

Years
of IIL

Laying the foundation
for an industrious
Pakistan

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

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Company Information

Chairman (Non-Executive)

Mr. Mustapha A. Chinoy

Independent Director

Mr. Tariq Ikram
Mr. Ehsan A. Malik
Mr. Jehangir Shah

Non-Executive Director

Mr. Kamal A. Chinoy
Mr. Fuad Azim Hashimi
Mr. Azam Faruque
Mr. Shoaib Mir

Chief Executive Officer

Mr. Riyaz T. Chinoy

Advisor

Mr. Towfiq H. Chinoy

Chief Financial Officer

Mr. Muhammad Hanif Idrees

Group Company Secretary and Head of Legal

Ms. Uzma Amjad Ali

Group Chief Internal Auditor

Ms. Asema Tapal

Internal Auditors

M/s EY Ford Rhodes

External Auditors

M/s KPMG Taseer Hadi & Co.

Bankers

Allied Bank Ltd.
Askari Bank Ltd.
Bank Al Habib Ltd.
Bank Alfalah Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
Samba Bank Ltd.
Soneri Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
United Bank Ltd.

Legal Advisor(s)

Ms. Sana Shaikh Fikree
Mr. Ameen Bandukda

Registered Office

101, Beaumont Plaza, 10, Beaumont Road,
Karachi – 75530
Telephone Nos: +9221-35680045-54,
UAN: 021-111-019-019
Fax: +9221-35680373,
E-mail: uzma.amjad@iil.com.pk

02 International Industries Limited

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Multan Office

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Multan Cantt.
Phone : +9261-4583332

Faisalabad Office

Office No.1/1, Wahab Centre, Electrocitiy Plaza,
Susan Road, Faisalabad.
Phone : +9241-8720037

Peshawar Office

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Main University Road, Peshawar.
Phone: +9291-5845068

Factories

Factory 1

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Phone: +9221-35080451-55, Fax: +9221-35082403
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Factory 2

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Phone: +9221-35017026-28, 35017030
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Factory 3

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Phone: +9242-37190491-3

Website

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Investor Relations Contact

Shares Registrar

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CDC House, 99-B, Block "B", S.M.C.H.S,
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Assistant Company Secretary

Mr. Mohammad Irfan Bhatti
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Phone: +9221-111-019-019, Fax: +9221-35680373
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Directors' Report

The Directors of your Company are pleased to present the financial statements for the period ended 30th September 2018.

With a new Government having been elected in the early part of this quarter one expects that in the medium to long run the macroeconomic policy mix will now shift towards economic stabilization, and propagating industrial growth in the small-medium and large scale manufacturing Industry at the cost of commercial imports. The adjusted exchange rate has contributed positively towards better exports and we expect this trend to continue in the months ahead.

Due to elections, seasonality, and expected release of a mini-budget a noticeable slowdown was seen in the auto manufacturing, curtailed spending was witnessed by gas utility companies, general fabrication and building and construction activity, consequently domestic commercial sales also showed signs of weakness during the quarter.

Net sales turn over during the quarter ended at Rs. 5.4 billion, which is in line with performance during the corresponding period last year, despite total sales volume contracting by over 20% due to delays in gas utility companies' orders. Export volumes showed signs of improvement after the PKR depreciation in the previous quarter and increased by over 15%. Gross profit margins however contracted on account of higher raw material prices, PKR depreciation and lower volumetric sales.

Our Polymer segment sales also remained under pressure on account of delays in gas pipe tender related spending, with sales turnover falling by 35% over the same period last year. The expansion of our PPRC pipes and fittings business has been completed and will allow us to aggressively tap into the commercial segment of the market. The segments gross profit was down to Rs. 26.2 million compared to Rs. 51.6 million over the same period last year.

Profit after Tax (PAT) for the period under review was Rs. 730 million (EPS 6.09), which is 81% higher than the corresponding period last year. The period's profit is inclusive of an amount of Rs. 756 million of dividend income received. This brings the Profit Before Tax (PBT) excluding dividend income for the period to Rs. 132 million as compared to Rs. 196 million for the same period last year.

Our subsidiary, International Steels Limited (ISL) reported Net Sales Revenue of Rs. 11.2 billion which was up 5% from Rs. 10.7 billion over the corresponding period last year. Profit after Tax (PAT) of Rs. 841.3 million (EPS 1.93) was down 16% from Rs. 1,003.3 million (EPS 2.31) during the same period last year.

The Group P&L for the quarter ended with PAT of Rs. 852 million (EPS 4.37) compared to Rs. 1,006 million (EPS 5.5) over the corresponding period last year.

We extend our gratitude to all our stakeholders for their continued support and with the second quarter starting on a positive note we look forward to a productive quarter ahead.

For & on behalf of
International Industries Limited



Mustapha A. Chinoy
Chairman

Karachi:
Dated: 18th October 2018

Condensed Interim Unconsolidated Statement of Financial Position

As at 30 September 2018

	Note	30 September 2018 (Un-audited)	30 June 2018 (Audited)
ASSETS			
Non current assets			
Property, plant and equipment	5	5,876,223	5,769,659
Intangible assets		7,314	8,635
Investments	6	3,277,276	3,277,276
Long term deposits		62,994	62,994
		9,223,807	9,118,564
Current assets			
Stores and spares		181,286	152,299
Stock-in-trade	7	10,246,884	9,004,552
Trade debts	8	3,045,737	2,318,876
Advances, trade deposits and short-term prepayments	9	852,634	1,065,827
Receivable from K-Electric Limited (KE) - unsecured, considered good		22,467	19,965
Other receivables	10	758,844	4,705
Sales tax receivable		496,723	518,397
Cash and bank balances		357,611	261,865
		15,962,186	13,346,486
Total assets		25,185,993	22,465,050
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (2018: 200,000,000)			
ordinary shares of Rs. 10 each		2,000,000	2,000,000
Share capital			
Issued, subscribed and paid-up capital		1,198,926	1,198,926
Revenue reserve			
General reserves	11	2,700,036	2,700,036
Un-appropriated profit	11	2,999,659	3,037,210
Capital reserve			
Revaluation surplus on property, plant and equipment		1,959,256	1,958,211
Total equity		8,857,877	8,894,383
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	12	1,973,994	1,968,534
Staff retirement benefits		146,253	146,253
Deferred taxation - net		159,079	222,840
		2,279,326	2,337,627
Current liabilities			
Trade and other payables	13	2,352,426	2,315,595
Short term borrowings - secured	14	10,110,699	8,309,557
Unpaid dividend		779,302	14,218
Unclaimed dividends		30,005	23,854
Current portion of long-term finances	12	183,950	180,919
Taxation		478,297	310,225
Accrued mark-up		114,111	78,672
		14,048,790	11,233,040
Total liabilities		16,328,116	13,570,667
Total equity and liabilities		25,185,993	22,465,050
Contingencies and commitments			
	15	-	-

The annexed notes 1 to 28 form an integral part of this condensed interim unconsolidated financial information.

Ehsan A. Malik
Director & Chairman
Board Audit Committee

M. Hanif Idrees
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

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

For the quarter ended 30 September 2018

		Quarter ended	
	Note	30 September 2018	30 September 2017
		(Rupees in '000)	
Net sales	16	5,360,554	5,396,286
Cost of sales	17	(4,923,557)	(4,703,120)
Gross profit		436,997	693,166
Selling and distribution expenses	18	(163,291)	(245,008)
Administrative expenses	19	(70,967)	(66,823)
		(234,258)	(311,831)
Financial charges	20	(167,589)	(115,241)
Other operating charges	21	(14,592)	(26,995)
		(182,181)	(142,236)
Other income	22	862,026	283,189
Profit before taxation		882,584	522,288
Taxation	23	(152,217)	(119,195)
Profit after taxation for the period		730,367	403,093
		(Rupees)	
Earnings per share - basic and diluted		6.09	3.36

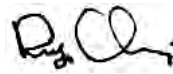
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Ehsan A. Malik
Director & Chairman
Board Audit Committee



M. Hanif Idrees
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

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

For the quarter ended 30 September 2018

	Quarter ended	
	30 September 2018	30 September 2017
	(Rupees in '000)	
Profit after taxation for the period	730,367	403,093
Other comprehensive income		
<i>Items that are or may be reclassified to profit or loss</i>		
Effective portion of changes in fair value of cash flow hedges	(8,010)	-
Recognition of tax	1,739	-
Total comprehensive income for the period - net of tax	(6,271)	-
Total comprehensive income for the period	724,096	403,093

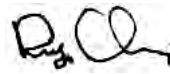
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Ehsan A. Malik
Director & Chairman
Board Audit Committee



M. Hanif Idrees
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the quarter ended 30 September 2018

		Quarter ended	
	Note	30 September 2018	30 September 2017
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		882,584	522,288
Adjustments for :			
Depreciation and amortisation		105,135	89,664
Provision for doubtful debts		(8,967)	-
Interest on bank deposits	22	(586)	(238)
Gain on disposal of property, plant and equipment	22	(35,123)	(12,434)
Dividend income	22	(756,490)	(249,907)
Provision for staff gratuity		11,883	8,798
Financial charges	20	167,589	115,241
		366,025	473,412
Changes in:			
Working capital	24	(1,725,676)	(2,084,251)
Long term deposits		-	(12,000)
Net cash generated (used in) operations		(1,359,651)	(1,622,839)
Financial charges paid		(132,150)	(94,866)
Payment of staff gratuity		(11,883)	(17,000)
Taxes paid		(27,467)	(28,644)
Net cash generated (used in) operating activities		(1,531,151)	(1,763,349)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(223,190)	(292,107)
Proceeds from disposal of property, plant and equipment		47,935	14,111
Interest income received		586	238
Net cash (used in) investing activities		(174,669)	(277,758)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		24,554	103,037
Repayment of long term financing		(16,063)	(16,063)
Proceeds from / (repayments of) short term borrowing - net		283,884	1,865,507
Dividends paid		(8,067)	(240,049)
Net cash from financing activities		284,308	1,712,432
Net decrease in cash and cash equivalents		(1,421,512)	(328,675)
Cash and cash equivalents at beginning of the period		(2,377,742)	(519,591)
Cash and cash equivalents at end of the period		(3,799,254)	(848,266)
Cash and cash equivalents comprise:			
Cash and bank balances		357,611	52,043
Short term borrowings - secured	14	(4,156,865)	(900,309)
		(3,799,254)	(848,266)

The annexed notes 1 to 28 form an integral part of this condensed interim unconsolidated financial information.

