Vision

“To be an international, innovative, entrepreneurial million tons steel processor by the year 2020.”

بسم الله الرحمن الرحيم

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

Contents

Comany Information

Board of Directors

Chairman	Mr. Zaffar A. Khan	Independent Chairman
Directors	Mr. Mustapha A. Chinoy	Non-executive Director
	Mr. Kamal A. Chinoy	Non-executive Director
	Mr. Fuad Azim Hashimi	Independent Director
	Mr. Azam Faruque	Independent Director
	Mr. Tariq Ikram	Independent Director
	Mr. Aly Noormahomed Rattansey	Independent Director
Chief Executive Officer	Mr. Riyaz T. Chinoy	Executive Director
Chief Financial Officer	Mr. Sohail R. Bhojani, FCA	
Company Secretary	Ms. Neelofar Hameed	
External Auditors	KPMG Taseer Hadi & Co	
Internal Auditors	Ernst &Young Ford Rhodes Sidat Hyder & Co	
Bankers	Bank AL Habib Ltd Barclays Bank PLC Faysal Bank Ltd Habib Bank Ltd HSBC Bank Middle East Ltd MCB Bank Ltd Meezan Bank Ltd NIB Bank Ltd Samba Bank Ltd Soneri Bank Ltd Standard Chartered Bank Ltd United Bank Ltd	
Legal Advisor	Mrs. Sana Shaikh Fikri	
Registered Office	101 Beaumont Plaza, 10 Beaumont Road, Karachi-75530 Phone: +9221-35680045-54 / UAN: 021-111 019 019 Fax: +9221-35680373	
Branch Office	Chinoy House, 6 Bank Square, Lahore-54000 Phone: +9242-37229752-55 / UAN: 042-111 019 019 Fax: +9242-37220384 / Email:lahore@iil.com.pk	
Factory	**Pipe Factory** LX 15-16, Landhi Industrial Area, Karachi – 75120 Phone: 9221 35080451-55 Fax: 9221 35082403 E-mail: factory@iil.com.pk	**PE Plant** Survey # 405 to 406, Rehri Road, Landhi, Karachi – 75160 Phone: 9221 35017027-28, 35017030 Fax: 9221 35013108
Website	**www.iil.com.pk**	
Share Registrar	Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block B, S.M.C.H.S, Shahra-e-Faisal, Karachi Phone: +9221-111 111 500 Fax: +9221-34326053 Email: info@cdcpak.com	

Directors' Report

The Directors are pleased to present the interim financial statements for the nine months ended March 31, 2014.

The Company's gross sales turnover for the period at approximately Rs. 13.4 billion was almost 9% lower than the corresponding period last year as a result of a proportionate decline in sales volume. Domestic volumes remained depressed due to limited demand from the government sector whereas export volumes were under pressure due to protectionist measures imposed in some of our key export markets and the unanticipated appreciation of the Rupee.The Company's gross margin percentage, however, improved over the corresponding period last year. Thus far this year, the Company's Plastics business segment has been struggling to attain profitability.The Company is however hopeful that its newly launched products will enable it to turn this business segment around and, in the near future, deliver positive contribution to its bottom line.

During the quarter under review, the Rupee sharply and unexpectedly appreciated 7.1% against the US Dollar resulting in an overall net foreign exchange loss of Rs.110 million. This was mainly due to exchange loss on retranslation of export receivables and the diminished value of export sales proceeds. While the Company did incur exchange loss on its prudent approach in booking forward cover on all steel import LCs, this was more than offset by exchange gains on foreign currency denominated borrowings and supplier credit. The current strength of the Rupee is a source of concern to all exporters and, although the Company has no further outstanding forward cover contracts at the end of the quarter under review, it is mindful of the continued impact on export earnings and the increase in cost of raw material due to higher forward settlement rates on its profits in the forthcoming quarter. The Company's Profit After Tax for the period ended March 31, 2014 stood at Rs.267 million, approximately 32% lower than the same period last year. This profit translates into an EPS of Rs. 2.23 against the reported EPS of Rs. 3.29 for the same period last year.

The Company's subsidiary, International Steels Ltd. (ISL), registered a sales volume of 64,393 ton for the quarter, recording a nominal turnover increase of 1.2% over the same period last year. ISL's Profit After Tax for the three quarters was Rs. 171.5 million as compared to Rs. 178 million recorded for the same period last year.

The Group's strength is underpinned by combined sales volume of 330,700 tons resulting in gross sales of Rs. 29.8 billion, Profit After Tax of Rs. 813.5 million and EPS of Rs. 4.80 for the nine month period year under review.

The outlook for the next quarter is positive as lower volume resulting from protectionist measures is being offset not only by appropriate incentives in the difficult foreign markets but also with additional volume being added from new markets. In anticipation the company has built its inventory levels to cater for the increase in demand. Efforts are underway to revitalize the domestic commercial business with new initiatives, however conditions remain unpredictable and sales growth will depend on government sector funding and growth in infrastructure and development related projects.

It is encouraging to see initiatives taken by the Federal Board of Revenue (FBR) and the Engineering Development Board (EDB) to eliminate SROs in the upcoming budget and it is hoped that the Government will seek a balanced approach between local manufacturers and commercial importers in implementing the revised tariff and Sales Tax structure with the aim to curtail misuse of SROs and tilt the balance in favor of indigenous large scale manufacturing. In order to achieve our long term vision we have been actively pursuing new opportunities for organic and inorganic growth. In addition to the stainless steel pipe manufacturing venture, we are pleased to announce the setting up of a wholly - owned subsidiary in Australia – IIL Australia Pty Ltd., which will enable us to tap this burgeoning market.

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

For & on behalf of
International Industries Limited
Zaffar.A.Khan
Chairman

Date: 22 April, 2014
Karachi

Condensed Interim Unconsolidated Balance Sheet (Un-audited)

As at 31 March 2014

	Note	(Un-audited) 31 March 2014	(Audited) 30 June 2013 Restated
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**3,430,414**	3,464,666
Intangible assets		**8,353**	13,181
Investments	6	**2,583,537**	2,583,537
Long-term deposits		**4,488**	4,428
Long-term prepayments		**6,000**	-
		6,032,792	6,065,812
Current assets			
Stores and spares		**135,359**	122,999
Stock-in-trade	7	**7,216,263**	5,415,270
Trade debts	8	**2,087,318**	2,080,779
Advances	9	**112,436**	117,315
Trade deposits and short-term prepayments	10	**15,799**	8,610
Other receivables	11	**55,858**	29,876
Sales Tax refundable		**435,145**	240,894
Taxation - net		**645,595**	477,730
Bank balances		**88,230**	6,568
		10,792,003	8,500,041
Total assets		**16,824,795**	14,565,853
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 200,000,000 (2013: 200,000,000) ordinary shares of Rs. 10 each		**2,000,000**	2,000,000
Issued, subscribed and paid-up capital		**1,198,926**	1,198,926
Reserves	12	**2,999,647**	3,140,232
Total equity		**4,198,573**	4,339,158
Surplus on revaluation of property, plant and equipment		**1,592,913**	1,604,954
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	14	**375,000**	450,000
Staff retirement benefits		**49,878**	49,878
Deferred taxation - net	13	**196,120**	256,105
		620,998	755,983
Current liabilities			
Trade and other payables	15	**2,073,325**	579,030
Short-term borrowings - secured	16	**8,133,126**	7,158,136
Current portion of long-term financing	14	**75,000**	-
Accrued mark-up		**130,860**	128,592
		10,412,311	7,865,758
Total liabilities		**11,033,309**	8,621,741
Contingencies and commitments	17	-	-
Total equity and liabilities		**16,824,795**	14,565,853

The annexed notes 1 to 27 form an integral part of this condensed interim unconsolidated financial information.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Sohail R. Bhojani
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the nine months and quarter ended 31 March 2014

	Note	Nine months ended 31 March 2014	Nine months ended 31 March 2013	Quarter ended 31 March 2014	Quarter ended 31 March 2013
		(Rupees in '000)			
Net sales	18	**11,667,422**	13,045,831	**4,125,313**	4,618,981
Cost of sales	19	**(10,233,657)**	(11,489,648)	**(3,660,205)**	(4,036,718)
Gross profit		**1,433,765**	1,556,183	**465,108**	582,263
Selling and distribution expenses		**(454,481)**	(421,073)	**(159,687)**	(152,092)
Administrative expenses		**(136,875)**	(104,020)	**(47,795)**	(37,604)
		(591,356)	(525,093)	**(207,482)**	(189,696)
Financial charges	20	**(517,132)**	(559,280)	**(157,453)**	(171,817)
Other operating charges	21	**(86,805)**	(54,900)	**(56,440)**	(18,000)
		(603,937)	(614,180)	**(213,893)**	(189,817)
Other income	22	**102,826**	86,205	**11,791**	23,660
Profit before taxation		**341,298**	503,115	**55,524**	226,410
Taxation		**(74,300)**	(109,000)	**(12,109)**	(34,440)
Profit after taxation for the period		**266,998**	394,115	**43,415**	191,970
		(Rupees)		(Rupees)	
Earnings per share - basic and diluted		**2.23**	3.29	**0.36**	1.60

The annexed notes 1 to 27 form an integral part of this condensed interim unconsolidated financial information.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Sohail R. Bhojani
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

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

For the nine months and quarter ended 31 March 2014

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	(Rupees in '000)			
Profit after taxation for the period	**266,998**	394,115	**43,415**	191,970
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	**266,998**	394,115	**43,415**	191,970

The annexed notes 1 to 27 form an integral part of this condensed interim unconsolidated financial information.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Sohail R. Bhojani
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the nine months ended 31 March 2014

