	778,545
				<u>7,606,854</u>	<u>6,536,866</u>
Changes in working capital	15.1			(16,683,778)	2,422,951
				<u>(9,076,924)</u>	<u>8,959,817</u>

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

----- (Un-audited) -----	
Six months ended	
December 31, 2021	December 31, 2020
----- (Rupees in '000) -----	

15.1 CHANGES IN WORKING CAPITAL

(Increase) / decrease in current assets:

Stores and spares	(265,443)	(173,071)
Stock-in-trade	(17,303,203)	7,374,625
Trade debts	(2,789,525)	(1,183,727)
Advances, trade deposits and prepayments	1,478,126	(3,769,773)
Other receivables	31,816	(9,767)
Sale tax receivable	(1,517,992)	2,532,199
	<u>(20,366,221)</u>	<u>4,770,486</u>

Increase / (decrease) in current liabilities:

Trade and other payables	3,474,359	(3,307,348)
Contract liabilities	208,084	959,813
	<u>(16,683,778)</u>	<u>2,422,951</u>

16. CASH AND CASH EQUIVALENTS

Cash and bank balances	727,582	758,698
Running finance under mark-up arrangement from banks	(11,375,713)	(1,760,130)
Short-term borrowing under Money Market scheme maturing within three months	(2,600,000)	(921,339)
Short-term borrowing under Running Musharakah maturing within three months	(9,435,313)	(1,682,935)
	<u>(22,683,444)</u>	<u>(3,605,706)</u>

17. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise 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 defined contribution plan (Provident Fund) of the group entities, wherever applicable, are made as per the terms of employment and contribution to the group entities defined benefit plan (Gratuity Fund), wherever applicable, are in accordance with 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, 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.

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

- 17.1** 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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Associated companies				
Sales	879,267	474,823	29,676	357,866
Purchases	31,778,816	10,873,509	7,289,682	8,481,060
Purchase of vehicles	-	11,970	-	11,970
Reimbursement of expenses	329	1,472	160	150
Insurance premium	21,914	23,947	16,309	10,413
Insurance claim	1,107	29,061	500	4,051
Rent income	1,387	1,507	668	900
Donations	-	6,200	-	6,200
Dividend received	48,740	-	-	-
Dividend paid	284,311	-	-	-
Registration and training	3,093	21	3,078	21
Subscription	2,000	2,163	-	5
Services	11,864	23,267	11,485	18,646
Key management personnel				
Remuneration and allowances	374,619	246,220	143,548	122,641
Staff retirement funds				
Contribution paid	79,410	148,294	30,139	96,535
Non-executive directors				
Directors' fee	5,525	7,200	2,575	4,400
Reimbursement of Chairman's expenses	2,189	3,196	1,299	2,550

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

18. SEGMENT REPORTING

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

	Steel coils & sheets	Steel pipes	Polymer	Investment	Total
----- (Rupees in '000) -----					
18.1 Segment revenue and results					
For the six months ended December 31, 2021					
Revenue from contracts with customers					
Local	32,581,930	11,801,525	1,488,735	-	45,872,190
Exports	7,073,093	4,486,111	-	-	11,559,204
	39,655,023	16,287,636	1,488,735	-	57,431,394
Cost of sales	(32,784,170)	(14,395,039)	(1,405,375)	-	(48,584,584)
Gross profit	6,870,853	1,892,597	83,360	-	8,846,810
Selling and distribution expenses	(390,126)	(1,206,758)	(46,844)	-	(1,643,728)
Administrative expenses	(164,849)	(157,246)	(8,041)	-	(330,136)
Reversal of loss allowance on trade debts	-	2,496	-	-	2,496
	(554,975)	(1,361,508)	(54,885)	-	(1,971,368)
Finance cost	(543,945)	(433,446)	(38,522)	-	(1,015,913)
Other operating charges	(585,361)	(51,233)	-	-	(636,594)
	(1,129,306)	(484,679)	(38,522)	-	(1,652,507)
Other income	152,823	295,484	-	-	448,307
Share of profit in equity accounted investee	-	-	-	73,195	73,195
Profit / (loss) before income tax	5,339,396	341,894	(10,047)	73,195	5,744,437
Income tax expense					(1,823,286)
Profit after tax for the period					3,921,151
For the six months ended December 31, 2020					
Revenue from contracts with customers					
Local	28,374,719	9,491,628	1,473,150	-	39,339,497
Exports	5,076,925	2,311,218	-	-	7,388,143
	33,451,644	11,802,846	1,473,150	-	46,727,640
Cost of sales	(28,547,749)	(10,120,306)	(1,227,964)	-	(39,896,019)
Gross profit	4,903,895	1,682,540	245,186	-	6,831,621
Selling and distribution expenses	(251,769)	(575,394)	(34,323)	-	(861,486)
Administrative expenses	(143,422)	(137,964)	(7,355)	-	(288,741)
Reversal of loss allowance on trade debts	-	33,972	(6,413)	-	27,559
	(395,191)	(679,386)	(48,091)	-	(1,122,668)
Finance cost	(438,882)	(324,075)	(23,960)	-	(786,917)
Other operating charges	(356,168)	(87,227)	(12,120)	-	(455,515)
	(795,050)	(411,302)	(36,080)	-	(1,242,432)
Other income	309,564	169,767	-	-	479,331
Share of profit in equity accounted investee	-	-	-	(23,234)	(23,234)
Profit / (loss) before income tax	4,023,218	761,619	161,015	(23,234)	4,922,618
Income tax expense					(1,056,424)
Profit after tax for the period					3,866,194