Ehsan A. Malik
Director & Chairman
Board Audit Committee

M. Hanif Idrees
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

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

For the quarter ended 30 September 2018

Note	Issued, subscribed and paid-up capital	Revenue Reserves		Capital Reserves Revaluation Surplus on property, plant & equipment	Total reserves	Total
		General reserves	Un-appropriated profit			
(Rupees in '000)						
Balance as at 1 July 2017 - as restated	1,198,926	2,700,036	1,942,475	2,017,384	6,659,895	7,858,821
Changes in equity for the period ended 30 September 2017:						
Total comprehensive income for the period ended 30 September 2017						
Profit for the period	-	-	403,093		403,093	403,093
Other Comprehensive income for the period	-	-	-		-	-
Total Comprehensive income for the period	-	-	403,093		403,093	403,093
Transactions with owners of the Company - distributions:						
-Final dividend @ 20% (Rs. 2.00 per share) for the year ended 30 June 2017	-	-	(239,785)		(239,785)	(239,785)
Total transactions with owners of the Company - distribution	-	-	(239,785)		(239,785)	(239,785)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	12,491	(12,491)	-	-
Transfer from surplus on revaluation on disposal of fixed assets - net of deferred tax			700	(700)	-	-
Balance as at 30 September 2017 - as restated	1,198,926	2,700,036	2,118,974	2,004,193	6,823,203	8,022,129
Balance as at 1 July 2018	1,198,926	2,700,036	3,037,210	1,958,211	7,695,457	8,894,383
Changes in equity for the period ended 30 September 2018:						
Total comprehensive income for the period ended 30 September 2018						
Profit for the period	-	-	730,367		730,367	730,367
Effect of change in tax rate on balance of revaluation of property, plant and equipment	-	-	-	18,700	18,700	18,700
Other Comprehensive income for the period - net of tax	-	-	(6,271)		(6,271)	(6,271)
Total Comprehensive income for the period	-	-	724,096	18,700	742,796	742,796
Transactions with owners of the Company - distributions:						
-Final dividend @ 65% (Rs. 6.50 per share) for the year ended 30 June 2018	-	-	(779,302)		(779,302)	(779,302)
Total transactions with owners of the Company - distribution	-	-	(779,302)	-	(779,302)	(779,302)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	11,874	(11,874)	-	-
Transfer from surplus on revaluation on disposal of fixed assets - net of deferred tax	-	-	5,781	(5,781)	-	-
Balance as at 30 September 2018	1,198,926	2,700,036	2,999,659	1,959,256	7,658,951	8,857,877

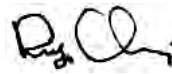
The annexed notes 1 to 28 form an integral part of this condensed interim unconsolidated financial information.



Ehsan A. Malik
Director & Chairman
Board Audit Committee



M. Hanif Idrees
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

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

For the quarter ended 30 September 2018

1. STATUS AND NATURE OF BUSINESS

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

- a) LX 15-16, Landhi Industrial Area, Karachi
- b) Survey # 402,405-406, Dehshrahi Landhi Town, Karachi
- c) 22 KM, Sheikhpura Road, Lahore

Sales office are located at Lahore, Islamabad, Faisalabad, Peshawar and Multan.

Details of the Company's investment in subsidiaries and associated company are stated in note 6 to these condensed interim unconsolidated financial statements.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standard (IFRS Standards) issued by the International Accounting Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act 2017.

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

2.1.2 These condensed interim unconsolidated financial statement 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 2018.

2.1.3 The comparative Balance Sheet presented in these condensed interim unconsolidated financial statements have been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2018, 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 are extracted from the unaudited condensed interim unconsolidated financial statement for the period ended 30 September 2017.

2.1.4 These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial statements are the same as those applied in the preparation of audited annual separate financial statements of the Company as at and for the year ended 30 June 2018.

3.2 Certain amendment and interpretation to approved accounting standards became effective during the period were not relevant to the Company's operation and do not have 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 statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

For the quarter ended 30 September 2018

- 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 statement as at and for the year ended 30 June 2018.
- 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 2018.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work - in - progress (Rupees in '000)	Total
Cost / revalued amount			
Opening balance	8,367,722	146,098	8,513,820
Additions	40,623	231,549	272,172
Disposal / transfers / adjustment	(53,034)	(40,623)	(93,657)
	<u>8,355,311</u>	<u>337,024</u>	<u>8,692,335</u>
Accumulated depreciation			
Opening balance	(2,744,161)	-	(2,744,161)
Charge for the period	(103,814)	-	(103,814)
Disposal / transfers / adjustment	31,863	-	31,863
	<u>(2,816,112)</u>	<u>-</u>	<u>(2,816,112)</u>
Written down value as at 30 September 2018 (Un-audited)	<u>5,539,199</u>	<u>337,024</u>	<u>5,876,223</u>
Written down value as at 30 June 2018 (Audited)	<u>5,623,561</u>	<u>146,098</u>	<u>5,769,659</u>

6. INVESTMENTS

(Un-audited) 30 September 2018	(Audited) 30 June 2018		Note	(Un-audited) 30 September 2018	(Audited) 30 June 2018
Number of shares				(Rupees in '000)	
Quoted companies					
245,055,543	245,055,543	International Steels Limited (ISL) - subsidiary company at cost	6.1	2,450,555	2,450,555
6,092,470	6,092,470	Pakistan Cables Limited (PCL) - associate company at cost	6.2	817,553	817,553
Un-quoted company					
100,000	100,000	IIL Australia Pty Limited (IIL Australia) - subsidiary company at cost	6.3	9,168	9,168
				3,277,276	3,277,276

- 6.1 The Company holds 56.33% ownership interest in ISL. The Chief Executive of ISL is Mr. Yousuf H. Mirza.
- 6.1.1 The Company has pledged 500,000 shares of International Steels Limited in the Sindh High Court as explained in note 15.1.9
- 6.2 The Company holds 17.124% ownership interest in PCL. The Chief Executive Officer of PCL is Mr. Kamal A. Chinoy.
- 6.3 The Company holds 100% ownership interest in IIL Australia. The Chief Executive Officer of IIL Australia is Mr. Sohail Raza Bhojani. The Company is incorporated in Victoria, Australia.
- 6.4 Market value of the aforementioned quoted investments is as follows:

	(Un-audited) 30 September 2018	(Audited) 30 June 2018
(Rupees in '000)		
Quoted		
International Steels Limited	22,292,703	24,922,149
Pakistan Cables Limited	1,208,015	1,138,987

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

For the quarter ended 30 September 2018

- 6.5** The book value of IIL Australia based on un-audited financial statements as at 30 September 2018 is AUD 208,041 (Rs.18.63 million). [2018: AUD 162,332 (Rs. 14.56 million)].

(Un-audited) 30 September 2018	(Audited) 30 June 2018
(Rupees in '000)	

7. STOCK-IN-TRADE

Raw materials- in hand	4,290,958	4,384,947
- in transit	1,740,678	840,324
	<u>6,031,636</u>	<u>5,225,271</u>
Work-in-process	1,191,450	1,409,862
Finished goods	2,829,701	2,296,166
By-product	45,372	17,363
Scrap material	148,725	55,890
	<u>10,246,884</u>	<u>9,004,552</u>

- 7.1** Raw materials amounting to Rs. 2.7 million (2018: Rs. 3.8 million) as at 30 September 2018 was held at vendor premises for the production of pipe caps.

8. TRADE DEBTS

Considered good - secured	347,592	74,290
- unsecured	2,698,145	2,244,586
Considered doubtful	131,033	140,000
	<u>3,176,770</u>	<u>2,458,876</u>
Provision for doubtful debts	(131,033)	(140,000)
	<u>3,045,737</u>	<u>2,318,876</u>

- 8.1** Related parties from whom debts are due are as under:

IIL Australia Pty Limited	1,132,545	828,388
	<u>1,132,545</u>	<u>828,388</u>

9. ADVANCES, TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Considered good - unsecured		
- Suppliers	833,874	1,042,867
- Employees for business related expenses	2,031	993
Trade deposits	8,360	13,453
Short term prepayments	8,369	8,514
	<u>852,634</u>	<u>1,065,827</u>

10. OTHER RECEIVABLES

Considered good - unsecured		
- Insurance claim	53	46
- Dividend receivable from associated company	21,324	-
- Dividend receivable from subsidiary company	735,166	-
- Others	2,301	4,659
	<u>758,844</u>	<u>4,705</u>
Considered doubtful		
- Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier period	25,940	25,940
	<u>784,784</u>	<u>30,645</u>
- Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier period	(25,940)	(25,940)
	<u>758,844</u>	<u>4,705</u>

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

For the quarter ended 30 September 2018

	Note	(Un-audited) 30 September 2018	(Audited) 30 June 2018
(Rupees in '000)			
11. RESERVES			
General reserves		2,700,036	2,700,036
Un-appropriated profit		2,999,659	3,037,210
		<u>5,699,695</u>	<u>5,737,246</u>
12. LONG-TERM FINANCES - secured			
Conventional			
Long Term Finance Facility (LTFF)	12.1	1,453,399	1,444,908
Islamic			
Diminishing Musharakah	12.2	704,545	704,545
		<u>2,157,944</u>	<u>2,149,453</u>
Current portion of long term finances shown under current liabilities:			
Conventional			
Long Term Finance Facility (LTFF)		(70,313)	(90,009)
Islamic			
Diminishing Musharakah		(113,637)	(90,910)
		<u>1,973,994</u>	<u>1,968,534</u>
Conventional			
12.1	The Company has approved long term finance facilities of amounts aggregating to Rs.1,453.4 million (2018: Rs.1,444.9 million) which are fully utilised. These facilities are secured by way of a mortgage on all present and future land 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.		
Islamic			
12.2	The Company has approved financing facilities under Diminishing Musharakah of amounts aggregating to Rs.704.5 million (2018: Rs.704.5 million) which are fully utilised. These facilities are secured by way of a mortgage on all present and future land 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. TRADE AND OTHER PAYABLES	Note	(Un-audited) 30 September 2018	(Audited) 30 June 2018
(Rupees in '000)			
Trade creditors		158,252	138,061
Bills payable		8,011	17,293
Accrued expenses		1,192,329	1,120,432
Provision for Infrastructure Cess	13.1	422,148	401,376
Short-term compensated absences		6,568	10,076
Advance from customers		190,220	242,867
Workers' Profit Participation Fund		6,468	(311)
Workers' Welfare Fund		104,669	101,957
Others		263,761	283,844
		<u>2,352,426</u>	<u>2,315,595</u>
13.1 Provision for Infrastructure Cess			
Opening balance		401,376	322,537
Provided for the period		20,772	78,839
Closing balance		<u>422,148</u>	<u>401,376</u>

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

For the quarter ended 30 September 2018

(Un-audited)	(Audited)
30 September	30 June
2018	2018
(Rupees in '000)	

14. SHORT TERM BORROWINGS - secured

Conventional

Running finance under mark-up arrangement from banks	14.1	2,656,865	1,196,908
Short-term borrowing under Money Market scheme	14.2	3,736,987	3,716,854
Short-term borrowing under Export Refinance scheme	14.3	2,176,000	1,944,500
Book overdraft		40,847	8,596