	Note	Nine months ended 31 March 2014	31 March 2013
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**341,298**	503,115
Adjustments for :			
Depreciation and amortisation		**171,911**	153,878
Provision for doubtful debts		**7,564**	3,446
Interest on bank deposits	22	**(1,572)**	(1,565)
Loss / (gain) on disposal of property, plant and equipment	21/22	**3,009**	(5,572)
Financial charges	20	**517,132**	559,280
		1,039,342	1,212,583
Movement in:			
Working capital	23	**(558,830)**	1,838,954
Long-term deposits		**(60)**	785
Long-term prepayments		**(6,000)**	-
Net cash generated from operations		**474,452**	3,052,322
Financial charges paid		**(514,864)**	(581,375)
Taxes paid		**(302,150)**	(27,321)
Net cash (used in) / generated from operating activities		**(342,562)**	2,443,626
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(150,276)**	(151,658)
Proceeds from disposal of property, plant and equipment		**14,436**	9,098
Interest income received		**1,700**	1,631
Net cash used in investing activities		**(134,140)**	(140,929)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		-	(320,833)
Dividends paid		**(416,626)**	(357,884)
Net cash used in financing activities		**(416,626)**	(678,717)
Net (decrease) / increase in cash and cash equivalents		**(893,328)**	1,623,980
Cash and cash equivalents at beginning of the period		**(7,151,568)**	(7,543,112)
Cash and cash equivalents at end of the period		**(8,044,896)**	(5,919,132)
Cash and cash equivalents comprise:			
Bank balances		**88,230**	2,673
Short term borrowings	16	**(8,133,126)**	(5,921,805)
		(8,044,896)	(5,919,132)

The annexed notes 1 to 27 form an integral part of this condensed interim unconsolidated financial information.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Sohail R. Bhojani
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

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

For the nine months ended 31 March 2014

	Issued, subscribed and paid-up capital	Reserves: General reserves	Reserves: Remeasurment gains and losses on retirement benefit plan	Reserves: Un-appropriated profit	Total reserves	Total
	(Rupees in '000)					
Balance as at 1 July 2012 - as previously reported	1,198,926	1,848,736	-	1,126,858	2,975,594	4,174,520
Effect of change in accounting policy - note 3.3	-	-	(1,693)	-	(1,693)	(1,693)
Balance as at 1 July 2012 - restated	1,198,926	1,848,736	(1,693)	1,126,858	2,973,901	4,172,827
Changes in equity for the nine months ended 31 March 2013:						
Total comprehensive income for the nine months ended 31 March 2013:						
Profit for the period	-	-	-	394,115	394,115	394,115
Transactions with owners recorded directly in equity - distributions:						
Dividend						
-Final dividend @ 20% (Rs. 2.00 per share) for the year ended 30 June 2012	-	-	-	(239,785)	(239,785)	(239,785)
-Interim dividend @ 10% (Rs. 1.00 per share) for the year ended 30 June 2013	-			(119,893)	(119,893)	(119,893)
Total transactions with owners - distributions	-	-	-	(359,678)	(359,678)	(359,678)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	3,390	3,390	3,390
Balance as at 31 March 2013	1,198,926	1,848,736	(1,693)	1,164,685	3,011,728	4,210,654
Balance as at 1 July 2013 - as previously reported	1,198,926	1,848,736	-	1,329,843	3,178,579	4,377,505
Effect of change in accounting policy - note 3.3	-	-	(38,347)	-	(38,347)	(38,347)
Balance as at 1 July 2013 - restated	1,198,926	1,848,736	(38,347)	1,329,843	3,140,232	4,339,158
Changes in equity for the nine months ended 31 March 2014:						
Total comprehensive income for the nine months ended 31 March 2014:						
Profit for the period	-	-	-	266,998	266,998	266,998
Transactions with owners recorded directly in equity - distributions:						
Dividend						
-Final dividend @ 22.50% (Rs. 2.25 per share) for the year ended 30 June 2013	-	-	-	(269,758)	(269,758)	(269,758)
-Interim dividend @ 12.50% (Rs. 1.25 per share) for the year ending 30 June 2014	-			(149,866)	(149,866)	(149,866)
Total transactions with owners - distributions	-	-	-	(419,624)	(419,624)	(419,624)
Transfer to general reserves	-	851,300	-	(851,300)	-	-
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	12,041	12,041	12,041
Balance as at 31 March 2014	1,198,926	2,700,036	(38,347)	337,958	2,999,647	4,198,573

The annexed notes 1 to 27 form an integral part of this condensed interim unconsolidated financial information.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Sohail R. Bhojani
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

For the nine months ended 31 March 2014

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim unconsolidated financial information for the nine months ended 31 March 2014 has been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In instances where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, have been followed.

This condensed interim unconsolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended 30 June 2013.

The comparative Balance Sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2013, whereas the comparative condensed interim Profit and Loss Account, condensed interim Statement of Comprehensive Income, condensed interim Cash Flow Statement and condensed interim Statement of Changes in Equity have been extracted from the unaudited condensed interim unconsolidated financial information for the period ended 31 March 2013.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

This condensed interim unconsolidated financial information is presented in Pakistani Rupees which is also the Company's functional currency. All financial information presented in Pakistan Rupees has been rounded off to the nearest thousand except where stated otherwise.

3. ACCOUNTING POLICIES

3.1. The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial information are the same as those applied in the preparation of audited annual separate financial statements of the Company as at and for the year ended 30 June 2013, except as described in note 3.3 below.

3.2 Adoption of accounting policy for fair value and cash flow hedges

During the nine months ended 31 March 2014, the Company has entered into forward exchange contracts (derivative financial instruments) with various banks to hedge its foreign currency exposure on firm commitment of raw material purchase. Based on the formal designation and documentation of the hedging relationship and the Company's risk management objective and strategy, the following accounting policy has been adopted for these contracts.

Derivative financial instruments, including hedge accounting

Derivative financial instruments are initially measured at fair value and subsequently, if not designated as a qualifying hedge relationship, remeasured at fair value with changes in fair value recognised in the Profit and Loss Account. Subsequent to initial recognition, derivatives designated as hedge instruments are measured at fair value and changes therein are accounted for as described below:

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and presented in hedging reserve. The ineffective portion, if any, of changes in fair value of a derivative is recognised immediately in the Profit and Loss Account. The amount recognised in other comprehensive income and presented in hedging reserve is transferred to the carrying amount of the non-financial assets (inventory) upon initial recognition of non-financial asset (inventory).

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Profit and Loss Account, together with any changes in the fair value of the hedged asset or liability that are atttributable to the hedged risk.

These are carried as assets when the fair value is positive and liabilities when the fair vlaue is negative.

There is no effect on the prior period's financial statements as a result of adoption of these accounting policies as all contracts have been made and entered during nine months ended 31 March 2014. No forward contracts were outstanding as at 31 March 2014.

3.3 Change in accounting policy for employee benefits - defined benefit plan

IAS 19 (revised) 'Employee Benefits' amends the accounting for defined benefit plan which became effective for the Company from 1 July 2013. The changes introduced by the IAS 19 (revised) are as follows:

(a) The standard requires past service cost to be recognised immediately as profit or loss;

(b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefits assets or liability and the discount rate, measured at the beginning of the year;

(c) There is a new term "remeasurement". This is made up of actuarial gains and losses, the differences between actual investment returns and the return implied by the net interest cost:

(d) The amendment requires an entity to recognise remeasurement immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

The revised accounting policy as a result of the amendment to IAS 19 is as follows:

Defined benefit plan

The Company operates an approved funded gratuity scheme for its eligible employees. The calculation of defined benefit obligations is performed annually by a qualified actuary using the project unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refund from the plan or reduction in future contributions to the plan. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (assets) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expenses and other expenses related to defined benefit plans are recognised in the Profit and Loss Account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Profit and Loss Account. The Company recognises gains and losses on the settlement of a defined benefits plan when the settlement occurs.

The management believes that the effects of these changes would not have signifcant effect on this condensed interim unconsolidated financial information except for the changes referred in note 3.3 above that have been accounted for retrospectively in accordance with the requirement of International Accounting Standards (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors', resulting in the restatement of financial statements of the prior period.

The effect of the change in accounting policy has been demonstrated below:

	30 June 2013	1 July 2012
	(Rupees in '000)	
Effect on Balance Sheet		
Unappropriated profit:		
As previously reported	**1,329,843**	1,126,858
Effect of change in accounting policy - net of tax	**(38,347)**	(1,693)
As restated	**1,291,496**	1,125,165
Staff retirement benefits:		
As previously reported	-	-
Effect of change in accounting policy	**49,878**	2,202
As restated	**49,878**	2,202
Deferred taxation:		
As previously reported	**267,636**	172,606
Effect of change in accounting policy		
As restated	**(11,531)**	(509)
	256,105	172,097

The effect of the change on total comprehensive income was Rs. 38.3 million and Rs.1.7 million, net of tax, respectively for the year ended 30 June 2013 and 30 June 2012 and has been presented in the Statement of Changes in Equity.

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence the impact on this and comparative condensed interim financial information are not quantified and is considered immaterial.

This change in accounting policy has no impact on the Cash Flow Statement and on earnings per share.

3.4 Amendments to and interpretation of approved accounting standards effective during the period

Apart from the aforementioned change in policy, amendments to and interpretation of approved accounting standards which became effective during the period were not relevant to the Company's operation and do not have that any impact on the accounting policies of the Company.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting, amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

4.2. The significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2013 except for the estimation of fair value of forward exchange contracts entered into during the nine months ended 31 March 2014.

4.3. The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2013.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work in progress	Total
		(Rupees in '000)	
Cost / revalued amount			
Opening balance	4,828,967	2,045	4,831,012
Additions	102,073	145,246	247,319
Disposals / transfers	(90,935)	(97,706)	(188,641)
	4,840,105	49,585	4,889,690
Accumulated depreciation			
Opening balance	(1,366,346)	-	(1,366,346)
Disposals	73,490	-	73,490
Charge for the period	(166,420)	-	(166,420)
	(1,459,276)	-	(1,459,276)
Written down value as at 31 March 2014 (Un-audited)	**3,380,829**	**49,585**	**3,430,414**
Written down value as at 30 June 2013 (Audited)	3,462,621	2,045	3,464,666

6. INVESTMENTS

31 March 2014 (Un-audited)	30 June 2013 (Audited)			31 March 2014 (Un-audited)	30 June 2013 (Audited)
Number of shares				(Rupees in '000)	
245,055,543	245,055,543	International Steels Limited (ISL) - subsidiary company company at cost -	6.1	2,450,555	2,450,555
2,425,913	2,425,913	Pakistan Cables Limited (PCL) - associate company at cost -	6.2	132,982	132,982
				2,583,537	2,583,537

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

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

6.3 The Market value of the above investments is as follows:

	31 March 2014 (Un-audited)	30 June 2013 (Audited)
	(Rupees in '000)	
Quoted		
ISL	6,028,366	4,335,033
PCL	189,221	157,199

7. STOCK-IN-TRADE

Raw materials- in hand	3,237,884	2,763,419
- in transit	996,326	18,616
	4,234,210	2,782,035
Work-in-process	1,170,222	917,919
Finished goods	1,785,991	1,664,729
By-products	21,485	42,855
Scrap materials	4,355	7,732
	7,216,263	5,415,270

7.1 Raw material amounting to Rs. 5 million (30 June 2013: Rs. 6 million) was held at vendor premises for the production of pipe caps.