Notes to the Consolidated Condensed Interim Financial Statements (Un-audited)

For the six months ended December 31, 2021

	Steel coils & sheets	Steel pipes	Polymer	Investments	Total
	(Rupees in '000)				

18.2 Segment assets and liabilities

As at December 31, 2021 - Un-audited

Segment assets	57,105,410	27,138,707	1,938,145	1,161,408	87,343,670
Segment liabilities	37,448,294	17,210,148	979,146	-	55,637,588

As at June 30, 2021 - Audited

Segment assets	36,972,972	22,387,009	1,778,101	1,132,235	62,270,317
Segment liabilities	22,427,299	13,621,522	819,573	-	36,868,394

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

	(Un-audited) December 31, 2021	(Audited) June 30, 2021
	(Rupees in '000)	
Total reportable segments assets	87,343,670	62,270,317
Unallocated assets	1,419,276	5,761,300
Total assets as per Statement of Financial Position	88,762,946	68,031,617
Total reportable segments liabilities	55,637,588	36,868,394
Unallocated liabilities	3,168,641	2,966,033
Total liabilities as per Statement of Financial Position	58,806,229	39,834,427

19. NON-ADJUSTING EVENTS AFTER REPORTING DATE

The Board of Directors of the Holding Company, in their meeting held on February 3, 2022, have declared an interim cash dividend of Rs. 2.00 (December 31, 2020: Rs. 3.50) per share for the year ending June 30, 2022 amounting to Rs. 263.76 million (December 31, 2020: Rs. 461.59 million)

The Board of Directors of ISL, in their meeting held on January 31, 2022, have declared an interim cash dividend of Rs. 2.00 (December 31, 2020: Rs. 3.00) per share for the year ending June 30, 2022 amounting to Rs. 870.0 million (December 31, 2020: Rs. 1,305 million).

These consolidated condensed interim financial statements do not include the effect of aforementioned interim dividends which will be accounted for in the subsequent period.

20. DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 3, 2022 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



Promising Reliability, For Now and Tomorrow

ISLAMABAD OFFICE Office No. 303-A, 3 rd Floor, Evacuee Trust Complex, Sir Agha Khan Road, Sector F-5/1, Islamabad Pakistan Tel: (92 51) 282 3041-2			HEAD OFFICE 101 Beaumont Plaza, 10 Beaumont Road, Karachi - 75530, Pakistan UAN: (92 21) 111 019 019			LAHORE OFFICE Chinoy House, 6-Bank Square, Lahore - 54000, Pakistan UAN: (92 42) 111 019 019		
FAISALABAD OFFICE Office No. 1/1 Wahab Centre, Electricity Plaza, Susan Road, Faisalabad Pakistan Tel: (92 41) 872 0037			MULTAN OFFICE 1592, 2 nd Floor Quaid-e-Azam Shopping Centre No. 1 Multan Cantt. Multan Pakistan Tel: (92 61) 458 3332			PESHAWAR OFFICE Office No. 1 & 2, First Floor, Hummaz Plaza Opp. Airport Runway Main University Road, Peshawar Pakistan Tel: (92 91) 584 5068		
FACTORY 1 LX 15-16, Landhi Industrial Area, Karachi - 75120 Pakistan Tel: (92 21) 3508 0451-55			FACTORY 2 Survey # 405-406, Rehri Road, Landhi, Karachi - 75160 Pakistan Tel: (92 21) 3501 7027-28			FACTORY 3 22 KM, Sheikhpura Road, Lahore, Pakistan Tel: (92 21) 3501 7027-28		
IIL AUSTRALIA PTY LIMITED 103, Abbot Road, Hallam, Victoria 3803, Australia Tel: +61 (03) 9796 5617			IIL AMERICAS INC. 36, Gerigs Street, Scarborough, Toronto, ON M1L 0B9, Canada Tel: +1 289 201 9341					