Islamic

Short-term borrowing under Running Musharakah	14.4	1,500,000	1,442,699
		10,110,699	8,309,557

- 14.1** The facilities for running finance available from various commercial banks amounted to Rs. 3,061 million (2018: Rs. 2,860 million). The rates of mark-up on these finances range from 7.02% to 9.26% per annum (2018: 6.53% to 8.17% per annum).
- 14.2** The facilities for short-term borrowing under Money Market Scheme available from various commercial banks under mark-up arrangements amounted to Rs. 5,860 million (2018: Rs. 5,140 million). The rate of markup on these finance range from 6.96% to 8.76% (2018: 6.43% to 7.02%).
- 14.3** The Company has borrowed short-term running finance under the Export Refinance Scheme of the State Bank of Pakistan (SBP). The facility availed is for an amount of Rs. 2,176.0 million (2018: Rs. 1,994.5 million). The rates of mark-up on this facility are 2.10% to 2.15% per annum (2018: 2.10% to 2.15% per annum).
- 14.4** The facilities under running musharakah from various banks amounted to Rs. 1,500 million (2018: 1,500 million). The rate of profit on these finances is 8.21% per annum (2018: 6.63% per annum).
- 14.5** 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.
- 14.6** As at 30 September 2018, the unavailed facilities from the above borrowings amounted to Rs. 2,530 million (2018: Rs.3,299 million)

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1** Bank guarantees have been issued under certain supply contracts and for supply of utilities aggregating Rs. 824 million (30 June 2018: Rs. 1019 million).
- 15.1.2** Custom duties amounting to Rs. 40.5 million (30 June 2018: Rs. 40.5 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 favor of the Collector of Customs which are, in normal course of business, to be returned to the Company after fulfillment of stipulated conditions. The Company has fulfilled the condition for the aforementioned amounts and is making efforts to retrieve the associated post-dated cheques from the customs authorities.
- 15.1.3** 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 judgment. The management is confident that the decision will be given in favour of the Company.
- 15.1.4** 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 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.
- 15.1.5** The Company filed a Suit before Honourable Sindh High Court (SHC) for declaration and permanent injunction in 2002 against Infrastructure Fee levied (levy) through Sindh Finance Act 1994. The SHC vide its order (order) declared the levy constitutional, which was challenged by the Company through filing an appeal against the said order in 2004. In the appeal proceedings, SHC granted a relief in 2006, by allowing the clearance of imported goods subject to submission of security / bank guarantees. Company submitted guarantees amounting to Rs.115 million for release of goods attracting levy of Rs.107 million. The SHC decided the matter on 17 September 2008 declaring the levy before 28 December 2006 as void and invalid. Excise and Taxation Department filed an appeal before the Honourable Supreme Court of Pakistan (SCP) against the order dated 17 September 2008 hence the guarantees were not released as the matter was sub-judice in SHC.

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

For the quarter ended 30 September 2018

Subsequently, in May 2011, the SCP disposed-off the appeal by referring the matter back to the SHC. On 31 May 2011, the SHC granted an interim relief for return of bank guarantees in respect of the consignments released up to 27 December 2006. In respect of consignments to be released subsequent to 27 December 2006 SHC ordered to pay 50% of the amount and submit bank guarantees for the balance amount. Bank guarantees amounting to Rs. 540 million (2018: Rs. 515 million) which includes afore-mentioned bank guarantees of Rs. 115 million are outstanding as at 30 June 2018. As a matter of prudence, company is making provision for the balance amount, which amounts to Rs. 422.2 million (note 13.1) as at 30 September 2018.

Consequently, in 2017 the Department vide Sindh Finance Act 2015 & 2016 enhanced the levy by 100%, the company on 24 October 2017 has obtained stay from the SHC against the enhancement, furthermore the SHC has linked the disposal of the case with previous Infrastructure Fee cases already pending in SHC.

- 15.1.6** In 2011, the Gas Infrastructure Development Cess was levied via GIDC Act 2011 and further the rate of cess was amended via Finance Bill 2012 - 2013 which was challenged in the Supreme Court of Pakistan. The Supreme Court of Pakistan declared GIDC Act 2011 to be unconstitutional and ultra vires on the grounds that GIDC is a 'Fee' and not a 'Tax' and in the alternative it is not covered by any entry relating to imposition or levy of tax under Part-I of the Federal Legislative list and on either counts the 'cess' could not have been introduced through a money bill under the Constitution.

During 2015, Government passed a new law 'Gas Infrastructure Development Cess Act 2015' ('the Act') by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs. 100 per MMBTU on industrial consumption and Rs. 200 per MMBTU on Captive power consumption effective 1 July 2011. The Company has obtained a stay order on the retrospective application of the Act from the Sindh High Court. The Company is confident of favorable outcome and therefore has not recorded, to the extent of self consumption, a provision of Rs. 95.1 million (from 01 July 2011 till 22 May 2015) in these unconsolidated interim financial information. However, the Company made a provision of GIDC to the extent of its self consumption from May 2015 onwards. On 26th October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of Sindh High Court. This appeal filed before the Divisional Bench of High Court of Sindh was dismissed on the ground that Learned Single Judge while passing the impugned judgement has considered all the material facts and also the relevant provisions of Oil and Gas Regulatory Authority (OGRA) and has correctly applied the factual position. Such decision has been challenged in appeal before Supreme Court of Pakistan, wherein the Company is not the party and decision is pending.

On 31 May 2017, separate petition filed by another company in the Peshawar High Court challenging the vires of the GIDC Act 2015 was dismissed for the reason that the Act has been passed by the Parliament strictly in accordance with the legislative procedures contained in the Constitution of Pakistan and therefore no procedural defect in the Act which could be made as a ground for its annulment. In light of the aforementioned developments, the Company on prudent basis, continue to recognise provision after the passage of the Act.

Further the Company has not recognized GIDC amounting to Rs.74.320 million (2018: Rs. 67.97 million) pertaining to period from 01 July 2011 to 30 September 2018 with respect to its captive power plant from which power generation is supplied to K-Electric Limited. Management considers that, in the event such levy is imposed, it shall recover GIDC from K-Electric Limited through fuel adjustments after getting requisite approval from National Electric Power Regulatory Authority (NEPRA).

- 15.1.7** Sindh Revenue Board (SRB) issued a notice to the Company for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014. The Company filed a constitutional petition in the Sindh High Court, challenging the said unlawful demand on the ground that the Company is a trans-provincial establishment operating industrial and commercial activities across Pakistan. The Sindh High Court granted stay order in favor of the Company declaring exemption on the basis that the Company being a trans-provincial establishment is paying Workers Welfare Fund under Federal Workers Welfare Fund Ordinance, 1971. In a separate case, the Sindh High Court has dealt on the subject of trans-provincial establishment in its judgement. A similar view is likely to be taken in this case as well where the liability will have to be discharged in the respective province.

- 15.1.8** Oil and Gas Regulatory Authority (OGRA) has issued notification for increase in gas tariff disregarding the protocol laid down in OGRA Ordinance, 2002. The Company has filed a suit in the Sindh High Court challenging the gas tariff increase. The Sindh High Court has granted a stay order, subject to security deposit of the differential amount with the Nazir of the Sindh High Court. The Company has deposited amount of Rs 95.4 million (2018: 81.2 million) as Cheques with the Nazir. The Company, on a prudent basis, has also accrued this amount in this condensed interim financial statements.

- 15.1.9** The Company has filed the petition in the Sindh High Court and obtained a stay order on the deduction of withholding tax on the inter corporate dividend. As per the requirement of the stay order, the Company has pledged 500,000 shares of International Steels Limited in the Sindh High Court as a security against the tax demand on dividend declared by the International Steels Limited on 21 October 2016. Further, bank guarantees amounting to Rs.76.6, Rs.36.8 million and Rs.55.1 million have also been given to Nazir of the Sindh High Court as a security against tax demand on dividend declared by the International Steels Limited on 02 June 2017, 26 September 2017 and 23 January 2018.

15.2 Commitments

- 15.2.1** Capital expenditure commitments outstanding as at 30 September 2018 amounted to Rs. 277.9 million (2018: Rs. 89.4 million).
- 15.2.2** Commitments under Letters of Credit for raw materials and stores and spares as at 30 September 2018 amounted to Rs. 769.4.0 million (2018: Rs. 2,100.7 million).
- 15.2.3** Commitments under purchase contracts as at 30 September 2018 amounted to Rs. 162.4 million (2018: Rs. 190.5 million).
- 15.2.4** Unavailable facilities for opening Letters of Credit and Guarantees from banks as at 30 September 2018 amounted to Rs. 6,713 million (2018: Rs. 4,332 million) and Rs. 644 million (2018: Rs. 474 million) respectively.

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

For the quarter ended 30 September 2018

16. NET SALES

	Quarter ended	
	30 September 2018	30 September 2017
	Un-audited (Rupees in '000)	
Local	4,948,772	5,528,714
Export	1,365,237	925,375
	6,314,009	6,454,089
Sales Tax	(731,993)	(815,382)
Domestic trade discounts	(212,293)	(155,054)
Export commission and discounts	(9,169)	(87,367)
	(953,455)	(1,057,803)

17. COST OF SALES

	5,360,554	5,396,286
Opening stock of raw material and work-in-process	5,794,809	4,748,148
Purchases	4,872,491	6,409,719
Salaries, wages and benefits	271,434	216,293
Rent, rates and taxes	99	642
Electricity, gas and water	80,729	82,825
Insurance	871	2,869
Security and janitorial	8,289	6,488
Depreciation and amortisation	95,483	81,602
Operational supplies & consumables	25,972	21,403
Repairs and maintenance	29,175	28,847
Postage, telephone and stationery	1,889	1,782
Vehicle, travel and conveyance	4,691	3,632
Internal material handling	9,867	6,948
Environment controlling expenses	70	63
Sundries	2,093	1,282
Toll manufacturing expenses	831	3,234
Sale of scrap generated during production	(231,284)	(161,900)
Closing stock of raw materials and work-in-process	(5,482,408)	(6,419,470)
Cost of goods manufactured	5,485,101	5,034,407
Finished goods and by-products:		
- Opening stock	2,313,529	1,594,594
- Closing stock	(2,875,073)	(1,925,881)
	(561,544)	(331,287)
	4,923,557	4,703,120

18. SELLING AND DISTRIBUTION EXPENSES

Freight and forwarding	104,048	188,820
Salaries, wages and benefits	42,960	38,552
Rent, rates and taxes	474	303
Electricity, gas and water	1,828	1,286
Insurance	145	292
Depreciation and amortisation	3,703	2,914
Repairs and maintenance	153	205
Advertising and sales promotion	10,741	5,688
Postage, telephone and stationery	1,269	1,414
Office supplies	56	210
Vehicle, travel and conveyance	5,109	2,536
Provision for doubtful debts - net	(8,967)	-
Certification and registration charges	638	802
Others	1,134	1,986
	163,291	245,008