			31 March 2014 (Un-audited)	30 June 2013 (Audited)
			(Rupees in '000)	
8.	**TRADE DEBTS**			
	Considered good:			
	- Secured		816,727	845,060
	- Unsecured		1,270,591	1,235,719
	Considered doubtful		45,265	37,701
			2,132,583	2,118,480
	Provision for doubtful debts		(45,265)	(37,701)
			2,087,318	2,080,779
8.1	Related parties from whom debts are due are as under:			
	Sui Southern Gas Company Limited		-	530
	Sui Northern Gas Pipelines Limited		-	97,579
	Pakistan Cables Limited		509	-
			509	98,109
9.	**ADVANCES**			
	Considered good:			
	- Suppliers	9.1	83,598	15,939
	- Collector of Customs for clearance of goods		12,626	100,000
	- Employees		16,212	1,376
			112,436	117,315

9.1 This includes contractual deposits paid to the Subsidiary Company amounting to Rs. 23.8 million (30 June 2013 : Nil) for the purpose of purchase of raw material.

		31 March 2014 (Un-audited)	30 June 2013 (Audited)
10.	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**		
	Trade deposits	6,677	4,178
	Short-term prepayments	9,122	4,432
		15,799	8,610
11.	**OTHER RECEIVABLES**		
	Considered good:		
	- Interest income receivable	-	128
	- Receivable for transmission of electricity to K-Electric	12,556	2,796
	- Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods	25,940	25,940
	- Claim receivable from supplier	16,363	-
	- Others	999	1,012
		55,858	29,876

			31 March 2014 (Un-audited)	30 June 2013 (Audited)
			(Rupees in '000)	
12	**Reserves**			
	General reserve		2,700,036	1,848,736
	Unappropriated profit		299,611	1,291,496
			2,999,647	3,140,232

13 Deferred taxation - net

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

		31 March 2014 (Un-audited)	30 June 2013 (Audited)
Taxable temporary difference:			
Accelerated tax depreciation		104,756	140,952
Surplus on revaluation of buildings		138,622	142,426
		243,378	283,378
Deductible temporary difference:			
Provision for doubtful debts		(15,390)	(12,818)
Provision for compensated absences		(457)	(1,895)
Provision for Infrastructure Cess		(18,851)	-
Provision against receivable from supplier on account of material		(1,029)	(1,029)
Staff retirement benefits		(11,531)	(11,531)
		196,120	256,105

14. LONG-TERM FINANCING - secured

		31 March 2014 (Un-audited)	30 June 2013 (Audited)
Long-term finances utilised under mark-up arrangements	14.1	450,000	450,000
Current portion of long-term finances shown under current liabilities		(75,000)	-
		375,000	450,000

14.1 All long-term financing utilised under mark-up arrangements is secured by way of a joint equitable mortgage on all present and future lands and buildings located at Plot Number LX-15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey No. 402, 405-406, Dehsharabi, Landhi Town, Karachi.

15. TRADE AND OTHER PAYABLES

		31 March 2014 (Un-audited)	30 June 2013 (Audited)
Trade creditors	15.1	1,322,114	168,917
Bills payable		129,238	18,616
Accrued expenses		306,516	179,341
Provision for Infrastructure Cess	17.1.4	142,000	114,825
Short-term compensated absences		2,454	5,574
Advance from customers		105,398	50,849
Advance against sale of land	15.2	13,000	-
Workers' Profit Participation Fund		17,830	8,100
Workers' Welfare Fund		21,106	22,276
Unclaimed dividends		10,253	9,412
Dividend payable		3,274	1,117
Others		142	3
		2,073,325	579,030

15.1 This includes amounts payable to an associated company amounting to Rs. 6.4 million (30 June 2013 : Nil) on account of insurance premium.

15.2 This represents advance received on account of sale of land situated in Lahore. The title of the land is currently with the Company and will transfer to the purchaser upon full and final payment of the consideration.

16. SHORT-TERM BORROWINGS - secured

		31 March 2014 (Un-audited)	30 June 2013 (Audited)
		(Rupees in '000)	
Running finance under mark-up arrangement	16.1	148,025	326,031
Short-term borrowing under Money Market scheme	16.2	4,348,216	3,670,605
Short-term borrowing under Export Refinance Scheme	16.3	3,059,500	3,161,500
Running finance under FE-25 Export and Import Scheme	16.4	577,385	-
		8,133,126	7,158,136

16.1 The facilities for running finance available from various commercial banks amounted to Rs.1,468 million (30 June 2013: Rs.3,585 million). The rates of mark-up on these finances range from 10.26% to 11.93% per annum (30 June 2013: 10.01% to 11.41%). The facilities for short-term finance mature within twelve months. Unavailed facilities as at 31 March were Rs. 1,320 million (30 June 2013: 3,259 million).

16.2 The facilities for short-term borrowing under Money Market Scheme available from various commercial banks under mark-up arrangements amounted to Rs. 6,965 million (30 June 2013: Rs.4,000 million). The rates of mark-up on these finances range from 9.74% to 10.62% per annum (30 June 2013: 9.57% to 10.02% per annum). Unavailed facilities as at 31 March 2014 were Rs.2,617 million (30 June 2013: Rs 329.4 million).

16.3 The Company has borrowed short-term running finance under the Export Refinance Scheme of the State Bank of Pakistan. The facility availed is for an amount of Rs. 3,059.5 million (30 June 2013: Rs. 3,161.5 million). The rate of mark-up on this facility is 8.90% per annum (30 June 2013: 8.70% to 8.90% per annum).

16.4 The Company has borrowed short-term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 from certain banks for the purpose of meeting import requirements. The facilities availed are for an amount of USD 6 million equivalent to Rs. 577 million (30 June 2013: USD nil). The rate of mark-up on these facilities is 1.50% per annum.

16.5 All running finance and short-term borrowing facilities are secured by way of hypothecation of all present and future fixed assets (excluding lands and buildings) and present and future current and moveable assets.

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

17.1.1 Bank guarantees have been issued under certain supply contracts and to the Collector of Customs aggregating Rs. 129.5 million (30 June 2013: Rs.178.6 million).

17.1.2 Custom duties amounting to Rs.846 million (30 June 2013: 1,174 million) on import of raw material shall be payable by the Company in case of non-fulfillment of certain conditions imposed by the customs authorities under SRO 565(1) / 2006. The Company has provided post-dated cheques in favour of the Collector of Customs which are, in the normal course of business, to be returned to the Company after fullfilment of stipulated conditions. The Company has fullfilled the conditions for duties amounting to Rs. 734 million and is making efforts to retrieve the associated post-dated cheques from the customs authorities. Further, an amount of Rs. 375 million was claimed by the customs authorities as duty rate differential on imports made during 2005-10 due to an anomaly in SRO 565(1) / 2006 Serial 88. Since then, the anomaly has been rectified. The Company filed a petition with the Sindh High Court in 2010 for an injunction and is awaiting the final judgement.

17.1.3 The customs authorities have charged a redemption fine of Rs. 83 million on the clearance of imported raw material consignments in 2006. The Company has filed an appeal before the Sindh High Court, which has set aside the examination reports including the subsequent order produced by the custom authorities, and has ordered the authorities to re-examine the matter afresh. However, the custom authorities have filed an application for leave to appeal against the order of the High Court. The management anticipates that the chances of admission of such appeal are remote.

17.1.4 The Company has reversed the provision for the levy of Infrastructure Cess amounting to Rs.107 million in 2009 on the basis of a decision of the Sindh High Court which declared the levy of Infrastructure Cess before 28 December 2006 as void and invalid. However, the Excise and Taxation Department (the Department) has filed an appeal before the Supreme Court against the order. In May 2011, the Supreme Court disposed off the appeal with a joint statement of the parties that, during the pendency of the appeal, another law i.e the Fifth Version, came into existence which was not the subject matter of the appeal; hence the case was referred back to the High Court with the right to appeal to the Supreme Court. On 31 May 2011, the High Court has granted an interim relief on an application of the petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignments released upto 27 December 2006 and any bank guarantee / security furnished for consignments released after 27 December 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability of the Fifth Version of the law and its retrospective application, the authorities are entitled to claim the amounts due under the said law with the right to appeal available to the petitioner. Bank guarantees amounting to Rs. 277.5 million have been provided to the Department in this regard.

17.1.5 As per the Gas Infrastructure and Development Cess Act 2011 (the Act), certain companies as specified in the Act (including Sui Southern Gas Company) shall collect and pay Gas Infrastructure and Development Cess (GID Cess) in such manner as the Federal Government may prescribe. As per the second schedule of the Act, GID Cess of Rs.13 per MMBTU was payable by the Company. Through Finance Bill 2012-13, an amendment was made to the Act whereby the rate of GID Cess applicable on the Company was increased to Rs. 100 per MMBTU. During the year, the Company filed a suit wherein it has impugned the Act on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Sindh High Court vide its ad-interim order dated 1 August 2012 has restrained SSGC from charging GID Cess above Rs. 13 per MMBTU. Consequently, on account of High Court order, SSGC invoices the Company at Rs.13 per MMBTU and accordingly the Company continues to record GID Cess at Rs.13 per MMBTU.

The matter of applicability of receiving the differential of Rs.87 per MMBTU is pending with the High Court. If the aforementioned matter is not decided in the favour of the Company, it may be required to pay Rs.65.5 million as additional amount in respect of GID Cess. However, the management is confident that the matter will be decided in the Company's favour.

17.1.6 The Company has received a demand from the Deputy Collector (Manufacturing Bond), Model Collectorate of Customs (Port Muhammad Bin Qasim) aggregating Rs. 82.9 million. The demand has been raised on account of Sales Tax, custom duty and withholding income tax in respect of wastage generated on raw material imported under manufacturing bond license and covers the period July 2007 to December 2010. The Company believes that it has discharged its liability towards all applicable taxes and duties. Further, Model Customs Collectorate (Exports) has already completed its audit up to 31 March 2009 and no further dues were liable to be paid as a result of this audit.