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

For the quarter ended 30 September 2018

Quarter ended	
30 September 2018	30 September 2017

Un-audited
(Rupees in '000)

19. ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	47,621	48,969
Rent, rates and taxes	-	117
Electricity, gas and water	902	587
Insurance	30	141
Depreciation and amortisation	3,811	4,001
Repairs and maintenance	366	1,011
Postage, telephone and stationery	2,884	1,995
Office supplies	153	90
Vehicle, travel and conveyance	3,051	2,121
Legal and professional charges	1,700	1,007
Certification and registration charges	1,586	1,154
Directors' fees	2,175	2,880
Others	6,688	2,750
	70,967	66,823

20. FINANCIAL CHARGES

Conventional		
- Mark-up on Long term borrowings	20,736	5,652
- Mark-up on Short term borrowings	120,576	78,713
	141,312	84,365
Islamic		
- Profit on Diminishing Musharakah	12,673	11,815
- Profit on Running Musharakah	11,320	9,933
	23,993	21,748
	165,305	106,113
Exchange loss and others	-	3,067
Interest on Workers' Profit Participation Fund	-	247
Bank charges	2,284	5,814
	167,589	115,241

21. OTHER OPERATING CHARGES

Auditors' remuneration	882	780
Donations	1,920	5,020
Workers' Profit Participation Fund	6,779	14,643
Workers' Welfare Fund	2,712	5,857
Business development expenses	2,299	695
	14,592	26,995

22. OTHER INCOME

Income from non-financial assets

Income from power generation	22.1	1,499	1,608
Gain on disposal of property, plant and equipment		35,123	12,434
Rental income		2,220	2,901
Dividend income from associate / subsidiary company		756,490	249,907
Exchange gain		66,108	11,406
Others		-	4,695

Income on financial assets

Interest on bank deposits - conventional		586	238
		862,026	283,189

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

For the quarter ended 30 September 2018

	Quarter ended	
	30 September 2018	30 September 2017
	Un-audited (Rupees in '000)	
22.1. Income from power generation		
Net sales	29,254	22,901
Cost of electricity produced	(27,755)	(21,293)
	<u>1,499</u>	<u>1,608</u>
23 TAXATION		
Current	195,539	139,122
Deferred	(43,322)	(19,927)
	<u>152,217</u>	<u>119,195</u>
24. CHANGES IN WORKING CAPITAL		
(Increase) / decrease in current assets:		
Store and spares	(28,987)	(9,690)
Stock-in-trade	(1,242,332)	(1,419,776)
Trade debts	(717,894)	(1,441,360)
Advances, trade deposits and short term-prepayments	213,193	(325,092)
Receivable from K-Electric Limited (KE)	(2,502)	(2,979)
Other receivables	24,025	(165,804)
	<u>(1,754,497)</u>	<u>(2,364,701)</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	36,831	(280,450)
Cash flow hedge reserve	(8,010)	-
	<u>(1,725,676)</u>	<u>(2,084,251)</u>

25. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, directors of the Company and its subsidiary company, key management personnel and staff retirement funds. The Company continues to have a policy whereby all transactions with related parties are entered into at commercial terms and conditions. Contributions to its defined contribution plan (Provident Fund) are made as per the terms of employment and contributions to its defined benefit plan (Gratuity Fund) are in accordance with actuarial advice. Remuneration of key management personnel is in accordance with their terms of employment and Company's 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 Chief Executive Officer, Chief Financial Officer, Company Secretary, Non-Executive Directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than 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:

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

For the quarter ended 30 September 2018

	Quarter ended	
	30 September 2018	30 September 2017
	----- (Rupees in '000) -----	
<i>Subsidiaries</i>		
Sale	475,077	325,429
Purchases	2,212,082	2,266,292
Shared resources	20,099	18,536
Partial manufacturing	54	2,269
Reimbursement of expenses	3,402	1,926
Rental income	2,220	2,709
Dividend income	735,167	-
<i>Associated companies</i>		
Purchases	3,230	672
Reimbursement of expenses	1,304	53
Insurance premium	857	-
Insurance claim	1,113	-
Dividend income	21,324	-
Dividend distribution	3,744	-
Others	245	-
<i>Key management personnel</i>		
Remuneration	74,965	58,922
<i>Staff retirement funds</i>		
Contribution paid	20,770	27,479
<i>Non-executive directors</i>		
Directors' fee	2,175	900
Reimbursement of Chairman's expenses	2,449	-

26. SEGMENT REPORTING

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

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

For the quarter ended 30 September 2018

26.1 SEGMENT REVENUE AND RESULTS

SEGMENTS	Steel	Polymer (Rupees in '000)	Investments	Total
For the period ended 30 September 2018				
Sales	5,081,169	279,385		5,360,554
Cost of sales	(4,670,368)	(253,189)		(4,923,557)
Gross Profit	410,801	26,196	-	436,997
Selling and distribution expenses	(158,692)	(4,599)		(163,291)
Administrative expenses	(67,120)	(3,847)		(70,967)
	(225,812)	(8,446)	-	(234,258)
Financial and other charges	(150,023)	(17,566)		(167,589)
Other operating charges	(14,480)	(112)	-	(14,592)
	(164,503)	(17,678)	-	(182,181)
Other income	105,536	-	756,490	862,026
Profit before taxation	126,022	72	756,490	882,584
Taxation				(152,217)
Profit after taxation				730,367
For the period ended 30 September 2017				
Sales	4,969,279	427,007	-	5,396,286
Cost of sales	4,327,708	375,412	-	4,703,120
Gross Profit	641,571	51,595	-	693,166
Selling and distribution expenses	(218,688)	(26,320)		(245,008)
Administrative expenses	(61,535)	(5,288)		(66,823)
	(280,223)	(31,608)	-	(311,831)
Financial and other charges	(104,597)	(10,644)		(115,241)
Other operating charges	(26,153)	(842)	-	(26,995)
	(130,750)	(11,486)	-	(142,236)
Other income	33,282	-	249,907	283,189
Profit before taxation	263,880	8,501	249,907	522,288
Taxation				(119,195)
Profit after taxation				403,093

26.2 SEGMENT ASSETS & LIABILITIES

SEGMENTS	Steel	Polymer (Rupees in '000)	Investments	Total
As at 30 September 2018 - Un-audited				
Segment assets	16,655,931	2,201,590	3,277,276	22,134,797
Segment liabilities	11,555,116	1,184,121	-	12,739,237
As at 30 June 2018 - Audited				
Segment assets	14,445,763	2,255,417	3,277,276	19,978,456
Segment liabilities	9,747,991	1,187,912	-	10,935,903

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

For the quarter ended 30 September 2018

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

	30 September 2018 (Un-audited) (Rupees in '000)	30 June 2018 (Audited)
Total reportable segments assets	22,134,797	19,978,456
Unallocated assets	3,051,196	2,486,594
Total assets as per Balance Sheet	25,185,993	22,465,050
Total reportable segments liabilities	12,739,237	10,935,903
Unallocated liabilities	3,588,879	2,634,764
Total liabilities as per Balance Sheet	16,328,116	13,570,667

26.3 The Company does not consider sale of electricity to KE as separate reportable segment as the power plant of the Company is installed primarily to supply power to its own manufacturing facilities and any excess electricity is sold to KE.

27 MEASUREMENT OF FAIR VALUES

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 September 2018								
Loan and receivables	Carrying amount			Total	Fair Value			
	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities		Level 1	Level 2	Level 3	
	(Rupees in '000)							
Financial assets measured at fair value								
Investments - quoted Companies	-	3,268,108	-	-	3,268,108	23,500,718	-	-
30 June 2018								
Loan and receivables	Carrying amount			Total	Fair Value			
	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities		Level 1	Level 2	Level 3	
	(Rupees in '000)							
Financial assets measured at fair value								
Investments - quoted Companies	-	3,268,108	-	-	3,268,108	26,061,136	-	-

Management assessed that the fair values of cash & cash equivalent and short-term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit assets and long term liabilities management consider that their carrying values approximates fair value.

28 GENERAL

28.1 Corresponding figures

Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity.

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

For the quarter ended 30 September 2018

Reclassification from component

Reclassification to component

Quarter
ended
30 September
2018
(Rupees in '000)

COST OF SALES

Salaries, wages and benefits
Electricity, gas and water
Insurance
Depreciation and amortisation
Operational supplies & consumables
Repairs and maintenance

OTHER INCOME

Income from power generation
Cost of electricity produced

1,200
17,974
12
1,147
717
243
21,293

28.2 Date of authorization for issue

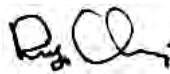
This condensed interim financial information was authorised for issue by the Board of Directors on 18 October 2018.



Ehsan A. Malik
Director & Chairman
Board Audit Committee



M. Hanif Idrees
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

**Condensed Interim Consolidated
Statement of Financial Position**
As at 30 September 2018

	Note	30 September 2018 (Un-audited)	30 June 2018 (Audited)
ASSETS			
Non-current assets			
(Rupees in '000)			
Property, plant and equipment	6	24,275,646	24,031,606
Intangible assets		9,544	11,200
Long-term deposits		63,094	63,094
Investment in equity-accounted investee	7	992,826	1,004,132
		25,341,110	25,110,032
Current assets			
Stores and spares		700,441	591,296
Stock-in-trade	8	29,599,547	23,164,108
Trade debts	9	2,871,885	2,700,318
Advances, trade deposits and short-term prepayments	10	917,776	1,133,553
Receivable from K-Electric Limited (KE) - unsecured, considered good		50,656	52,628
Sales tax receivable		3,042,629	2,003,799
Other receivables	11	30,104	11,290
Taxation		91,055	260,145
Cash and bank balances		725,181	473,671
		38,029,274	30,390,808
Total assets		63,370,385	55,500,840
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (2018: 200,000,000)			
ordinary shares of Rs. 10 each		2,000,000	2,000,000
Share capital			
Issued, subscribed and paid-up capital		1,198,926	1,198,926
Revenue reserves			
General reserves	12	2,991,258	2,991,258
Unappropriated profit	12	5,923,333	6,170,136
Exchange translation reserve		235	305
Capital reserve			
Revaluation surplus on property, plant and equipment		2,936,718	3,348,391
Total equity		13,050,470	13,709,016
Non-controlling interest		4,825,363	4,655,410
		17,875,833	18,364,426
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	13	8,775,450	8,736,815
Staff retirement benefits		146,253	146,253
Deferred taxation - net		1,817,355	1,949,739
		10,739,058	10,832,807
Current liabilities			
Trade and other payables	14	7,474,341	7,861,918
Short-term borrowings - secured	15	23,880,977	16,771,867
Unpaid dividend		1,357,316	23,758
Unclaimed dividend		30,005	23,854
Unclaimed dividend attributable to non-controlling interest		2,917	2,917
Current portion of long term finances - secured	13	1,382,782	1,382,598
Accrued markup		397,360	235,161
Taxation		229,226	-
Sales tax payable		570	1,534
		34,755,494	26,303,607
Total liabilities		45,494,552	37,136,414
Total equity and liabilities		63,370,385	55,500,840
Contingencies and commitments	16	-	-

The annexed notes 1 to 28 form an integral part of this condensed interim consolidated financial information.