The Company has filed a Constitutional Petition in the Sindh High Court which has granted interim stay as the matter requires further consideration by the High Court. The Company, based on the advice of its legal counsel, is confident that the subject demand is unjustified and the matter will be decided in its favour.

17.2 Commitments

17.2.1 Capital expenditure commitments outstanding as at 31 March 2014 amounted to Rs. 6.1 million (30 June 2013: Rs. 42.5 million).

17.2.2 Commitments under letters of credit for raw materials and stores and spares as at 31 March 2014 amounted to Rs. 1,519.2 million (30 June 2013: Rs. 2,666 million).

17.2.3 Commitments under purchase contracts as at 31 March 2014 amounted to Rs. 136.4 million (30 June 2013: Rs. 880.2 million).

17.2.4 Unavailed facilities for opening letters of credit and guarantees from banks as at 31 March 2014 amounted to Rs. 8,302.8 million (30 June 2013: Rs. 7,107 million) and Rs. 114 million (30 June 2013: Rs. 366 million) respectively.

18. NET SALES

	Nine months ended		**Quarter ended**	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	(Rupees in '000)		(Rupees in '000)	
Local	9,544,622	10,268,673	3,385,416	3,729,962
Export	3,850,353	4,428,137	1,358,210	1,465,320
	13,394,975	14,696,810	4,743,626	5,195,282
Sales Tax	(1,424,736)	(1,413,594)	(508,311)	(513,607)
Trade discounts	(30,270)	(17,039)	(10,382)	(6,432)
Sales discount and commission	(272,547)	(220,346)	(99,620)	(56,262)
	(1,727,553)	(1,650,979)	(618,313)	(576,301)
	11,667,422	13,045,831	4,125,313	4,618,981

19. COST OF SALES

Opening stock of raw material and work-in-process	3,681,338	3,968,132	4,183,905	4,044,477
Purchases	10,656,006	9,707,569	3,943,445	2,310,067
Salaries, wages and benefits	421,933	347,393	153,794	119,013
Rent, rates and taxes	1,233	729	585	492
Electricity, gas and water	208,742	194,341	70,161	70,223
Insurance	8,593	10,035	2,785	3,410
Security and janitorial	12,698	11,145	4,743	3,371
Depreciation and amortisation	157,063	141,167	59,194	48,564
Stores and spares consumed	44,678	47,466	14,824	12,881
Repairs and maintenance	75,846	74,562	26,928	23,576
Postage, telephone and stationery	6,942	7,222	3,354	2,831
Vehicle, travel and conveyance	9,122	8,818	3,191	2,161
Internal material handling	13,739	12,365	4,305	4,285
Environment controlling expenses	132	117	35	38
Sundries	1,913	3,428	772	839

	Nine months ended 31 March 2014	Nine months ended 31 March 2013	Quarter ended 31 March 2014	Quarter ended 31 March 2013
	(Rupees in '000)		(Rupees in '000)	
Sale of scrap generated during production	(558,323)	(128,495)	(213,397)	(33,936)
Closing stock of raw materials and work-in-process	(4,408,106)	(2,678,624)	(4,408,106)	(2,678,624)
Cost of goods manufactured	10,333,549	11,727,370	3,850,518	3,933,668
Finished goods and by-products:				
- Opening stock	1,707,584	1,705,218	1,617,163	2,045,990
- Closing stock	(1,807,476)	(1,942,940)	(1,807,476)	(1,942,940)
	(99,892)	(237,722)	(190,313)	103,050
	10,233,657	11,489,648	3,660,205	4,036,718

20. FINANCIAL CHARGES

Mark-up on:				
- Long-term financing	34,224	51,262	11,973	13,352
- Short-term borrowings	517,692	384,557	195,411	145,295
Exchange (gain) / loss on FE borrowing	(43,144)	110,958	(53,060)	8,928
Interest on Workers' Profit Participation Fund	360	146	-	-
Bank charges	8,000	12,357	3,129	4,242
	517,132	559,280	157,453	171,817

21. OTHER OPERATING CHARGES

Auditors' remuneration	1,645	1,750	487	500
Loss on derivative financial instruments	42,052	-	40,976	-
Donations	10,165	15,350	100	100
Loss on disposal of property, plant and equipment	3,009	-	6,568	-
Workers' Profit Participation Fund	17,830	27,000	2,980	12,400
Workers' Welfare Fund	7,130	10,800	1,180	5,000
Project development expenses	4,974	-	4,149	-
	86,805	54,900	56,440	18,000

22. OTHER INCOME

Income / return on financial assets:				
Interest on bank deposits	1,572	1,565	734	310
Income from non-financial assets:				
Income from power generation	42,928	26,046	16,437	8,391
Gain on disposal of property, plant and equipment	-	5,572	-	1,286
Rental income	6,543	5,980	2,181	1,993
IT services reimbursed by Subsidiary	-	3,375	-	1,125
Dividend income from associate	9,704	7,884	-	-
Exchange gain / (loss)	37,188	33,056	(7,968)	9,799
Others	4,891	2,727	407	756
	102,826	86,205	11,791	23,660

23. MOVEMENT IN WORKING CAPITAL

	31 March 2014	31 March 2013
	(Rupees in '000)	
(Increase) / decrease in current assets:		
Store and spares	(12,360)	11,301
Stock-in-trade	(1,800,993)	2,695,055
Trade debts	(14,103)	(248,566)
Advances	4,879	1,336
Trade deposit and short-term prepayments	(7,189)	(3,822)
Other receivables	(220,361)	96,933
	(2,050,127)	2,552,237
Decrease / (increase) in current liabilities:		
Trade and other payables	1,491,297	(713,283)
	(558,830)	1,838,954

24. TRANSACTIONS WITH RELATED PARTIES

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

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

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

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
	(Rupees in '000)		(Rupees in '000)	
Subsidiary company				
Sales	1,831	2,993	363	1,667
Purchases	1,251,955	1,153,061	366,614	576,353
Sale proceeds from disposal of fixed assets	490	157	490	85
Payment for purchase of fixed assets	-	1,423	-	-
Purchase of store items	-	123	-	-
Supply of chilled water and electrical consultancy	15,610	7,507	5,160	5,357
Reimbursement of payroll management expenses	-	633	-	198
Reimbursement of corporate affairs management expenses	3,325	2,378	1,421	791
Reimbursement of IT services	253	3,375	253	1,125
Rental income	6,543	5,980	2,181	1,993

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	(Rupees in '000)		(Rupees in '000)	
Associate companies				
Sales	412,535	992,992	97,278	505,654
Purchases	137,512	156,285	46,186	64,500
Insurance premium expense	18,054	-	7,327	-
Insurance claims received	1,205	-	-	-
Donations	-	2,125	-	-
Dividend paid	8,241	-	6,945	-
Dividend received	9,704	-	-	-
Reimbursement of payments made on behalf of associated company	592	2,665	-	914
Subscriptions paid	327	681	216	587
Key management personnel				
Remuneration	114,679	105,583	39,538	34,093
Staff retirement benefits				
Contribution paid:	32,513	24,407	10,908	8,224
Non-executive directors:				
Non-executive directors' fee	2,560	2,080	840	760

25. SEGMENT REPORTING

The Company has identified Steel and Plastic as two reportable segments. Performance is measured based on respective segment results.

Information regarding the Company's reportable segments is presented below.

25.1 SEGMENT REVENUE AND RESULTS

	Steel segment	Plastic segment	Total
		(Rupees in '000)	
For the nine months ended 31 March 2014			
Sales	11,217,370	450,052	11,667,422
Cost of sales	9,763,955	469,702	10,233,657
Gross profit	1,453,415	(19,650)	1,433,765
For the nine months ended 31 March 2013			
Sales	12,653,053	392,778	13,045,831
Cost of sales	11,129,337	360,311	11,489,648
Gross profit	1,523,716	32,467	1,556,183

Notes to the Condensed Interim Unconsolidated Financial Information (Un-audited)

For the nine months ended 31 March 2014

Reconciliation of segment results with Profit After Tax is as follows:

	Nine months ended	
	31 March 2014	31 March 2013
	(Rupees in '000)	
Total results for reportable segments	1,433,765	1,556,183
Selling, distribution and administrative expenses	(591,356)	(525,093)
Financial charges	(517,132)	(559,280
Other operating expenses	(86,805)	(54,900)
Other operating income	102,826	86,205
Taxation	(74,300)	(109,000)
Profit after tax	266,998	394,115

25.2 SEGMENT ASSETS & LIABILITIES

	Steel segment	Plastic segment	Total
		(Rupees in '000)	
For the period ended 31 March 2014 As at 31 March 2014 - Un-audited			
Segment assets	12,192,023	541,972	12,733,995
Segment liabilities	9,880,521	455,820	10,336,341
As at 30 June 2013 - Audited			
Segment assets	10,298,087	662,628	10,960,715
Segment liabilities	7,263,879	574,018	7,837,897

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

	31 March 2014 (Un-audited)	30 June 2013 (Audited)
	(Rupees in '000)	
Total reportable segments assets	12,733,995	10,960,715
Unallocated assets	4,090,800	3,605,138
Total assets as per Balance Sheet	16,824,795	14,565,853
Total reportable segments liabilities	10,336,341	7,837,897
Unallocated liabilities	696,968	783,844
Total liabilities as per Balance Sheet	11,033,309	8,621,741

26. CORRESPONDING FIGURES

Corresponding figures have been rearranged for the purpose of comparison and better presentation.

27. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on 22 April 2014.

Fuad Azim Hashimi Director & Chairman Board Audit Committee	**Sohail R. Bhojani** Chief Financial Officer	**Riyaz T. Chinoy** Chief Executive Officer

INTERNATIONAL INDUSTRIES LTD.

Promising Reliability, For Now and Tomorrow

Condensed Interim Consolidated Financial Information (Un-audited) (31 MARCH 2014)

Condensed Interim Consolidated Balance Sheet

As at 31 March 2014

	Note	(Un-audited) 31 March 2014	(Audited) 30 June 2013 Restated
ASSETS		(Rupees in '000)	
Non-current assets			
Property, plant and equipment	5	**13,104,664**	13,368,488
Intangible assets		**13,648**	21,248
Long-term deposits		**4,588**	4,528
Investment in equity-accounted investee	6	**177,841**	176,946
Long-term prepayments		**6,000**	-
		13,306,741	13,571,210
Current assets			
Stores and spares		**536,727**	493,319
Stock-in-trade	7	**13,524,710**	8,031,310
Trade debts	8	**2,978,898**	2,630,422
Advances	9	**197,025**	415,216
Trade deposits and short-term prepayments	10	**29,206**	21,072
Sales Tax refundable		**1,088,595**	406,572
Other receivables	11	**104,293**	66,146
Taxation - net		**1,705,000**	1,203,451
Bank balances		**125,741**	20,262
		20,290,195	13,287,770
Total assets		**33,596,936**	26,858,980
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (2013: 200,000,000) ordinary shares of Rs. 10 each		**2,000,000**	2,000,000
Issued, subscribed and paid up capital		**1,198,926**	1,198,926
Reserves	12	**3,024,685**	2,852,254
Equity attributable to owner of holding company		**4,223,611**	4,051,180
Non-controlling interest		**2,211,660**	1,969,445
Total equity		**6,435,271**	6,020,625
Surplus on revaluation of property, plant and equipment		**2,511,777**	2,532,508
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	13	**3,414,033**	3,821,860
Staff retirement benefits		**59,725**	59,725
Deferred taxation - net		**503,897**	476,535
		3,977,655	4,358,120
Current liabilities			
Trade and other payables	14	**5,535,929**	1,599,111
Short-term borrowings - secured	15	**14,050,180**	11,279,514
Current portion of long-term financing	13	**800,098**	783,285
Accrued mark-up		**286,026**	285,817
		20,672,233	13,947,727
Total liabilities		**24,649,888**	18,305,847
Contingencies and commitments	16	-	-
Total equity and liabilities		**33,596,936**	26,858,980

The annexed notes 1 to 23 form an integral part of this condensed interim consolidated financial information.

Fuad Azim Hashimi	**Sohail R. Bhojani**	**Riyaz T. Chinoy**
Director & Chairman Board Audit Committee	Chief Financial Officer	Chief Executive Officer

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the nine months and quarter ended 31 March 2014

	Note	Nine months ended **31 March 2014**	Nine months ended 31 March 2013	Quarter ended **31 March 2014**	Quarter ended 31 March 2013
		(Rupees in '000)			
Net sales	17	**25,583,102**	24,060,027	**8,935,156**	9,154,869
Cost of sales	18	**(22,491,109)**	(21,424,806)	**(7,931,608)**	(8,032,000)
Gross profit		**3,091,993**	2,635,221	**1,003,548**	1,122,869
Selling and distribution expenses		**(555,336)**	(475,674)	**(201,917)**	(169,414)
Administrative expenses		**(235,414)**	(181,115)	**(78,560)**	(62,188)
		(790,750)	(656,789)	**(280,477)**	(231,602)
Financial charges	19	**(1,253,807)**	(1,340,190)	**(349,362)**	(396,888)
Other operating charges	20	**(144,388)**	(87,431)	**(81,470)**	(36,970)
		(1,398,195)	(1,427,621)	**(430,832)**	(433,858)
Other income	21	**82,906**	113,675	**(27,175)**	35,749
Share of profit in equity -accounted investee - net of tax		**10,599**	11,745	**2,586**	3,423
Profit before taxation		**996,553**	676,231	**267,650**	496,581
Taxation		**(183,014)**	(169,371)	**(50,536)**	(122,958)
Profit after taxation		**813,539**	506,860	**217,114**	373,623
		(Rupees)			
Earnings per share - basic and diluted		**4.80**	3.83	**1.19**	2.47

The annexed notes 1 to 23 form an integral part of this condensed interim consolidated financial information.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Sohail R. Bhojani
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

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

For the nine months and quarter ended 31 March 2014

	Nine months ended		Quarter ended	
	31March 2014	31 March 2013	**31 March 2014**	31 March 2013
	(Rupees in '000)			
Profit after taxation	**813,539**	506,860	**217,114**	373,623
Other comprehensive income	-	-	-	-
Total comprehensive income	**813,539**	506,860	**217,114**	373,623
Total comprehensive income attributable to:				
Owners of Holding Company	**575,119**	459,106	**142,234**	295,782
Non-controlling interest	**238,420**	47,754	**74,880**	77,841
Total comprehensive income	**813,539**	506,860	**217,114**	373,623

The annexed notes 1 to 23 form an integral part of this condensed interim consolidated financial information.

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Chief Executive Officer

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the nine months and quarter ended 31 March 2014

	Note	**31 March 2014**	31 March 2013
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**996,553**	676,231
Adjustments for:			
Depreciation and amortisation		**553,781**	461,628
Provision for doubtful debts		**7,563**	3,446
Interest on bank deposits	21	**(1,572)**	(1,801)
Loss / (gain) on disposal of property, plant and equipment	20/21	**744**	(9,166)
Share of profit from associated entity		**(10,599)**	(11,745)
Financial charges	19	**1,253,807**	1,340,190
		2,800,277	2,458,783
Movement in:			
Working capital		**(2,469,268)**	4,778,973
Long-term deposits		**(60)**	785
Long-term prepayments		**(6,000)**	-
Net cash generated from operations		**324,949**	7,238,541
Financial charges paid		**(1,253,598)**	(1,411,185)
Taxes paid		**(657,201)**	(72,466)
Net cash (used in) / generated from operating activities		**(1,585,850)**	5,754,891
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(306,313)**	(719,818)
Dividend income received		**9,704**	7,884
Proceeds from disposal of property, plant and equipment		**23,211**	19,747
Interest income received		**1,700**	1,801
Net cash used in investing activities		**(271,698)**	(690,386)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment of long-term financing - secured		**(391,013)**	(548,007)
Dividends paid		**(416,626)**	(357,884)
Net cash used in financing activities		**(807,639)**	(905,891)
Net (decrease) / increase in cash and cash equivalents		**(2,665,187)**	4,158,614
Cash and cash equivalents at beginning of the period		**(11,259,252)**	(13,986,977)
Cash and cash equivalents at end of the period		**(13,924,439)**	(9,828,363)
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances		**125,741**	18,874
Short-term borrowings - secured	15	**(14,050,180)**	(9,847,237)
		(13,924,439)	(9,828,363)

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Chief Executive Officer

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

For the nine months and quarter ended 31 March 2014

	Issued, subscribed and paid-up capital	General reserves	Un-appropriated profit	Total reserves	Total	Non-controlling Interest	Total
	(Rupees in '000)						
Balance as at 1 July 2012 - as previously reported	1,198,926	2,139,958	343,515	2,483,473	3,682,399	1,813,573	5,495,972
Effect of change in accounting policy note - 3.3	-	-	(3,687)	(3,687)	(3,687)	(1,545)	(5,232)
Balance as at 1 July 2012 - restated	1,198,926	2,139,958	339,828	2,479,786	3,678,712	1,812,028	5,490,740
Total comprehensive income for the nine months ended 31 March 2013							
Profit for the period	-	-	459,106	459,106	459,106	47,754	506,860
Distribution to owners of the Holding Company:							
-Final dividend @ 20% (Rs. 2.00 per share) for the year ended 30 June 2012	-	-	(239,785)	(239,785)	(239,785)	-	(239,785)
-Interim dividend @ 10% (Rs. 1.00 per share) for the year ended 30 June 2013	-	-	(119,893)	(119,893)	(119,893)	-	(119,893)
Total transactions with owners of the Holding Company	-	-	(359,678)	(359,678)	(359,678)	-	(359,678)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	3,390	3,390	3,390	-	3,390
Balance as at 31 March 2013	1,198,926	2,139,958	442,646	2,582,604	3,781,530	1,859,782	5,641,312
Balance as at 1 July 2013 - as previously reported	1,198,926	2,139,958	754,306	2,894,264	4,093,190	1,972,281	6,065,471
Effect of change in accounting policy note - 3.3	-	-	(42,010)	(42,010)	(42,010)	(2,836)	(44,846)
Balance as at 1 July 2013 - restated	1,198,926	2,139,958	712,296	2,852,254	4,051,180	1,969,445	6,020,625
Total comprehensive income for the nine months ended 31 March 2014							
Profit for the period	-	-	575,119	575,119	575,119	238,420	813,539
Distribution to owners of the Holding Company:							
-Final dividend @ 22.50% (Rs. 2.25 per share) for the year ended 30 June 2013	-	-	(269,758)	(269,758)	(269,758)	-	(269,758)
-Interim dividend @ 12.50% (Rs. 1.25 per share) for the year ending 30 June 2014	-	-	(149,866)	(149,866)	(149,866)	-	(149,866)
Total transactions with owners of the Holding Company	-	-	(419,624)	(419,624)	(419,624)	-	(419,624)
Transfer to general reserves	-	851,300	(851,300)	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	16,936	16,936	16,936	3,795	20,731
Balance as at 31 March 2014	1,198,926	2,991,258	33,427	3,024,685	4,223,611	2,211,660	6,435,271

The annexed notes 1 to 23 form an integral part of this condensed interim consolidated financial information.

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Board Audit Committee

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Chief Executive Officer

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

For the nine months and quarter ended 31 March 2014

1. THE GROUP AND ITS OPERATIONS

1.1 The Group consists of International Industries Limited, the Holding Company, and International Steels Limited, the Subsidiary Company (together referred to as "the Group" and individually as "Group Entities") and the Group's interest in its equity-accounted investee, Pakistan Cables Limited.

1.2 International Industries Limited was incorporated in Pakistan in 1948 and is quoted on the Karachi, Lahore and Islamabad Stock Exchanges. It is in the business of manufacturing and marketing galvanized steel pipes, precision steel tubes, API line pipes and polyethylene pipes. Its registered office is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.

1.3 International Steels Limited was incorporated in Pakistan in 2007 as an unlisted company under the Companies Ordinance, 1984 and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to the general public under an Initial Public Offer, it was listed on the Karachi Stock Exchange on 1 June 2011. Its primary activity is the manufacturing of cold rolled steel coils and galvanized sheets. It commenced commercial operations on 1 January 2011. Its registered office is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.

1.4 Details of the Group's equity-accounted investee are given in note 6 to this condensed interim consolidated financial information.