Ehsan A. Malik
Director & Chairman
Board Audit Committee

M. Hanif Idrees
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

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

For the quarter ended 30 September 2018

		Quarter ended	
	Note	30 September 2018	30 September 2017
		----- (Rupees in '000) -----	
Net sales	17	14,681,147	14,203,309
Cost of sales	18	(12,695,955)	(11,937,559)
Gross profit		1,985,192	2,265,750
Selling and distribution expenses	19	(279,975)	(355,349)
Administrative expenses	20	(140,208)	(124,124)
		(420,183)	(479,473)
Financial charges	21	(452,972)	(238,165)
Other operating charges	22	(109,428)	(144,278)
		(562,400)	(382,443)
Other income	23	183,054	66,934
Share of profit in equity-accounted investee		13,592	14,087
Profit before taxation		1,199,255	1,484,855
Taxation	24	(347,499)	(478,378)
Profit after taxation		851,756	1,006,477
Profit after taxation attributable to:			
Owners of Holding Company		523,431	659,258
Non-controlling interest		328,325	347,219
		851,756	1,006,477
		----- (Rupees) -----	
Earnings per share - basic and diluted		4.37	5.50

The annexed notes 1 to 28 form an integral part of this condensed interim consolidated financial information.



Ehsan A. Malik
Director & Chairman
Board Audit Committee



M. Hanif Idrees
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

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

For the quarter ended 30 September 2018

	Quarter ended	
	30 September 2018	30 September 2017
	----- (Rupees in '000) -----	
Profit for the year	851,756	1,006,477
Other comprehensive income		
<i>Items not to be reclassified to profit and loss account in subsequent periods</i>		
Foreign operation - foreign currency translation difference	(70)	212
Proportionate share of other comprehensive income of equity accounted investee	(5,192)	2,160
<i>Item to be reclassified to profit and loss account in subsequent periods</i>		
Effective portion of changes in fair value of cash flow hedge	(8,010)	
Tax thereon	1,739	
Other comprehensive income	(11,533)	2,372
Total comprehensive income	840,223	1,008,849
Total comprehensive income attributable to:		
Owners of the Holding Company	511,898	661,630
Non-controlling interest	328,325	347,219
Total comprehensive income	840,223	1,008,849

The annexed notes 1 to 28 form an integral part of this condensed interim consolidated financial information.



Ehsan A. Malik
Director & Chairman
Board Audit Committee



M. Hanif Idrees
Chief Financial Officer



Riyaz T. Chinoy
Chief Executive Officer

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the quarter ended 30 September 2018

	30 September 2018	30 September 2017
	(Un-audited) (Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,199,255	1,484,855
Adjustments for:		
Depreciation and amortisation	349,531	302,701
Provision for doubtful debts	(8,967)	-
Interest on bank deposits	(1,484)	(273)
(Gain) on disposal of property, plant and equipment	23 (35,808)	(12,702)
Provision for staff gratuity	16,662	14,039
Share of profit from associated company	(13,592)	(14,087)
Financial charges	21 452,972	238,165
	1,958,569	2,012,698
Changes in:		
Working capital	(7,922,306)	(2,078,854)
Long-term deposits	-	(12,000)
Net cash used in operations	(5,963,737)	(78,156)
Translation reserve	(193)	(801)
Financial charges paid	(290,773)	(229,194)
Payment for staff gratuity	(16,662)	(45,819)
Taxes paid	(61,003)	(94,034)
Net cash used in operating activities	(6,332,368)	(448,004)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(606,325)	(719,927)
Proceeds from disposal of property, plant and equipment	50,217	17,116
Interest income received	1,484	273
Net cash used in investing activities	(554,624)	(702,538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	374,554	103,037
Repayment of long-term financing	(335,735)	(329,475)
Proceed from / (repayments of) short term borrowing - net	1,281,043	1,098,678
Dividends paid to non controlling interest	(1,360)	(272,963)
Dividends paid to shareholders of the Holding Company	(8,067)	(240,049)
Net cash generated from financing activities	1,310,435	359,228
Net decrease in cash and cash equivalents	(5,576,557)	(791,314)
Cash and cash equivalents at beginning of the period	(7,341,418)	(2,851,447)
Cash and cash equivalents at end of the period	(12,917,975)	(3,642,761)
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	725,181	183,518
Short-term borrowings - secured	15 (13,643,156)	(3,826,279)
	(12,917,975)	(3,642,761)

The annexed notes 1 to 28 form an integral part of this condensed interim consolidated financial information.

Ehsan A. Malik
Director & Chairman
Board Audit Committee

M. Hanif Idrees
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer

**Condensed Interim Consolidated
Statement of Changes in Equity (Un-audited)**
For the quarter ended 30 September 2018

	Attributable to owners of the Holding Company							Non- controlling interest	Total
	Issued, subscribed and paid-up capital	General reserves	Revenue Reserves		Capital Reserve		Total		
			Un- appropriated profit / (loss)	Exchange translation reserve	Total reserves	Revaluation Surplus on property,plant & machinery			
(Rupees in '000)									
Balance as at 1 July 2017 - as restated	1,198,926	2,991,258	3,196,534	(942)	6,186,850	3,424,573	10,810,349	3,305,288	14,115,637
Total comprehensive income for the period ended 30 September 2017									
Profit for the period	-	-	659,258	-	659,258		659,258	347,219	1,006,477
Other comprehensive income	-	-	2,160	212	2,372		2,372	-	2,372
	-	-	661,418	212	661,630		661,630	347,219	1,008,849
Transactions with owners recorded directly in equity									
Distribution to owners of the Holding Company:									
-Final dividend @ 20% (Rs. 2.00 per share) for the year ended 30 June 2017	-	-	(239,785)	-	(239,785)		(239,785)	-	(239,785)
Total transactions with owners of the Holding Company	-	-	(239,785)	-	(239,785)		(239,785)	-	(239,785)
Dividend to non-controlling interest	-	-		-	-		-	(189,944)	(189,944)
Transfer from surplus on revaluation on disposal of fixed assets - net of deferred tax			700		700	(700)	-		-
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	15,369		15,369	(17,599)	(2,230)	2,230	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL					-	(4,623)	(4,623)		(4,623)
Balance as at 30 September 2017 - as restated	1,198,926	2,991,258	3,634,236	(730)	6,624,764	3,401,651	11,225,341	3,464,793	14,690,134

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

For the quarter ended 30 September 2018

	Attributable to owners of the Holding Company						Non-controlling interest	Total
	Issued, subscribed and paid-up capital	General reserves	Revenue Reserves	Exchange translation reserve	Total reserves	Capital Reserve		
			Un-appropriated profit / (loss)			Revaluation Surplus on property, plant & machinery		
Balance as at 1 July 2018	1,198,926	2,991,258	6,170,136	305	9,161,699	3,348,391	13,709,016	18,364,426
----- (Rupees in '000) -----								
Total comprehensive income for the period ended 30 September 2018								
Profit for the period	-	-	523,431	-	523,431		523,431	851,756
Effect of change in tax rate on balance of revaluation of property, plant and equipment			(11,463)	(70)	(11,533)	18,700	(11,533)	18,700
Other comprehensive income	-	-	511,968	(70)	511,898	18,700	530,598	(11,533)
								858,923
Distribution to owners of the Holding Company:								
-Final dividend @ 20% (Rs. 2.00 per share) for the year ended 30 June 2018	-	-	(779,302)	-	(779,302)		(779,302)	(779,302)
Total transactions with owners of the Holding Company	-	-	(779,302)	-	(779,302)	-	(779,302)	(779,302)
Dividend to non-controlling interest	-	-	-	-	-		-	(569,833)
Transfer from surplus on revaluation on disposal of fixed assets - net of deferred tax			5,781		5,781	(5,781)	-	-
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	14,750	-	14,750	(16,980)	(2,230)	-
Proportionate share of surplus on revaluation of property, plant and equipment - PCL						1,619	1,619	1,619
Proportionate share / reclassification of surplus on revaluation of property, plant and equipment - NCI						(409,231)	(409,231)	-
Balance as at 30 September 2018	1,198,926	2,991,258	5,923,333	235	8,914,826	2,936,718	13,050,470	17,875,833

The annexed notes 1 to 28 form an integral part of this condensed interim consolidated financial information.


Ehsan A. Malik
Director & Chairman
Board Audit Committee


M. Hanif Idrees
Chief Financial Officer


Riyaz T. Chinoy
Chief Executive Officer

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

For the quarter ended 30 September 2018

1. THE GROUP AND ITS OPERATIONS

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

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

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

- a) LX 15-16, Landhi Industrial Area, Karachi
- b) Survey # 402,405-406, Dehshrahi Landhi Town, Karachi
- c) 22 KM, Sheikhpura Road, Lahore

Sales offices are located at Lahore, Islamabad, Faisalabad, Peshawar and Multan.

1.3 International Steels Limited ("the Subsidiary Company") was incorporated in Pakistan on 03 September 2007 as a public unlisted company limited by shares 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, the Subsidiary Company was listed on the Pakistan Stock Exchange on 1 June 2011. The primary activities of the Subsidiary Company are business of manufacturing of cold rolled steel coils and galvanized sheets. The Subsidiary Company commenced commercial operations on 1 January 2011. The registered office of the Subsidiary Company is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530. The Holding Company has 56.33% ownership in International Steels Limited.

The manufacturing facility of the Subsidiary Company is situated at 399-405, Rehri Road Landhi Industrial Area Karachi.

Sales offices of the Subsidiary Company is located at Lahore, Islamabad and Multan.

1.4 IIL Australia PTY Limited was incorporated in Victoria, Australia on 2 May 2014. The Subsidiary Company is in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. The registered office of the Company is situated at 101 - 103, Abbot Road, Hallam, Victoria 3803 Australia. IIL Australia PTY Limited is a wholly owned subsidiary of the Holding Company.

The sales office of the Subsidiary Company is situated at 101-103, Abbot Road, Hallam, Victoria 3803, Australia.

1.5 Details of the Group's equity-accounted investee is given in note 5 to these condensed interim consolidated financial statements.

2. BASIS OF PREPARATION

2.1 These condensed interim consolidated financial statements have been prepared from the information available in the condensed un-audited separate financial statements of the Holding Company and Subsidiary Companies for the quarter ended 30 September 2018.

Detail regarding the financial information of the equity-accounted investee used in the preparation of these condensed interim consolidated financial statements are given in note 5 to these interim consolidated financial statements.

2.2 Statement of Compliance

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

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

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

2.2.2 These condensed interim consolidated financial statement does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual consolidated financial statements of the Group as at and for the year ended 30 June 2018.

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

For the quarter ended 30 September 2018

2.2.3 The comparative Balance Sheet presented in this condensed interim consolidated financial statements have been extracted from the audited annual consolidated financial statements of the Group for the year ended 30 June 2018, 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 are extracted from the unaudited condensed interim consolidated financial information for the period ended 30 September 2017.

2.2.4 These condensed interim consolidated financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of the Pakistan Stock Exchange and Section 237 of the Companies Act 2017.

2.3 Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention except for the Group's liability under defined benefit plan (gratuity) which is determined on the present value of defined benefit obligations less fair value of plan assets, land & buildings at revalued amounts assessed by an independent valuer and derivative financial instruments which are stated at fair value.

2.4 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Pakistan Rupees which is the Group's functional and presentation currency. All amounts have been rounded to the nearest thousand rupee, unless otherwise indicated.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. The accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of audited annual financial statements of the Group as at and for the year ended 30 June 2018.

3.2 Certain amendment and interpretation to approved accounting standards became effective during the period were not relevant to the Group's operation and do not have any impact on the accounting policies of the Group.

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

4.1 The preparation of condensed interim consolidated financial statements require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statement as at and for the year ended 30 June 2018.

4.3. 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 2018.

5 Basis of consolidation

5.1 Investment in subsidiaries

Subsidiaries are entities controlled by the Group. Subsidiaries 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 subsidiaries 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.

5.2 Investment in associates

Associates are those entities in which the Group has significant 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.

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

For the quarter ended 30 September 2018

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 include 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.

6. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work-in-progress (Rupees in '000)	Total
Cost / revalued amount			
Opening balance	27,153,213	3,697,427	30,850,640
Additions	56,509	617,700	674,209
Disposal / transfers / adjustments	(59,084)	(56,509)	(115,593)
	<u>27,150,638</u>	<u>4,258,618</u>	<u>31,409,256</u>
Accumulated depreciation			
Opening balance	(6,819,035)	-	(6,819,035)
Charge for the period	(347,875)	-	(347,875)
Disposal / transfers / adjustments	33,300	-	33,300
	<u>(7,133,610)</u>	<u>-</u>	<u>(7,133,610)</u>
Written down value as at 30 September 2018 (Un-audited)	<u>20,017,028</u>	<u>4,258,618</u>	<u>24,275,646</u>
Written down value as at 30 June 2018 (Audited)	<u>20,334,179</u>	<u>3,697,427</u>	<u>24,031,606</u>

7. INVESTMENT IN EQUITY - ACCOUNTED INVESTEE

	30 September 2018 (Un-audited) (Rupees in '000)	30 June 2018 (Audited)
Pakistan Cables Limited - associate company	7.1	992,826
		<u>1,004,132</u>

- 7.1 This represents investment in PCL, an Associated Company, on account of cross directorship. The Holding Company holds 17.124% of effective share of interest in PCL due to crossholding.

The Chief Executive Officer of PCL is Mr. Kamal A. Chinoy. The market value as at 30 September 2018 was Rs. 1,208.015 million (30 June 2018: Rs. 1,138.987 million) and is categorised as level 1 under the fair value hierarchy. The share of profit after acquisition is recognised based on PCL's audited financial statements as at 30 June 2018 as the latest financial statements as at 30 September 2018 are not presently available.

8. STOCK-IN-TRADE

	30 September 2018 (Un-audited) (Rupees in '000)	30 June 2018 (Audited)
Raw material - in hand	14,901,806	10,219,889
- in transit	4,580,999	5,294,294
	<u>19,482,805</u>	<u>15,514,183</u>
Work-in-process	2,652,836	2,597,105
Finished goods	7,123,394	4,922,892
By-products	53,832	24,655
Scrap material	286,680	105,273
	<u>29,599,547</u>	<u>23,164,108</u>

- 8.1 Raw material of Holding Company amounting to Rs.2.7 million (2018: Rs.3.8 million) as at 30 September 2018 was held at vendor's premises for the production of pipe caps.

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

For the quarter ended 30 September 2018

		30 September 2018 (Un-audited) (Rupees in '000)	30 June 2018 (Audited)
9. TRADE DEBTS			
Considered good - secured		567,881	258,223
- unsecured		2,304,004	2,442,095
		2,871,885	2,700,318
Considered doubtful		144,030	152,649
		3,015,915	2,852,967
Provision for doubtful debts		(144,030)	(152,649)
		2,871,885	2,700,318
10. ADVANCES, TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Considered good			
- Suppliers		878,460	1,072,496
- Employees for business related expenses		2,031	993
- Trade deposits		19,512	24,357
- Margin against shipping guarantees		-	13,949
- Short term prepayments		17,773	21,758
		917,776	1,133,553
11. OTHER RECEIVABLES			
Considered good			
Dividend receivable from associated company		21,324	-
Insurance claim		53	46
Others		8,727	11,244
		30,104	11,290
Considered doubtful			
Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior period		25,940	25,940
		56,044	37,230
Provision for receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in prior period		(25,940)	(25,940)
		30,104	11,290
12. RESERVES			
General Reserves		2,991,258	2,991,258
Unappropriated profit		5,923,333	6,170,136
		8,914,591	9,161,394
13. LONG-TERM FINANCING - secured			
Conventional			
Long Term Finance Facility (LTFF)	13.1 - 13.2	3,082,854	3,153,756
Long Term Finance (LTF)	13.3 - 13.4	450,000	544,445
Islamic			
Diminishing Musharakah	13.5 - 13.9	6,625,378	6,421,212
		10,158,232	10,119,413
Current portion of long-term finances shown under current liabilities			
Conventional			
Long Term Finance Facility (LTFF)	13.1 - 13.2	(308,034)	(307,850)
Long Term Finance (LTF)	13.3 - 13.4	(227,778)	(177,778)
Islamic			
Diminishing Musharakah	13.5 - 13.9	(846,970)	(896,970)
		(1,382,782)	(1,382,598)
		8,775,450	8,736,815

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

For the quarter ended 30 September 2018

Conventional

- 13.1** The Holding Company has approved long term finance facilities of amounts aggregating to Rs. 1,453.4 million (2018: Rs.1,444.9 million) which are fully utilised. These facilities are secured by way of a mortgage on all present and future land 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** This facility is obtained by Subsidiary Company (ISL) from a commercial bank and is secured by way of pari passu charge over fixed assets of the Subsidiary Company.
- 13.3** This facility is obtained by Subsidiary Company (ISL) amounting to Rs.400 million (2018: 444 million) from a commercial bank and is secured by way of pari passu charge over fixed assets of the Subsidiary Company.
- 13.4** This facility is obtained by Subsidiary Company (ISL) amounting to Rs.50 million (201: Rs.100 million) from a commercial bank and is secured by way of pari passu charge over fixed assets of the Subsidiary Company.

Islamic

- 13.5** The Holding Company has approved financing facilities under Diminishing Musharakah of amounts aggregating to Rs.704.5 million (2018: Rs.704.5 million) which are fully utilised. These facilities are secured by way of mortgage on all present and future land and buildings, located at plot no. LX-15&16 and H/X-7/4, Landhi Industrial Estate, Karachi and Survey no.402, 405-406, Dehsharabi, Landhi Town, Karachi.
- 13.6** This facility is obtained by Subsidiary Company (ISL) amounting to Rs.437.5 million (2018: Rs.500 million) from Islamic window of a commercial bank and is secured by way of pari passu charge over the fixed assets of the Subsidiary Company.
- 13.7** This facility is obtained by Subsidiary Company (ISL) amounting to Rs.333 milliion (2018: Rs.416.670 million) from Islamic window of a commercial bank and is secured by way of pari passu charge over fixed assets of the Subsidiary Company.
- 13.8** This facility is obtained by Subsidiary Company (ISL) amounting to Rs.500 milliion (2018: Rs.500 million) from Islamic window of a commercial bank and is secured by way of pari pasu charge over the fixed assets of the Subsidiary Company.
- 13.9** This facility is obtained by Subsidiary Company (ISL) amounting to Rs.4,650 milliion (2018: Rs.4,300 million) from Islamic window of a commercial bank and is secured by way of ranking charge over fixed assets of the Subsidiary Company.

	Note	30 September 2018 (Un-audited) (Rupees in '000)	30 June 2018 (Audited)
14. TRADE AND OTHER PAYABLES			
Trade creditors	14.1	2,140,646	2,240,120
Bills payable		8,011	17,293
Sales commision payable		70,539	60,868
Provision for Government Levies		230	230
Accrued expenses		2,666,913	2,496,774
Provision for Infrastructure Cess	14.2	1,286,349	1,176,189
Short-term compensated absences		14,805	22,004
Advances from customers		523,360	1,136,378
Workers' Profit Participation Fund		67,847	23,860
Workers' Welfare Fund		394,563	367,299
Others		301,078	320,903
		7,474,341	7,861,918
14.1 This includes an amount of Rs. 1,485,143 million (2018: Rs.1,072.8 million) payable to associated companias by Subsidiary Company (ISL).			
14.2 Provision for Infrastructure Cess			
Opening balance		1,176,189	841,741
Charge for the period		110,160	334,448
Closing balance		1,286,349	1,176,189

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	Note	30 September 2018 (Un-audited)	30 June 2018 (Audited)
(Rupees in '000)			
15. SHORT-TERM BORROWINGS - secured			
CONVENTIONAL			
Running finance under mark-up arrangement from banks	15.1	10,089,435	5,116,633
Short-term borrowing under Money Market Scheme	15.2	3,736,987	3,716,854
Short-term borrowing under Export Refinance Scheme	15.3	4,160,265	3,806,175
Book overdraft		40,847	8,596
ISLAMIC			
Short-term borrowing under Running Musharakah	15.4	3,553,721	2,698,456
Short-term finance under Term Musharakah	15.5	2,299,722	1,425,153
		23,880,977	16,771,867

- 15.1** The facilities for running finance available from various commercial banks amounted to Rs. 13,575 million (2018: Rs.9,958 million). The rates of mark-up on these finances obtained by the Holding company ranges from 7.02% to 9.26% per annum (2018: 6.53% to 8.17% per annum). The rates of mark-up on these finances obtained by the Subsidiary Company ranges from 7.12% to 9.51% per annum (2018: 6.62% to 8.42% 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. 5,860 million (2018: Rs. 5,140 million). The rate of markup on these finance ranges from 6.96% to 8.76% per annum (2018: 6.43% - 7.02%) per annum.
- 15.3** The Group has obtained short-term running finance under the Export Refinance Scheme of the State Bank of Pakistan. The facility availed is for an amount of Rs. 4,160.3 million (2018: Rs.3,113.0 million). The rates of mark-up on this facility ranges from 2.10% to 2.20 % per annum (2018: 2.10% to 2.75% per annum).
- 15.4** The Group has obtained facilities for short term finance under Running Musharakah. The rate of profit on these finances obtained by the Holding Company is 6.63% per annum (2018: 6.63%) per annum. The rate of profit on these finance obtained by the Subsidiary Company is 6.34% - 6.63% per annum (2018: 6.34% to 6.63%) per annum. The facility matures within twelve months and is renewable.
- 15.5** The Subsidiary Company has obtained facilities for short term finance under Term Musharakah. The rate of profit is 6.99% to 8.37% (30 June 2018: 6.09% to 6.47%) per annum. This facility matures within twelve months and is renewable.
- 15.6** All running finances and short-term borrowing facilities are secured by way of hypothecation of all present and future fixed assets (excluding lands and building) and present and future current and moveable assets.
- 15.7** As at 30 September 2018, the unavailed facilities from the above borrowings amounted to Rs.6,660 million. (2018: Rs 7,888 million).