2. BASIS OF PREPARATION

2.1 This condensed interim consolidated financial information has been prepared from the information available in the condensed un-audited separate financial information of the Holding Company for the nine months ended 31 March 2014 and the condensed un-audited financial information of the Subsidiary Company for the nine month ended ended 31 March 2014.

Detail regarding the financial information of the equity-accounted investee used in the preparation of this condensed interim consolidated financial information is given in note 6.

2.2 Statement of Compliance

This interim consolidated financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984 and the provisions of and directives issued under the Ordinance. In case requirements differ, the provisions of or directive issued under the Ordinance shall prevail.

2.3 This condensed interim consolidated financial information is presented in Pakistan Rupees which is also the Group's functional currency. All financial information presented has been rounded off to the nearest thousand Rupee.

2.4 This condensed interim consolidated financial information is being submitted to the shareholders as required by the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges and Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

3.1.1 Investment in subsidiaries

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

The financial information of subsidiaries is prepared for the same reporting period as the Holding Company, using consistent accounting policies and changes are made where necessary to align them with the policies adopted by the Holding Company.

The assets and liabilities of subsidiaries are consolidated on a line by line basis. The carrying value of the investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. All material intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

3.1.2 Investment in associate

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

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

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

3.2 Adoption of accounting policy for fair value and cash flow hedges

During the nine months ended 31 March 2014, the Group Entities have entered into forward exchange contracts (derivative financial instruments) with various banks to hedge their foreign currency exposure on firm commitment of raw material purchase. Based on the formal designation and documentation of the hedging relationship and the Group Entities' risk management objectives and strategy, the following accounting policies have been adopted for these contracts:

Derivative financial instruments and hedging activities
Derivative financial instruments are initially measured at fair value and subsequently, if not designated as a qualifying hedge relationship, remeasured at fair vlaue with changes in fair value recognised in the Profit and Loss Account.

Subsequent to initial recognition, derivatives designated as hedge instruments are remeasured at fair value and changes therein are accounted for as described below:

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in fair value of the derivative is recognised in other comprehensive income and presented in hedging reserves. The ineffective portion, if any, of changes in fair value of derivatives is recognised immediately in the Profit and Loss Account. The amount recognised in other comprehensive income and presented in hedging reserves is transferred to the carrying amount of the non-financial asset (inventory) upon initial recognition of non-financial asset (inventory).

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Profit and Loss Account, together with any changes in the fair value of the hedged asset or liability that are attributable to hedged risk.

These are carried as assets when the fair value is positive and liabilities when the fair value is negative.

There is no effect on the prior period's financial statements as a result of adoption of these accounting policies as all contracts have been made and entered into during nine months ended 31 March 2014. No forward contracts were outstanding as at 31 March 2014.

3.3 Change in accounting policy for employee benefits-defined benefit plan

IAS 19 (revised) 'Employee Benefits' amends the accounting for defined benefit plan which became effective for the Group from 1 July 2013. The changes introduced by IAS 19 (revised) are as follows:

(a) The standard requires past service cost to be recognised immediately as profit or loss;
(b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year;
(c) There is a new term "remeasurement".This is made up of actuarial gains and losses, the differences between actual investment returns and the return implied by the net interest cost; and
(d) The amendent requires an entity to recognise remeasurements immediately in other comprehensive income. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future services of the employees.

The revised accounting policy as a result of the amendments to IAS 19 is as follows:

Defined benefit plan
The Group Entities operate approved funded gratuity schemes for eligible employees. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability / (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Profit and Loss Account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the Profit and Loss Account. The Group Entities recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The management believes that the effects of these changes would not have a significant effect on this condensed interim consolidated financial information except for the changes referred in (d) above that have been accounted for retrospectively in accordance with the requirement of International Accounting Standard (IAS) 8 Accounting Policies, Changes in Accounting Estimates and Errors', resulting in the restatement of the financial statements of the prior period.

The effect of the change in accounting policy has been demonstrated below :

	30 June 2013	1 July 2012
Effect on Balance Sheet	(Rupees in '000)	
Unappropriated profit - as previously reported	**754,306**	343,515
Effect of change in accounting policy - net of tax	**(42,010)**	(3,687)
As restated	**712,296**	339,828
Non-controlling interest as previously reported	**1,972,281**	1,813,573
Effect of change in accounting policy	**(2,836)**	(1,545)
As restated	**1,969,445**	1,812,028
Staff retirement benefits - as previously reported	**-**	-
Effect of change in accounting policy	**59,725**	7,646
As restated	**59,725**	7,646
Deferred taxaion - as previously reported	**491,414**	240,473
Effect of change in accounting policy	**(14,879)**	(2,414)
As restated	**476,535**	238,059

The effect of the change on total comprehensive income attributable to the owners of the Holding Company was Rs. 44.8 million and Rs. 5.2 million, net of tax, respectively for the year ended 30 June 2013 and 30 June 2012 and has been presented in the Statement of Changes in Equity.

The Group follows a consistent practice to conduct actuarial valuations annually at each year end. Hence, the impact on this and comparative condensed interim financial information is not quantified and is considered immaterial.

This change in accounting policy has no impact on the Cash Flow Statement and on earnings per share.

3.4 Amendments and interpretation to approved accounting standards effective during the period

Apart from the aforementioned change in policy, amendments and interpretation to approved accounting standards which became effective during the period were not relevant to the Group's operations and do not have any impact on the accounting policies of the Group.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim unconsolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 financial statements as at and for the year ended 30 June 2013 except for the estimation of fair value of forward exchange contracts entered into during the nine months ended 31 March 2014.

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements as at and for the year ended 30 June 2013.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work in progress	Total
		(Rupees in '000)	
Cost / revalued amount			
Opening balance	14,293,925	378,070	14,671,995
Additions	386,193	303,510	689,703
Disposal / transfers	(100,865)	(386,193)	(487,058)
	14,579,253	295,387	14,874,640
Accumulated depreciation			
Opening balance	(1,303,507)	-	(1,303,507)
Disposal	77,399	-	77,399
Charge for the period	(543,868)	-	(543,868)
	(1,769,976)	-	(1,769,976)
Written down value as at 31 March 2014	**12,809,277**	**295,387**	**13,104,664**
Written down value as at 30 June 2013 (Audited)	12,990,418	378,070	13,368,488

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

For the nine months and quarter ended 31 March 2014

6. INVESTMENT IN EQUITY - ACCOUNTED INVESTEE

	Note	31 March 2014 (Un-audited)	30 June 2013 (Audited)
		(Rupees in '000)	
Pakistan Cables Limited - Associate Company	6.1	**177,841**	176,946

6.1 This represents the Holding Company's investment in Pakistan Cables Limited (PCL), a company incorporated in Pakistan. The Holding Company has invested in 2,425,913 shares (30 June 2013: 2,425,913 shares) of PCL and holds 8.52% (30 June 2013: 8.52%) ownership interest in PCL.

The Chief Executive Officer of PCL is Mr. Kamal A. Chinoy. The market value as at 31 March 2014 was Rs. 189.2 million (30 June 2013: 157.2 million). The share of profit after acquisition is recognised based on PCL's unaudited financial statements as at 31 December 2013. The latest financial statements of PCL as at 31 March 2014 are not presently available.

7. STOCK- IN- TRADE

	31 March 2014	30 June 2013
Raw material - in hand	**6,368,390**	3,621,652
- in transit	**996,326**	570,862
	7,364,716	4,192,514
Work-in-process	**2,174,148**	1,278,643
Finished goods	**3,849,554**	2,506,545
By-products	**21,485**	42,855
Scrap material	**114,807**	10,753
	13,524,710	8,031,310

7.1 Raw material amounting to Rs. 5 million (30 June 2013: Rs. 6 million) was held at vedor premises for the production of pipe caps.

8. TRADE DEBTS

	31 March 2014	30 June 2013
Considered good:		
- secured	**1,698,903**	1,389,297
- unsecured	**1,279,995**	1,241,125
	2,978,898	2,630,422
Considered doubtful	**45,264**	37,701
	3,024,162	2,668,123
Provision for doubtful debts	**(45,264)**	(37,701)
	2,978,898	2,630,422

9. ADVANCES

	31 March 2014 (Un-audited)	30 June 2013 (Audited)
	(Rupees in '000)	
Considered good:		
- Suppliers and service providers	**166,610**	227,401
- Collector of Customs for clearance of goods	**12,626**	100,000
- Sales Tax	**-**	85,000
- Employees	**17,789**	2,815
	197,025	415,216

10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Trade deposits	**12,093**	8,015
Short-term prepayments	**17,113**	13,057
	29,206	21,072

11. OTHER RECEIVABLES

Considered good:		
- Interest income receivable	**-**	128
- Receivable for transmission of electricity to K- Electric Limited	**60,991**	38,539
- Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods	**25,940**	25,940
- Claim receivable from supplier	**16,363**	-
- Others	**999**	1,539
	104,293	66,146

12 RESERVES

General reserve	**2,991,258**	2,139,958
Unappropriated profit	**33,427**	712,296
	3,024,685	2,852,254

13. LONG-TERM FINANCING - secured

Long-term finances utilised under mark-up arrangements	13.1	**450,000**	450,000
Syndicated LTFF term finance	13.2	**2,945,707**	3,344,803
Long-term finance	13.3	**818,424**	810,342
		4,214,131	4,605,145
Current portion of long-term financing shown under current liabilities		**(800,098)**	(783,285)
		3,414,033	3,821,860

13.1 All long term finances of Holding Company, except for all term financing mentioned above utilised under mark-up arrangements, have been obtained by the Holding Company and secured by way of a joint equitable mortgage on all present and future lands and buildings located at Plot Number LX-15 &16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey No. 402,405-406, Dehsharabi, Landhi Town, Karachi.

13.2 The syndicated term financing facility is secured by way of mortgage of land located at Survey No.399 - 404, Landhi Town, Karachi by the Subsidiary Company and joint hypothecation of all present and future fixed assets (excluding land and building), as per the terms of the syndicated term financing agreement. It is repayable in sixteen half-yearly instalments which commenced from March 2011. The rate of mark-up on these finannce is 1.5% over SBP refinance rate (30 June 2013: 1.5% over SBP refinance rate).