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

- 16.1.1** In 2011, the Gas Infrastructure Development Cess was levied via GIDC Act 2011 and further the rate of cess was amended via Finance Bill 2012 - 2013 which was challenged in the Supreme Court of Pakistan. The Supreme Court of Pakistan declared GIDC Act 2011 to be unconstitutional and ultra vires on the grounds that GIDC is a 'Fee' and not a 'Tax' and in the alternative it is not covered by any entry relating to imposition or levy of tax under Part-I of the Federal Legislative list and on either counts the 'cess' could not have been introduced through a money bill under the Constitution.

During 2015, Government passed a new law 'Gas Infrastructure Development Cess Act 2015' ('the Act') by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs. 100 per MMBTU on industrial consumption and Rs. 200 per MMBTU on Captive power consumption effective 1 July 2011. The Company has obtained a stay order on the retrospective application of the Act from the Honorable High Court of Sindh. The Company is confident of favorable outcome and therefore has not recorded, to the extent of self consumption, a provision of Rs. 476 million (from 01 July 2011 till 22 May 2015) in these unconsolidated interim financial information. However, the Company made a provision of GIDC to the extent of its self consumption from May 2015 onwards. On 26th October 2016, the High Court of Sindh held that enactment of GIDC Act 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh. This appeal filed before the Divisional Bench of High Court of Sindh was dismissed on the ground that Learned Single Judge while passing the impugned judgement has considered all the material facts and also the relevant provisions of OGRA and has correctly applied the factual position. Such decision has been challenged in appeal before Supreme Court of Pakistan, wherein the Company is not the party and decision is pending.

On 31 May 2017, separate petition filed by another company in the Peshawar High Court challenging the vires of the GIDC Act 2015 was dismissed for the reason that the Act has been passed by the Parliament strictly in accordance with the legislative procedures contained in the Constitution of Pakistan and therefore no procedural defect in the Act which could be made as a ground for its annulment. In light of the aforementioned developments, the Company on prudent basis, continue to recognise provision after the passage of the Act.

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Further, the Holding Company and the Subsidiary Company (ISL) have not recognized GIDC amounting to Rs. 948.1 million (2018: Rs. 917.97 million) pertaining to period from 01 July 2011 to 30 September 2018 with respect to its captive power plant from which power generation is supplied to K-Electric Limited. The Holding Company and the Subsidiary Company (ISL) consider that, in the event such levy is imposed, they shall recover GIDC from K-Electric Limited through fuel adjustments after getting requisite approval from National Electric Power Regulatory Authority (NEPRA).

- 16.1.2** The Holding Company filed a Suit before Honorable Sindh High Court ('SHC') for declaration and permanent injunction in 2002 against Infrastructure Fee levied ('levy') through Sindh Finance Act 1994. The Court vide its order ('order') declared the levy constitutional, which was challenged by the Company through filing an appeal against the said order in 2004. In the appeal proceedings, Court granted a relief in 2006, by allowing the clearance of imported goods subject to submission of security / bank guarantees. Company submitted guarantees amounting to Rs.115 million for release of goods attracting levy of Rs.107 million. The Court decided the matter on 17 September 2008 declaring the levy before 28 December 2006 as void and invalid. Excise and Taxation Department (Department) filed an appeal before the Honorable Supreme Court of Pakistan against the order dated 17 September 2008 hence the guarantees were not released as the matter was sub-judice in SHC.

Subsequently, in May 2011, the Honorable Supreme Court ('SC') disposed-off the appeal by referring the matter back to the Court. On 31st May 2011, the Court granted an interim relief for return of bank guarantees in respect of the consignments released up to 27th December, 2006. In respect of consignments to be released subsequent to 27th December, 2006 Court ordered to pay 50% of the amount and submit bank guarantees for the balance amount. Bank guarantees amounting to Rs.1,432 million (June 2018: Rs.1,307 million) which includes afore-mentioned bank guarantees of Rs.115 million are outstanding as at 30th June, 2018. As a matter of prudence, company is making provision for the balance amount, which amounts to Rs.1,286.4million (note 14.2) as at 30th September, 2018.

- 16.1.3** Guarantees issued by the Holding Company and Subsidiary Company (ISL) to various service providers amounting to Rs.1,140.8 million (2018: Rs.1,335.8 million) as security for continued provision of services.
- 16.1.4** Oil and Gas Regulatory Authority (OGRA) has issued notification for increase in the gas tariff disregarding the protocol laid down in OGRA Ordinance, 2002. The Group has filed a suit in the Sindh High Court (The Court) challenging the gas tariff increase. The Court has granted a stay order, subject to security deposit of the different amount with the Nazir of the Court. The Group has deposited amount of Rs.501.7 million (2018: Rs. 428.5 million) as cheques with the Nazir. The Group, on a prudent basis, has also accrued this amount in these financial statements.
- 16.1.5** Sindh Revenue Board (SRB) issued notices to the Holding Company and Subsidiary Company (ISL) for payment of Sindh Workers Welfare Fund under the Sindh Workers Welfare Fund Act, 2014. The Holding Company and Subsidiary Company (ISL) filed constitutional petition in the High Court of Sindh, challenging the said unlawful demand on the ground that the Holding Company and Subsidiary Company (ISL) are trans-provincial establishments operating industrial and commercial activities across Pakistan. The High Court of Sindh granted stay order in favor of the Holding Company and Subsidiary Company (ISL) declaring exemption on the basis that the Holding Company and Subsidiary Company being a trans-provincial establishment is paying Workers Welfare Fund under Federal Worker Fund Ordinance 1971. In a separate case, the Sindh High court has dealt on the subject of trans-provisional establishment in its judgement. A similar view is likely to be taken in this case where the liability will have to be discharged in the respective province.

- 16.1.6** The Group's share of associate's contingent liability is Rs.88.4 million (30 June 2018: Rs.40.3 million).

Holding Company

- 16.1.7** Custom duties amounting to Rs.40.5 million (2018: Rs. 40.5 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 favor of the Collector of Customs which are, in normal course of business, to be returned to the Holding Company after fulfillment of stipulated conditions. The Holding Company has fulfilled the conditions for the aforementioned duties and is making effort to retrieve the associated post-dated cheques from the custom authorities.
- 16.1.8** 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 anomaly has been rectified. The Holding Company filed a petition with the Sindh High Court in 2010 for an injunction and as is awaiting the final judgement. The management is confident that the decision will be given in favour of the Company.
- 16.1.9** The customs authorities have charged a redemption fine of Rs. 83 million on the clearance of an imported raw material consignment in 2006. The Holding Company has filed an appeal before the Sindh High Court, which has set aside the examination reports including the subsequent order produced by the 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.
- 16.1.10** The Holding Company has filed the petition in the Sindh High Court and obtained a stay order on the deduction of withholding tax on the inter corporate dividend. As per the requirement of the stay order, the Holding Company has pledged 500,000 shares of International Steels Limited in the Sindh High Court as a security against the tax demand on dividend declared by the International Steels Limited on 21 October 2016. Further, bank guarantees amounting to Rs.76.6 million Rs.36.8 million and Rs.55.1 million have also been given to Nazir High Court as a security against tax demand on dividend declared by the International Steels Limited on 02 June 2017, 26 September 2017 and 23 January 2018.

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Subsidiary Company (ISL)

16.1.11 The Model Collectorate of Customs (MCC), Peshawar stopped the exports of the Company goods to Afghanistan under the pretext that SRO 190(I) / 2002 dated 2 April 2002 on the account of non-payment of 17% Sales Tax. A Constitutional Petition in the Sindh High Court (SHC) on 1 October 2015 arguing that there is no sales tax on exports to Afghanistan as per manufacturing bond rules SRO 450(I) / 2015 and that SRO 190 issued in 2002 was never implemented and hence under the Sales Tax Act 1990 no such liability could be raised at this stage. The SHC granted a stay order by allowing our exports to Afghanistan subject to depositing bank guarantees worth Rs. 8.9 million (i.e. value of disputed sales tax amount) before the Nazir of the SHC. On 30 October 2015 FBR issued a clarification as to the applicability of SRO 190(I) / 2002 and stated that exports made to Afghanistan does not attract the levy of sales tax. The same has already been filed before the SHC and disposal of the case along with return of the said bank guarantees is awaited.

16.2 Commitments

Group

16.2.1 Capital expenditure commitments of the Group outstanding as at 30 September 2018 amounted to Rs.930 million (2018: Rs.671 million).

16.2.2 Commitments under letters of credit established by the Group for raw material and stores and spares as at 30 September 2018 to Rs. 5,166 million (2018: Rs.11,639 million).

16.2.3 The unavailed facilities for opening letters of credit and guarantees from banks as at 30 September 2018 amounted to Rs. 23,123 million (2018: 14,657 million) and Rs. 1,503 million (2018: 553 million) respectively.

Holding Company

16.2.4 Commitments under purchase contracts as at 30 September 2018 amounted to Rs. 162 million (2018: Rs.191 million).

17. NET SALES

	Quarter ended	
	30 September 2018	30 September 2017
	(Rupees in '000)	
Local	15,087,799	19,934,233
Export	2,213,890	2,177,183
	17,301,689	22,111,416
Sales Tax	(2,264,577)	(7,547,742)
Trade discounts & commission	(219,930)	(272,998)
Export commission and discounts	(136,035)	(87,367)
	(2,620,542)	(7,908,107)
	14,681,147	14,203,309
18. COST OF SALES		
Opening stock of raw material and work-in-process	12,816,994	8,953,652
Purchases	19,107,311	11,597,045
Salaries, wages and benefits	423,018	332,168
Rent, rates and taxes	99	642
Electricity, gas and water	367,743	333,403
Insurance	8,064	8,415
Security and janitorial	14,367	12,954
Depreciation and amortisation	313,775	272,276
Operational supplies and consumables	49,755	50,874
Repairs and maintenance	52,273	48,307
Postage, telephone and stationery	5,029	4,496
Vehicle, travel and conveyance	11,509	6,353
Internal material handling	15,174	8,425
Environment controlling expense	632	591
Sundries	9,856	3,027
Toll manufacturing expenses	831	1,295
Sale of scrap generated during production	(627,582)	(503,402)
	32,568,848	21,130,521
Closing stock of raw material and work-in-process	(17,554,642)	(9,938,239)
Cost of goods manufactured	15,014,206	11,192,282
Finished goods and by-products :		
Opening stock	4,996,930	5,171,013
Purchases	(7,315,181)	(4,425,736)
Closing stock	(2,318,251)	745,277
	12,695,955	11,937,559

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

For the quarter ended 30 September 2018

19 SELLING & DISTRIBUTION EXPENSES

Quarter ended	
30 September 2018	30 September 2017
(Rupees in '000)	
153,811	256,233
68,970	62,096
2,089	1,311
2,637	2,034
1,612	3,009
5,643	4,479
153	205
34,024	14,742
2,067	1,909
56	2,200
14,949	2,879
(9,104)	(700)
638	802
2,430	4,150
279,975	355,349

20 ADMINISTRATIVE EXPENSES

Salaries, wages and benefits	96,186	86,402
Rent, rates and taxes	1,544	1,661
Electricity, gas and water	1,560	1,253
Insurance	620	595
Depreciation and amortisation	5,255	5,520
Repair and maintenance	509	1,139
Postage, telephone and stationery	4,429	5,107
Office supplies	153	90
Vehicle, travel and conveyance	5,044	4,027
Legal and professional charges	11,190	11,841
Certifications and registration charges	1,687	1,701
Directors' fees	3,000	1,500
Others	9,031	3,288
	140,208	124,124

21. FINANCIAL CHARGES

Conventional

- Mark-up on long-term borrowings	33,205	43,186
- Mark-up on short-term borrowings	257,975	97,171

Islamic

- Profit on Diminishing Musharakah	95,420	44,516
- Profit on Running Musharakah	58,747	33,466
	445,347	218,339

Exchange loss and others	-	13,092
Interest on Workers' Profit Participation Fund	-	247
Bank charges	7,625	6,487
	452,972	238,165

22. OTHER OPERATING CHARGES

Auditors' remuneration	1,887	1,466
Loss on derivative financial instruments	-	2,042
Donations	9,820	14,420
Workers' Profit Participation Fund	68,158	89,754
Workers' Welfare Fund	27,264	35,901
Business development expenses	2,299	695
	109,428	144,278

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23. OTHER INCOME

		Quarter ended	
		30 September 2018	30 September 2017
		(Rupees in '000)	
Income from non-financial assets			
Income from power generation	23.1	8,432	34,596
Recovery of shared cost		56	
Gain on disposal of property, plant and equipment		35,808	12,702
Rental income		487	673
Exchange gain / (loss) - net		127,370	11,406
Others		8,774	7,274
Income on financial assets			
Interest on bank deposits		2,127	283
		183,054	66,934

23.1. Income from power generation

Net sales	124,332	34,596
Cost of electricity produced	(115,900)	-
	8,432	34,596

24. TAXATION

Current	459,444	444,904
Deferred	(111,945)	33,474
	347,499	478,378

25. TRANSACTIONS WITH RELATED PARTIES

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

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The Group considers its Chief Executive Officer, Chief Financial Officer, Company Secretary, Non Executive Director and departmental heads to be its key personnel. There are no transaction 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 consolidated financial information, are as follows:

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For the quarter ended 30 September 2018

	Quarter ended	
	30 September 2018	30 September 2017
	(Rupees in '000)	
Associated companies		
Sales	334,119	429,472
Purchases	12,538,353	4,990,321
Reimbursement of expenses	1,304	53
Insurance premium expense	5,680	-
Insurance claim	1,113	-
Rent income	487	481
Dividend distribution	122,177	-
Dividend income	21,324	-
Others	245	-
Key management personnel		
Remuneration	133,534	122,740
Staff retirement funds		
Contribution paid	31,511	41,035
Non-executive directors		
Directors' fees	3,000	1,500
Reimbursement of Chairman's expenses	2,449	-
Balances with related parties		
Trade debts		
Sumitomo Corporation	116,269	43,320
Trade creditor		
Sumitomo Corporation	1,485,143	1,072,800

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

For the quarter ended 30 September 2018

26 SEGMENT REPORTING

The Group has identified steel coils & sheets, steel pipes, polymer and investment as reportable segments.

26.1 SEGMENT REVENUE AND RESULTS

SEGMENTS	Steel Coils & Sheets	Steel Pipes	Polymer	Investment	Total
For the quarter ended 30 September 2018					
(Rupees in '000)					
Sales	9,340,881	5,060,881	279,385	-	14,681,147
Cost of sales	(7,776,050)	(4,365,600)	(240,530)	-	(12,382,180)
Depreciation and amortization	(218,292)	(82,824)	(12,659)	-	(313,775)
Gross Profit	<u>1,346,540</u>	<u>612,456</u>	<u>26,196</u>	<u>-</u>	<u>1,985,192.27</u>
Selling and distribution expenses	(107,409)	(167,967)	(4,599)	-	(279,975)
Administrative expenses	(65,870)	(70,491)	(3,847)	-	(140,208)
	(173,279)	(238,458)	(8,446)	-	(420,183)
Financial charges	(285,357)	(150,049)	(17,566)	-	(452,972)
Other operating charges	(94,836)	(14,480)	(112)	-	(109,428)
	(380,193)	(164,529)	(17,678)	-	(562,400)
Other income	78,196	104,858	-	-	183,054
Share of profit in equity accounted investee - net of tax	-	-	-	13,592	13,592
Profit before taxation	871,264	314,327	72	13,592	1,199,255
Taxation	-	-	-	-	(347,499)
Profit after taxation	-	-	-	-	<u>851,756</u>
For the quarter ended 30 September 2017					
Sales	8,813,588	4,962,714	427,007	-	14,203,309
Cost of sales	(7,170,232)	(4,129,759)	(365,292)	-	(11,665,283)
Depreciation and amortization	(187,373)	(74,783)	(10,120)	-	(272,276)
Gross Profit	<u>1,455,983</u>	<u>758,172</u>	<u>51,595</u>	<u>-</u>	<u>2,265,750</u>
Selling and distribution expenses	(101,669)	(227,360)	(26,320)	-	(355,349)
Administrative expenses	(53,987)	(64,844)	(5,293)	-	(124,124)
	(155,656)	(292,204)	(31,613)	-	(479,473)
Financial charges	(122,905)	(104,616)	(10,644)	-	(238,165)
Other operating charges	(117,263)	(26,173)	(842)	-	(144,278)
	(240,168)	(130,789)	(11,486)	-	(382,443)
Other income	15,023	51,911	-	-	66,934
Share of profit in equity accounted investee - net of tax	-	-	-	14,087	14,087
Profit before taxation	1,075,182	387,090	8,496	14,087	1,484,855
Taxation	-	-	-	-	(478,378)
Profit after taxation	-	-	-	-	<u>1,006,477</u>

26.2 SEGMENT ASSETS & LIABILITIES

SEGMENTS	Steel Coils & Sheets	Steel Pipes	Polymer	Investment	Total
As at 30 September 2018 - Un-audited					
(Rupees in '000)					
Segment assets	41,225,331	16,655,931	2,201,590	992,826	61,075,679
Segment liabilities	28,650,346	11,555,116	1,184,121	-	41,389,583
As at 30 June 2018 - Audited					
Segment assets	32,802,945	14,495,749	2,255,417	1,004,132	50,558,243
Segment liabilities	22,343,525	9,753,426	1,182,477	-	33,279,428

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

	Quarter ended	
	30 September 2018 (Un-audited)	30 June 2018 (Audited)
	----- (Rupees in '000) -----	
Total reportable segments assets	61,075,679	50,558,243
Unallocated assets	2,294,706	4,942,597
Total assets as per Balance Sheet	63,370,385	55,500,840
Total reportable segments liabilities	41,389,583	33,279,428
Unallocated liabilities	4,104,969	3,856,986
Total liabilities as per Balance Sheet	45,494,552	37,136,414

26.3 The Group does not consider sale of electricity to KE as separate reportable segment as the power plants of the Group are installed primarily to supply power to its own manufacturing facilities and any excess electricity is sold to KE.

27 MEASUREMENT OF FAIR VALUES

The following table shows the carrying amounts and the fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30 September 2018							
	Carrying amount				Total	Fair Value		
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities		Level 1	Level 2	Level 3
	----- (Rupees in '000) -----							
Financial assets								
Investment - quoted Company	-	992,826	-	-	992,826	1,208,015	-	-
	----- (Rupees in '000) -----							
	30 June 2018							
	Carrying amount				Total	Fair Value		
	Loan and receivables	Other financial assets	Liabilities at fair value through profit or loss	Other financial liabilities		Level 1	Level 2	Level 3
	----- (Rupees in '000) -----							
Financial assets								
Investment - quoted Company	-	1,004,132	-	-	1,004,132	1,138,987	-	-

Management assessed that the fair values of cash & cash equivalent and short-term deposits, other receivable, trade receivables, trade payables, short term borrowing and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. For long term deposit assets and long term liabilities management consider that their carrying values approximates fair value.

28 GENERAL

28.1 Corresponding figures

Corresponding figures have been reclassified for the purposes of comparison and better presentation. These reclassifications have no impact on previously reported profit or equity of the Group.

28.2 Date of authorization for issue

This consolidated financial information was authorised for issue by the Board of Directors on 18 October 2018.

Ehsan A. Malik
Director & Chairman
Board Audit Committee

M. Hanif Idrees
Chief Financial Officer

Riyaz T. Chinoy
Chief Executive Officer



Promising Reliability, For Now and Tomorrow

Head Office

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10 Beaumont Road,
Karachi - 75530

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Lahore Office

Chinoy House,
6-Bank Square,
Lahore - 54000

UAN: (92 42) 111-019-019

Islamabad Office

3rd Floor, Evacuee Trust,
Plot No. 4, Agha Khan
Road, F-5, Islamabad

Faisalabad Office

Office No. 1/1, Wahab
Centre, Electrocitiy Plaza
Susan Road, Faisalabad
Tel: (92 41) 872 0037

Multan Office

1592, 2nd Floor
Quaid-e-Azam Shopping Centre
No. 1 Multan Cantt, Multan
Tel: (92 61) 458 3332

Peshawar Office

Office No.1 & 2, First Floor,
Huramaz Plaza
Opposite Airport Runway
Main University Road, Peshawar
Tel: (92 91) 584 5068

Factory 1

LX 15-16,
Landhi Industrial Area,
Karachi - 75120
Tel: (92 21) 3508 0451-55

Factory 2

Survey # 405-406
Rehri Road, Landhi,
Karachi - 75160
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Factory 3

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