13.3 The term finance facility is secured by the Subsidiary Company by way of mortgage of land located at Survey No. 399-404, Landhi Town, Karachi and other fixed assets of the Subsidiary Company against ranking charge. It is repayable in eight half-yearly instalments which commenced from December 2012. The rates of mark-up range from 1.25% to 1.80% over 6 months KIBOR (30 June 2013: 1.80% over 6 months KIBOR). During the period ended 31 March 2014, the Subsidiary Company has obtained additional long-term finance from banks having a limit of Rs. 300 million, out of which Rs. 200 million was availed as at 31 March 2014.

		31 March 2014 (Un-audited)	30 June 2013 (Audited) Restated
14. TRADE AND OTHER PAYABLES		(Rupees in '000)	
Trade creditors	14.1	**4,253,655**	190,808
Bills payable		**129,238**	592,446
Accrued expenses	14.2	**458,985**	302,231
Provision for Infrastructure Cess	16.1.6	**334,500**	232,825
Short-term compensated absences		**3,650**	7,156
Advances from customers		**206,206**	197,760
Advance against sale of land	14.3	**13,000**	-
Workers' Profit Participation Fund		**76,837**	31,906
Workers' Welfare Fund		**44,708**	31,798
Unclaimed dividends		**13,527**	10,529
Others		**1,623**	1,652
		5,535,929	1,599,111

14.1 This includes amounts payable to associated companies amounting to Rs. 1,368.3 million (30 June 2013: Rs. 0.005 million)

14.2 This includes commissions payable to associated persons amounting to Rs. 3.2 million (30 June 2013: Rs. 2.4 million)

14.3 This represents advance received on account of sale of land situated in Lahore by the Holding Company. The title of the land is currently with the Holding Company and will be transferred to the purchaser upon full and final payment of the consideration.

15. SHORT-TERM BORROWINGS - secured

Running finance under mark-up arrangement	15.1	5,054,767	2,952,190
Short-term borrowing under Money Market Scheme	15.2	4,348,216	3,670,605
Short-term running finance under Export Refinance Scheme	15.3	3,671,500	3,559,500
Running finance under FE-25 Import Scheme	15.4	577,385	697,277
Short-term finance under Murabaha and Istisna	15.5	398,312	399,942
		14,050,180	11,279,514

15.1 The facilities for running finance under mark-up arrangements, available to the Group Entities from various commercial banks, amounted to Rs. 9,808 million (30 June 2013: Rs.11,602 million) and are for the purpose of meeting working capital requirements The rates of mark-up on the finances obtained by the Holding Company range from 9.26% to 11.93% per annum (2013: 10.01% to 11.41% per annum). The rates of mark-up on the finances obtained by the Subsidiary Company range from KIBOR+0.3% to KIBOR +1.75% (2013: KIBOR+0.5% to KIBOR+2% per annum).

15.2 The Holding Company has obtained facilities for short-term borrowing under Money Market Scheme financing from various commercial banks under mark-up arrangements amounted to Rs. 6,965 million (30 June 2013: Rs. 4,000 million). The rates of mark-up on these facilities range from 9.74% to 10.62% per annum (30 June 2013: 9.57% to 10.02% per annum).

15.3 The Group Entities have borrowed short-term running finance under Export Refinance Scheme offered by the State Bank of Pakistan. The facilities availed are for an amount of Rs. 3,671.5 million (30 June 2013: Rs.3,559.5 million). The rates of mark-up on these facilities range from 8.83% to 8.90 % per annum (30 June 2013: 8.70% to 8.90% per annum).

15.4 The Holding Company has borrowed short-term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 from various commercial banks for the purpose of meeting import requirements. The facilities availed are for an amount of USD 6 million equivalent to Rs.577 million (30 June 2013: USD 7 million equivalent to Rs. 697.3 million). The rates of mark-up on these facilities range from 1.50% per annum (30 June 2013: 1.25% to 1.79% per annum). The facilities mature within six months and are renewable.

15.5 The Subsidiary Company has obtained facilities for short-term finance under Murahaba and Istisna under Islamic financing arrangement. The rate of profit is KIBOR + 0.50% (30 June 2013: KIBOR+0.72%). The facilities mature within six months and are renewable.

15.6 All running finances and short-term borrowing facilities availed by the Holding Company are secured by way of hypothecation of all its present and future fixed assets (excluding lands and buildings) and present and future current and moveable assets.

15.7 The aforementioned facilities of the Subsidiary Company are secured by way of joint and first pari passu charges over its current assets.

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Bank guarantees have been issued by the Holding Company under certain supply contracts and to the Collector of Customs aggregating Rs. 129.5 million (30 June 2013: Rs.178.6 million).

16.1.2 Bank guarantees have been issued by the Subsidiary Company to Sui Southern Gas Company Limited and Excise & Taxation Officer aggregating Rs. 198.2 million (30 June 2013: Rs. 198.2 million).

16.1.3 Bank guarantees have been issued by the Subsidiary Company to Jamshoro Power Company Limited (Bid Bond Guarantee) amounting to Rs.0.1 million (30 June 2013: Rs. 0.05 million).

16.1.4 Custom duties amounting to Rs. 846 million (30 June 2013: Rs. 1,174 million) on import of raw material shall be payable by the Holding Company in case of non-fulfillment of certain conditions imposed by the customs authorities under SRO 565(1) / 2006. The Holding Company has provided post-dated cheques in favour of Collector of Customs which are, in the normal course of business, to be returned to the Holding Company after fulfilment of the stipulated conditions. The Holding Company has fulfilled the conditions for duties amounting to Rs. 734 million and is making continuous efforts to retrieve the associated post-dated cheques from the customs authorities.

Further, an amount of Rs. 375 million was claimed by the customs authorities as duty rate differential on imports made by the Holding Company during 2005-10 due to an anomaly in SRO 565(1) / 2006 Serial 88. Since then, the anomoly has been rectified.The Holding Company filed a petition with the Sindh High Court in 2010 for an injunction and is awaiting the final judgement.

16.1.5 The customs authorities have charged a redemption fine of Rs. 83 million on the clearance of an imported raw material consignment in 2006 by the Holding Company. It has filed an appeal before the Sindh High Court, which has set aside the examination reports including the subsequent order produced by customs authorities, and ordered the authorities to re-examine the matter afresh. However, the customs authorities have filed an application for leave to appeal against the order of the High Court. The management anticipates that the chances of admission of such appeal are remote.

16.1.6 The Holding Company has reversed a provision for the levy of Infrastructure Cess amounting to Rs.107 million in 2009 on the basis of a decision of the Sindh High Court which declared the levy of Infrastructure Cess before 28 December 2006 as void and invalid. However, the Excise and Taxation Department (the Department) has filed an appeal before the Supreme Court of Pakistan against such order. In May 2011, the Supreme Court disposed off the appeal with a joint statement of the parties that, during the pendency of the appeal, another law i.e Fifth Version came into existence which was not the subject matter of the appeal. Hence the case was referred back to the High Court with the right to appeal to the Supreme Court. On 31 May 2011, the High Court granted interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignments released upto 27 December 2006 and any bank guarantee / security furnished for consignments released after 27 December 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with the balance kept intact till the disposal of the petition. In case the High Court upholds the applicability of Fifth Version of the law and its retrospective application, the authorities are entitled to claim the amounts due under the said law with the right to appeal available to the petitioner. Bank guarantees amounting to Rs. 277.5 million have been provided to the Department in this regard.

16.1.7 As per the Gas Infrastructure and Development Cess Act 2011 (the Act), certain companies as specified in the Act (including Sui Southern Gas Company) shall collect and pay Gas Infrastructure and Development Cess (GID Cess) in such manner as the Federal Government may prescribe. As per the second schedule of the Act, GID Cess of Rs.13 per MMBTU was payable by the Group entities. Through Finance Bill 2012-13, an amendment was made to the Act whereby the rate of GID Cess applicable on the Group entities was increased to Rs. 100 per MMBTU. The Group filed a suit wherein it has impugned the Act on the ground that the rate of GID Cess has been enhanced without any lawful justification and authority. The Sindh High Court vide its ad-interim order dated 1 August 2012 has restrained SSGC from charging GID Cess above Rs. 13 per MMBTU. Consequently, on account of the High Court order, SSGC invoices the Company at Rs.13 per MMBTU and accordingly the Group continues to record GID Cess at Rs.13 per MMBTU.

The matter of applicability of receiving the differential of Rs. 87 per MMBTU is pending with the High Court. If the aforementioned matter is not decided in the favour of the Group, it may be required to pay Rs.230.2 million as additional amount in respect of GID Cess. However, the Group is confident that the matter will be decided in its favour.

16.1.8 The Holding Company has received a demand from the Deputy Collector (Manufacturing Bond), Model Collectorate of Customs (Port Muhammad Bin Qasim) aggregating Rs. 82.9 million. The demand has been raised on account of Sales Tax, custom duty and withholding income tax in respect of wastage generated on raw material imported under manufacturing bond license and covers the period July 2007 to December 2010. The Holding Company believes that it has discharged its liability towards all applicable taxes and duties. Further, Model Customs Collectorate (Exports) has already completed its audit up to 31 March 2009 and no further dues were liable to be paid as a result of this audit.

The Holding Company has filed a Constitutional Petition in the Sindh High Court which has granted interim stay as the matter requires further consideration by the High Court. The Holding Company, based on the advice of its legal counsel, is confident that the subject demand is unjustified and the matter will be decided in its favour.

16.1.9 Section 113(2)(c) was interpreted by a Divisional Bench of the Sindh High Court (SHC) in the Income Tax Reference Application (ITRA) No. 132 of 2011 dated 7 May 2013, whereby it was held that the benefit of carry forward of Minimum Tax is only available in the situation where the actual tax payable (on the basis of net income) in a tax year is less than Minimum Tax. Therefore, where there is no tax payable due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability.

The Subsidiary Company, based on legal counsel's advice considers that certain strong grounds are available whereby the aforesaid decision can be challenged in a larger bench of the Sindh High Court or the Supreme Court of Pakistan. A leave to appeal against the aforesaid decision has already been filed before the Supreme Court by other companies which is pending for hearing. In view of above, the Subsidiary Company is confident that the ultimate outcome in this regard would be favourable. Accumulated minimum tax liability of Rs.219.3 million was determined for the tax year 2012 and 2013. However based on the assessment and estimation for availability of sufficient taxable profit on the basis of 5 year's projections approved by the its Board, the same was not recognised in the financial statements for the year ended 30 June 2013. Therefore, accumulated minimum tax liability amounting to Rs.354.8 million has not been recorded on the same basis in the condensed interim financial information for the nine months ended 31 March 2014.

16.2 Commitments

16.2.1 Capital expenditure commitments of the Group Entities outstanding as at 31 March 2014 amounted to Rs.1,059.1 million (30 June 2013: Rs.49.9 million).

16.2.2 Commitments under letters of credit established by the Group Entities for raw material and spares as at 31 March 2014 to Rs. 6,981.2 million (30 June 2013: Rs.7,458.6 million).

16.2.3 Commitments under purchase contracts entered into by the Holding Company as at 31 March 2014 amounted to Rs. 136.4 million (30 June 2013: Rs.880.2 million).

16.2.4 Unavailed facilities of the Group Entities for opening letters of credit and guarantees from banks as at 31 March 2014 amounted to Rs. 16,907.8 million (30 June 2013: 10,369.4 million) and Rs. 524 million (30 June 2013: 791.3 million) respectively.

17. Net Sales	**Nine months ended**		**Quarter ended**	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	(Rupees in '000)			
Local	**23,834,560**	22,054,099	**8,051,602**	8,340,293
Export	**5,987,160**	5,568,791	**2,328,767**	2,147,882
	29,821,720	27,622,890	**10,380,369**	10,488,175
Sales Tax	**(3,739,578)**	(3,198,386)	**(1,253,384)**	(1,229,702)
Trade discounts	**(65,402)**	(17,722)	**(36,137)**	(6,432)
Sales discount and commission	**(433,638)**	(346,755)	**(155,692)**	(97,172)
	(4,238,618)	(3,562,863)	**(1,445,213)**	(1,333,306)
	25,583,102	24,060,027	**8,935,156**	9,154,869

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

For the nine months and quarter ended 31 March 2014

18.	**COST OF SALES**	**Nine months ended**		**Quarter ended**	
		31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
		(Rupees in '000)			
	Opening stock of raw material and work-in-process	**4,900,295**	6,770,224	**6,956,221**	7,049,813
	Purchases	**24,827,907**	17,660,456	**8,695,558**	3,820,019
	Salaries, wages and benefits	**596,892**	498,687	**214,371**	169,387
	Rates and taxes	**1,233**	729	**585**	492
	Electricity, gas and water	**526,122**	417,903	**184,155**	142,504
	Insurance	**23,809**	26,090	**7,586**	8,738
	Security and janitorial	**24,858**	19,785	**8,158**	6,446
	Depreciation and amortisation	**483,073**	408,290	**168,901**	139,222
	Stores and spares consumed	**167,546**	127,598	**64,384**	54,472
	Repairs and maintenance	**126,663**	109,827	**52,351**	40,307
	Postage, telephone and stationery	**12,415**	10,878	**5,294**	4,012
	Vehicle, travel and conveyance	**20,891**	17,719	**7,747**	5,746
	Internal material handling	**16,910**	15,217	**5,574**	4,681
	Environment controlling expense	**950**	1,117	**283**	465
	Sundries	**8,261**	7,312	**2,358**	1,218
	Sale of scrap generated during production	**(604,643)**	(171,325)	**(232,756)**	(72,760)
		31,133,182	25,920,507	**16,140,770**	11,374,762
	Closing stock of raw material and work-in-process	**(7,210,376)**	(4,018,284)	**(7,210,376)**	(4,018,284)
	Cost of goods manufactured	**23,922,806**	21,902,223	**8,930,394**	7,356,478
	Finished goods and by -products :				
	Opening stock	**2,549,400**	2,457,525	**2,982,311**	3,610,464
	Closing stock	**(3,981,097)**	(2,934,942)	**(3,981,097)**	(2,934,942)
		(1,431,697)	(477,417)	**(998,786)**	675,522
		22,491,109	21,424,806	**7,931,608**	8,032,000

19.	**FINANCIAL CHARGES**				
	Mark-up on:				
	- Long-term financing	**300,861**	370,105	**98,697**	112,284
	- Short-term borrowings	**965,066**	806,312	**305,151**	270,643
		1,265,927	1,176,417	**403,848**	382,927
	Exchange (gain) / loss on FE borrowing	**(23,424)**	147,823	**(58,717)**	8,928
	Interest on Workers' Profit Participation Fund	**360**	146	**-**	-
	Bank charges	**10,944**	15,804	**4,231**	5,033
		1,253,807	1,340,190	**349,362**	396,888

20. OTHER OPERATING CHARGES

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	(Rupees in '000)			
Auditors' remuneration	**3,554**	2,977	**1,328**	877
Loss on derivative financial instruments	**48,470**	-	**47,394**	-
Donations	**12,405**	15,350	**1,740**	100
Exchange loss	-	18,213	-	5,817
Loss on disposal of property, plant and equipment	**744**	-	**6,899**	-
Workers' Profit Participation Fund	**53,031**	36,126	**14,266**	21,526
Workers' Welfare Fund	**21,210**	14,450	**5,694**	8,650
Others	**4,974**	315	**4,149**	-
	144,388	87,431	**81,470**	36,970

21. OTHER INCOME

Income / return on financial assets:				
Interest on bank deposits	**1,572**	1,801	**734**	329
Income from non-financial assets:				
Income from power generation - 18MW	**22,408**	36,237	**9,122**	12,779
- 4MW	**42,928**	26,046	**16,437**	8,391
Gain on disposal of property, plant and equipment	-	9,166	-	2,254
Rental income	**1,287**	1,306	**429**	435
Toll manufacturing	-	137	-	137
Exchange gain / (loss) - net	**4,477**	33,056	**(56,932)**	9,799
Others	**10,234**	5,926	**3,035**	1,625
	82,906	113,675	**(27,175)**	35,749

22. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associate entities, directors of the Holding Company and its Subsdidiary, key management employees and staff retirement funds. The Group Entities continues to have a policy whereby all transactions with related parties are entered into at commerical terms and conditions. Contributions to the defined contribution plan (Provident Fund) are made as per the terms of employment and contributions to the defined benefit plan (Gratuity Scheme) are in accordance with actuarial advice. Remuneration of key management personnel is in accordance with their terms of engagement and company policy. Details of transactions with related parties, other than those which have been specifically disclosed else where in this condensed interim consolidated financial information, are as follows:

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

For the nine months and quarter ended 31 March 2014

	Nine months ended		Quarter ended	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
	(Rupees in '000)			
Associated companies				
Sales	**412,535**	992,992	**97,278**	505,654
Purchases	**8,952,065**	6,556,205	**3,113,703**	3,455,991
Insurance premium expense	**46,014**	38,474	**7,989**	6,694
Insurance claims received	**1,205**	1,223	**-**	136
Rental income	**1,287**	1,306	**429**	436
Donations paid	**300**	2,125	**-**	-
Dividend paid	**8,241**	-	**6,945**	-
Dividend received	**9,704**	-	**-**	-
Reimbusement of payments made on behalf of associated company	**592**	2,665	**-**	914
Subscriptions paid	**327**	681	**216**	587
Key management personnel and their spouses				
Remuneration	**218,164**	199,818	**72,506**	65,877
Sales commission expense	**5,590**	-	**3,048**	-
Staff retirement benefits	**4,037**	1,480	**1,320**	465
Staff retirement benefit plans				
Contribution paid	**44,529**	34,350	**14,904**	11,499
Non executive directors' fee	**4,200**	3,440	**1,240**	1,200

	31 March 2014 (Un-audited)	30 June 2013 (Audited)
	(Rupees in '000)	
Balances with related parties		
Trade debts		
Sui Southern Gas Company Limited	-	530
Sui Northern Gas Pipelines Limited	-	97,579
Pakistan Cables Ltd	**509**	-

SEGMENT REPORTING

The Group Entities have identified Steel Coils & Sheets, Steel Pipes and Plastic Pipes as three reportable segments. Performance is measured based on respective segment results. Information regarding the Group Entities' segments is presented below.

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

For the nine months and quarter ended 31 March 2014

SEGMENT REVENUE AND RESULTS

	Steel Coils & Sheets	Steel Pipes	Plastic Pipes	Total
	(Rupees in '000)			
For the nine month ended 31 March 2014				
Sales	13,917,510	11,215,539	450,052	25,583,101
Cost of sales	12,273,061	9,763,955	454,092	22,491,108
Gross profit	1,644,449	1,451,584	(4,040)	3,091,993
For the nine month ended 31 March 2013				
Sales	11,017,189	12,650,060	392,778	24,060,027
Cost of sales	9,946,163	11,125,839	352,804	21,424,806
Gross profit	1,071,026	1,524,221	39,974	2,635,221

Reconciliation of segment results with Profit After Tax is as follows:

	31 March 2014 (Un-audited)	31 March 2013 (Audited)
	(Rupees in '000)	
Total results for reportable segments	**3,091,993**	2,635,221
Selling, distribution and administrative expenses	**(790,750)**	(656,789)
Financial charges	**(1,253,807)**	(1,340,190)
Other operating expenses	**(144,388)**	(87,431)
Other operating income	**82,906**	113,675
Share of profit in equity-accounted investee - net of tax	**10,599**	11,745
Taxation	**(183,014)**	(169,371)
Profit after tax	**813,539**	506,860

SEGMENT ASSETS & LIABILITIES

	Steel Coils & Sheets	Steel Pipes	Plastic Pipes	Total
	(Rupees in '000)			
As at 31 March 2014 - Un-audited:				
Segment assets	19,265,009	12,192,023	541,972	31,999,004
Segment liabilities	(10,283,767)	(9,856,676)	(455,820)	(20,596,263)
As at 30 June 2013 - Audited:				
Segment assets	14,763,910	10,298,087	662,628	25,724,625
Segment liabilities	(6,083,206)	(7,263,879)	(574,018)	(13,921,103)

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

	31 March 2014 (Un-audited)	31 March 2013 (Audited)
	(Rupees in '000)	
Total reportable segments assets	**29,506,136**	23,253,842
Unallocated assets	**4,090,800**	3,605,138
Total assets as per Balance Sheet	**33,596,936**	26,858,980
Total reportable segments liabilities	**23,952,920**	17,522,003
Unallocated liabilities	**696,968**	783,844
Total liabilities as per Balance Sheet	**24,649,888**	18,305,847

23. GENERAL

23.1 This condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Holding Company on 22 April 2014.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Sohail R. Bhojani
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer