

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

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Chairman

Mr. Zaffar A. Khan
Independent Chairman

Chief Executive Officer

Mr. Riyaz T. Chinoy
Executive Director

Directors

Mr. Mustapha A. Chinoy
Non-Executive Director
Mr. Kamal A. Chinoy
Non-Executive Director
Mr. Fuad Azim Hashimi
Non-Executive Director
Mr. Azam Faruque
Independent Director
Mr. Tariq Ikram
Independent Director
Mr. Aly Noormahomed Rattansey
Independent Director
Ms. Nargis Ghaloo
Non-Executive Director

Chief Financial Officer

Mr. Nadir Akbarali Jamal

Company Secretary

Mr. Yasir Ali Quraishi

Chief Internal Auditor

Mr. Haseeb Hafeezuddeen

External Auditors

M/s KPMG Taseer Hadi & Co.

Internal Auditors

Ernst & Young Ford Rhodes Sidat Hyder & 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.
NIB Bank Ltd.
Samba Bank Ltd.
Soneri Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
United Bank Ltd.

Legal Advisors

Mrs. Sana Shaikh Fikree

Registered Office

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

Branch Office

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Lahore - 54000
Telephone Nos: +9242-37229752-55
UAN: +9242-111-019-019
Fax: +9242-37220384
E-Mail: lahore@iil.com.pk

Factories

Factory 1

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

Factory 2

Survey # 405 & 406, Rehri Road,
Landhi, Karachi – 75160
Telephone Nos: +9221-35017027-28, 35017030
Fax: +9221-35013108

Factory 3

22 KM, Sheikhpura Road, Lahore
Telephone Nos: +9242-37190492-3

Website

www.iil.com.pk

Investors Contact

Shares Registrar

Central Depository Company of Pakistan Ltd.
CDC House, 99-B, Block "B", S.M.C.H.S.,
Shahrah-e-Faisal, Karachi.
Telephone Nos: +9221-111-111-500
FAX: +9221-34326053
E-mail : info@cdcpak.com

Assistant Company Secretary

Mr. M. Irfan Bhatti
101 Beaumont Plaza,
10 Beaumont Road, Karachi.
Tel: +9221-111-019-019
Fax: +9221-35680373
E-mail : irfan.bhatti@iil.com.pk

Directors' Report

The Directors of your Company are pleased to present the half yearly financial statements for the period ended 31 December 2015.

In terms of value, the Company's gross sales turnover of Rs. 7.1 billion was 13% lower than the same period last year, whereas, in terms of volume, the turnover was only 6% lower than the same period last year. The main reason for this decline was slow down in export sales due to initiation of anti-dumping investigations in USA one of our major export markets. The Company is defending its position in these proceedings.

Domestic Sales of Steel were 3% higher than same period last year. The Plastics Division performed well during the first six months of the current year and posted a gross profit of Rs. 118.5 million as compared to Rs. 17 million during the same period last year.

ILL's profit after Tax for the half year under review is Rs. 198 million as compared to Rs. 348 million attained and the same period last year. Last Year's profit included an amount of Rs. 245 million of Dividend from ISL. Excluding the ISL dividend impact, this year the Company was able to almost double the operational profit of last year. The profit earned translates into earnings per share of Rs. 1.65 per share for the half year ending 31 December 2015.

Your company also successfully commissioned a 12" Large Diameter Tube mill on the 27 January 2016 which was installed at a cost of Rs. 700 million. This mill can produce structural steel pipe and is ideally placed to capitalize on the gas distribution pipe requirements which are bound to materialize once the TAPI / Pak-Iran / LNG pipeline projects materialize.

International Steels Limited (ISL) successfully commissioned its second Galvanizing Plant and completed the upgrade of its Rolling mill during the first half, doubling ISL's capacity to 500,000 tons per annum. ISL registered sales volume of 149,000 metric tons versus the same period last year of 106,000 metric tons. The corresponding gross sales turnover of Rs. 8.4 billion compares with Rs. 8.5 billion recorded in the same period last year. ISL's Loss after Tax for the half year was Rs. 78.2 million compared to a Profit after Tax of Rs. 42.2 million same period last year. Margins declined due to low priced imports. Going forward the government has levied anti-dumping duty on import of CR Steel which will protect the local industry.

The Company's other subsidiaries, IIL Australia (Pty) Ltd. and IIL Stainless Steel (Pvt.) Limited posted sales turnover of Rs. 144 million and Rs. 82 million respectively. Both entities posted losses of Rs. 1.7 million and Rs. 8.2 million respectively during the period under review as the required volumes to break even were not achieved.

The Group P&L shows a Profit after Taxation attributable to the owners of the Holding Company of Rs. 147.1 million during the period under review. Based on the review of half year results, the Board of Directors are pleased to announce an interim cash dividend of 10% i.e. Rs. 1.00 per share. It may be noted that the interim dividend paid last year was 15%.

Outlook for the 3rd quarter is positive and is expected to be driven by growing domestic sales and better performance of ISL.

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

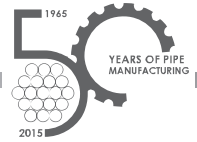
For & behalf of
International Industries Limited



Zaffar.A.Khan
Chairman

Dated: 12 February 2015
Karachi

Auditors' Report to the Members



on Review of Condensed Interim unconsolidated Financial Information

Introduction

We have reviewed the accompanying condensed interim unconsolidated balance sheet of International Industries Limited ("the Company") as at 31 December 2015, and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated cash flow statement, condensed interim unconsolidated statement of changes in equity and notes to the condensed interim unconsolidated financial information for the six months period, then ended (here-in-after referred to as the "condensed interim unconsolidated financial information"). Management is responsible for the preparation and presentation of this condensed interim unconsolidated financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim unconsolidated financial information based on our review.

Scope of Review

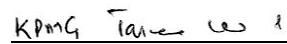
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim unconsolidated financial information consists of making inquiries, primarily of persons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

Conclusion

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

Other matter

The figures for the quarter ended 31 December 2015 and 31 December 2014 in the condensed interim unconsolidated profit and loss account and condensed interim unconsolidated statement of comprehensive income have not been reviewed by us and we do not express a conclusion on them.


KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Taufiq

Dated: 12 February 2016
Karachi

Condensed Interim Unconsolidated Balance Sheet (Un-audited)

As at 31 December 2015

	Note	(Un-audited) 31 December 2015	(Audited) 30 June 2014
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,117,166	3,622,157
Intangible assets		12,733	13,211
Investments	6	2,742,705	2,742,705
Long-term deposits		23,216	6,867
Long-term prepayments		-	833
		<u>6,895,820</u>	<u>6,385,773</u>
Current assets			
Stores and spares		147,317	138,375
Stock-in-trade	7	3,212,421	3,653,153
Trade debts	8	2,078,765	2,314,178
Advances	9	218,311	153,076
Trade deposits and short-term prepayments	10	16,075	11,951
Other receivables	11	42,873	38,811
Sales tax refundable		41,342	-
Taxation - net		393,225	417,813
Bank balances		6,178	24,673
		<u>6,156,507</u>	<u>6,752,030</u>
Total assets		<u><u>13,052,327</u></u>	<u><u>13,137,803</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital			
200,000,000 (2015: 200,000,000) ordinary shares of Rs. 10 each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital		1,198,926	1,198,926
Reserves	12	3,498,234	3,583,242
Total equity		<u>4,697,160</u>	<u>4,782,168</u>
Surplus on revaluation of property, plant and equipment		1,518,236	1,561,085
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	13	618,524	242,992
Staff retirement benefits		70,577	70,577
Deferred taxation - net	14	139,026	144,382
		<u>828,127</u>	<u>457,951</u>
Current liabilities			
Trade and other payables	15	1,310,063	1,375,318
Short-term borrowings - secured	16	4,507,030	4,664,407
Current portion of long-term financing	13	152,735	150,000
Sales tax payable		-	87,689
Accrued mark-up		38,976	59,185
		<u>6,008,804</u>	<u>6,336,599</u>
Total liabilities		<u>6,836,931</u>	<u>6,794,550</u>
Contingencies and commitments	17		
Total equity and liabilities		<u><u>13,052,327</u></u>	<u><u>13,137,803</u></u>

The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

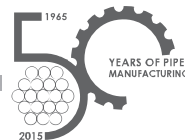


Nadir Akbarali Jamal
Chief Financial
Officer



Riyaz T. Chinoy
Chief Executive
Officer

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



For the six months and quarter ended 31 December 2015

	Note	Six months period ended		Quarter ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
(Rupees in '000)					
Net sales	18	7,131,118	8,203,643	3,840,432	4,241,939
Cost of sales	19	(6,257,070)	(7,473,398)	(3,384,715)	(3,789,864)
Gross profit		874,048	730,245	455,717	452,075
Selling and distribution expenses	20	(347,858)	(283,965)	(206,043)	(144,416)
Administrative expenses	21	(115,483)	(81,614)	(59,260)	(40,926)
		(463,341)	(365,579)	(265,303)	(185,342)
Financial charges	22	(187,076)	(244,205)	(69,695)	(356)
Other operating charges	23	(28,233)	(52,137)	(15,931)	(17,823)
		(215,309)	(296,342)	(85,626)	(18,179)
Other income	24	99,620	328,492	50,176	23,662
Profit before taxation		295,018	396,816	154,964	272,216
Taxation	25	(97,000)	(49,300)	(52,000)	(69,955)
Profit after taxation for the period		198,018	347,516	102,964	202,261
(Rupees)					
Earnings per share - basic and diluted		1.65	2.90	0.86	1.69

The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

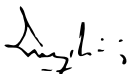
Riyaz T. Chinoy
Chief Executive
Officer

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

For the six months and quarter ended 31 December 2015

	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)			
Profit after taxation for the period	198,018	347,516	102,964	202,261
Item to be reclassified to profit and loss accounts in subsequent periods:				
Cash flow hedge	-	(13,686)	-	(13,686)
Tax thereon	-	3,011	-	3,011
Other comprehensive income	-	(10,675)	-	(10,675)
Total comprehensive income for the period	<u>198,018</u>	<u>336,841</u>	<u>102,964</u>	<u>191,586</u>

The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



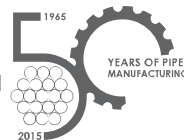
Nadir Akbarali Jamal
Chief Financial
Officer



Riyaz T. Chinoy
Chief Executive
Officer

Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the six months period ended 31 December 2015



Note	(Un-audited) 31 December 2015	(Un-audited) 31 December 2014
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	295,018	396,816
Adjustments for :		
Depreciation and amortisation	122,597	120,780
Provision for doubtful debts	13,570	5,442
Interest on bank deposits	24 (442)	(1,166)
Gain on disposal of property, plant and equipment	24 (23,484)	(9,316)
Dividend income	(7,278)	(255,972)
Amortisation of long-term prepayments	833	1,002
Provision for staff gratuity	18,600	-
Financial charges	22 187,076	244,205
	<u>606,490</u>	<u>501,791</u>
Changes in:		
Working capital	26 380,063	449,829
Long-term deposits	(16,349)	(2,720)
Net cash generated from operations	<u>970,204</u>	<u>948,900</u>
Financial charges paid	(207,285)	(256,390)
Payment of staff gratuity	(14,727)	(14,808)
Taxes paid	(77,768)	(4,016)
Net cash generated from operating activities	<u>670,424</u>	<u>673,686</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(644,613)	(184,549)
Investment in subsidiary company	-	(75,100)
Proceeds from disposal of property, plant and equipment	24,826	11,423
Dividend income received	7,278	255,972
Interest income received	442	1,166
Net cash (used in) / generated from investing activities	<u>(612,067)</u>	<u>8,912</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term financing	453,267	-
Repayment of long-term financing	(75,000)	(75,000)
Dividends paid	(297,742)	(238,617)
Net cash generated from / (used in) financing activities	<u>80,525</u>	<u>(313,617)</u>
Net increase in cash and cash equivalents	138,882	368,981
Cash and cash equivalents at beginning of the period	(4,639,734)	(6,204,973)
Cash and cash equivalents at end of the period	<u>(4,500,852)</u>	<u>(5,835,992)</u>
Cash and cash equivalents comprise:		
Bank balances	6,178	77,449
Short-term borrowings	(4,507,030)	(5,913,441)
	<u>(4,500,852)</u>	<u>(5,835,992)</u>

The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

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

For the six months period ended 31 December 2015

	Issued, subscribed and paid-up capital	Revenue Reserves			Total reserves	Total
		General reserves	Hedging reserves	Un-appropriated profit		
(Rupees in '000)						
Balance as at 1 July 2014	1,198,926	2,700,036	-	523,550	3,223,586	4,422,512
Changes in equity for the period ended 31 December 2014:						
Total comprehensive income for the period ended 31 December 2014						
Profit for the period	-	-	-	347,516	347,516	347,516
Other Comprehensive income for the period	-	-	(10,675)	-	(10,675)	(10,675)
Total Comprehensive income for the period	-	-	(10,675)	347,516	336,841	336,841
Transactions with owners recorded directly in equity - distributions:						
Dividend						
- Final dividend @ 20% (Rs. 2.00 per share) for the year ended 30 June 2014	-	-	-	(239,785)	(239,785)	(239,785)
Total transactions with owners - distributions	-	-	-	(239,785)	(239,785)	(239,785)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax						
	-	-	-	8,027	8,027	8,027
Balance as at 31 December 2014	1,198,926	2,700,036	(10,675)	639,308	3,328,669	4,527,595
Balance as at 1 July 2015	1,198,926	2,700,036	-	883,206	3,583,242	4,782,168
Changes in equity for the period ended 31 December 2015:						
Total comprehensive income for the period ended 31 December 2015						
Profit for the period	-	-	-	198,018	198,018	198,018
Other Comprehensive income for the period	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	198,018	198,018	198,018
Transactions with owners recorded directly in equity - distributions:						
Dividend						
- Final dividend @ 25% (Rs. 2.50 per share) for the year ended 30 June 2015	-	-	-	(299,732)	(299,732)	(299,732)
Total transactions with owners - distributions	-	-	-	(299,732)	(299,732)	(299,732)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax						
	-	-	-	16,706	16,706	16,706
Balance as at 31 December 2015	1,198,926	2,700,036	-	798,198	3,498,234	4,697,160

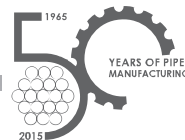
The annexed notes 1 to 30 form an integral part of this condensed interim unconsolidated financial information.


Fuad Azim Hashimi
 Director & Chairman
 Board Audit Committee


Nadir Akbarali Jamal
 Chief Financial
 Officer


Riyaz T. Chinoy
 Chief Executive
 Officer

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



For the six months period ended 31 December 2015

1. STATUS AND NATURE OF BUSINESS

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

Details of the Company's investment in subsidiaries and associated company are disclosed in note 6 to this condensed interim unconsolidated financial information.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim unconsolidated financial information for the six months period ended 31 December 2015 has been prepared in accordance with the requirements of International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, have been followed.

This condensed interim unconsolidated financial information does not include all the information required for full annual financial statements and should be read in conjunction with the audited annual separate financial statements of the Company as at and for the year ended 30 June 2015.

The comparative Balance Sheet presented in this condensed interim unconsolidated financial information has been extracted from the audited annual separate financial statements of the Company for the year ended 30 June 2015, 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 information for the period ended 31 December 2014.

This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of Karachi Stock Exchange vide section 245 of the Companies Ordinance, 1984. The figures for the six months period ended 31 December 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3. ACCOUNTING POLICIES

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim unconsolidated financial information are the same as those applied in preparing the financial statements as at and for the year ended 30 June 2015, except for the following standards which became effective during the period.

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

For the six months period ended 31 December 2015

3.2 New, Amended And Revised Standards And Interpretations of IFRSs

Certain amendments and interpretation to approved accounting standards which 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 except for the application of IFRS 13 "Fair Value Measurement". IFRS 13 "Fair Value Measurement", consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. The application of IFRS 13 did not have an impact on the condensed interim unconsolidated financial information of the Company, except certain additional disclosures (refer note 5.1 and 6.8).

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

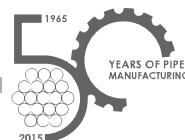
- 4.1 The preparation of condensed interim unconsolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reporting amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
- 4.2 The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2015.
- 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 2015.

5. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work - - in - progress (Rupees in '000)	Total
Cost / revalued amount			
Opening balance	5,488,658	198,224	5,686,882
Additions	228,579	650,508	879,087
Deletions / transfers	(16,417)	(228,579)	(244,996)
	<u>5,700,820</u>	<u>620,153</u>	<u>6,320,973</u>
Accumulated depreciation			
Opening balance	(2,064,725)	-	(2,064,725)
Disposal / adjustments	(18,937)	-	(18,937)
Charge for the period	(120,145)	-	(120,145)
	<u>(2,203,807)</u>	<u>-</u>	<u>(2,203,807)</u>
Written down value as at 31 December 2015 (Un-audited)	<u>3,497,013</u>	<u>620,153</u>	<u>4,117,166</u>
Written down value as at 30 June 2015 (Audited)	<u>3,423,933</u>	<u>198,224</u>	<u>3,622,157</u>

- 5.1 Fair value measurement for land and buildings has been categorised as a level 3 fair value based on the inputs to the valuation technique used (details of which are disclosed in the annual financial statements as at and for the year ended 30 June 2015).

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



For the six months period ended 31 December 2015

6. INVESTMENTS

31 December 2015 (Un-audited)	30 June 2015 (Audited)		Note	31 December 2015 (Un-audited)	30 June 2015 (Audited)
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
2,425,913	2,425,913	Pakistan Cables Limited (PCL) - associated company at cost	6.2	132,982	132,982
Un-quoted Companies					
100,000	100,000	IIL Australia Pty Limited (IIL Australia) - subsidiary company at cost	6.3	9,168	9,168
15,000,000	15,000,000	IIL Stainless Steel (Pvt.) Limited (IIL SS) - subsidiary company at cost	6.4	150,000	150,000
				<u>2,742,705</u>	<u>2,742,705</u>

- 6.1** The Company holds 56.33% ownership interest in ISL. The Chief Executive of ISL is Mr. Yousuf H. Mirza.
- 6.2** The Company holds 8.52% ownership interest in PCL. The Chief Executive 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** The Company holds 100% ownership interest in IIL SS. The Chief Executive of IIL SS is Mr. Khawar Bari.
- 6.5** Market value of the aforementioned quoted investments is as follows:

	31 December 2015 (Un-audited)	30 June 2015 (Audited)
	(Rupees in '000)	
Quoted		
International Steels Limited	<u>5,981,806</u>	<u>6,886,061</u>
Pakistan Cables Limited	<u>388,146</u>	<u>403,915</u>

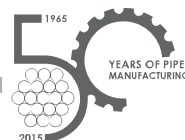
- 6.6** The book value of IIL Australia based on un-audited financial statements as at 31 December 2015 is AUD 80,090 (Rs. 6.1 million) [30 June 2015: AUD 103,069 (Rs. 8.03 million)].
- 6.7** The book value of IIL SS based on un-audited financial statements as at 31 December 2015 is Rs.135.49 million (30 June 2015: Rs. 143.68 million). The Company is incorporated in Pakistan.
- 6.8** The market value of investments disclosed in note 6.5 above has been categorised as Level 1 fair value measurement.

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

For the six months period ended 31 December 2015

	31 December 2015 (Un-audited) (Rupees in '000)	30 June 2015 (Audited)
7. STOCK-IN-TRADE		
Raw materials- in hand	1,229,418	1,098,760
- in transit	229,363	474,753
	<u>1,458,781</u>	<u>1,573,513</u>
Work-in-process	435,261	590,344
Finished goods	1,266,718	1,426,328
By-product	35,603	62,406
Scrap material	16,058	562
	<u>3,212,421</u>	<u>3,653,153</u>
7.1	Raw materials amounting to Rs. 6.7 million (30 June 2015: Rs. 6.4 million) as at 31 December 2015 was held at vendor premises for the production of pipe caps.	
8. TRADE DEBTS		
Considered good :		
- Secured	675,210	928,557
- Unsecured	1,403,555	1,385,621
Considered doubtful	51,100	37,530
	<u>2,129,865</u>	<u>2,351,708</u>
Provision for doubtful debts	(51,100)	(37,530)
	<u>2,078,765</u>	<u>2,314,178</u>
8.1	Related parties from whom debts are due are as under:	
Sui Southern Gas Company Limited / Sui Northern Gas Pipelines Limited	232,051	126
IIL Australia Pty Limited	142,992	84,947
Pakistan Cables Limited	1,302	830
IIL Stainless Steel (Private) Limited	41,291	-
Indus Motor Company Limited	1,873	-
	<u>419,509</u>	<u>85,903</u>
9. ADVANCES		
Considered good:		
- Suppliers	214,769	126,320
- Employees for business related expenses	1,023	2,845
- Workers	-	23,911
- Contribution to Employees' Provident Fund	2,519	-
	<u>218,311</u>	<u>153,076</u>
10. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	6,588	6,928
Short-term prepayments	9,487	5,023
	<u>16,075</u>	<u>11,951</u>

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



For the six months period ended 31 December 2015

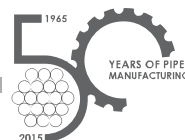
	31 December 2015 (Un-audited)	30 June 2015 (Audited)
Note	—————(Rupees in '000)—————	
11. OTHER RECEIVABLES		
Considered good:		
- Receivable for transmission of electricity to K-Electric	15,488	8,372
- Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods	25,940	25,940
- Receivable from IIL Stainless Steel (Private) Limited - a related concern	-	3,729
- Others	1,445	770
	<u>42,873</u>	<u>38,811</u>
12. RESERVES		
General reserves	2,700,036	2,700,036
Un-appropriated profit	798,198	883,206
	<u>3,498,234</u>	<u>3,583,242</u>
13. LONG-TERM FINANCING - secured		
Opening balance	13.1 392,992	450,000
Financing obtained during the period	13.2 453,267	92,992
Repayments	(75,000)	(150,000)
Long-term finance utilised under mark-up arrangements	<u>771,259</u>	<u>392,992</u>
Current portion of long-term financing shown under current liabilities	<u>(152,735)</u>	<u>(150,000)</u>
	<u>618,524</u>	<u>242,992</u>
13.1	All long-term financing utilized under mark-up arrangements is secured by way of a mortgage on all present and future lands and buildings located at Plot Number LX-15 & 16 and HX-7/4, Landhi Industrial Estate, Karachi and Survey No. 402, 405-406, Dehsharabi, Landhi Town, Karachi.	
13.2	The Company has an approved financing facility under long term finance facility of an amount aggregating Rs. 550 million. As at 31 December 2015, the Company has withdrawn Rs. 546.3 million from a commercial bank. The facility is 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.	
14. DEFERRED TAXATION - net		
Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:		
Taxable temporary differences:		
Accelerated tax depreciation	104,194	100,727
Surplus on revaluation of buildings	106,225	111,501
	<u>210,419</u>	<u>212,228</u>
Deductible temporary differences:		
Provision for doubtful debts	(9,811)	(9,876)
Provision for compensated absences	(864)	(1,170)
Provision for Infrastructure Cess	(47,167)	(43,037)
Staff retirement benefits	(13,551)	(13,763)
	<u>139,026</u>	<u>144,382</u>

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

For the six months period ended 31 December 2015

	Note	31 December 2015 (Un-audited)	30 June 2015 (Audited)
(Rupees in '000)			
15. TRADE AND OTHER PAYABLES			
Trade creditors	15.1	123,943	39,049
Bills payable		229,363	474,753
Accrued expenses		543,539	462,741
Provision for Infrastructure Cess	15.2	245,662	220,702
Short-term compensated absences		4,500	6,000
Advance from customers		81,642	108,073
Payable against purchase of land		16,111	16,111
Workers' Profit Participation Fund		16,000	13,900
Workers' Welfare Fund		20,850	14,550
Unclaimed dividends		16,376	14,386
Others		12,077	5,053
		<u>1,310,063</u>	<u>1,375,318</u>
15.1	Related parties to whom payments are due are as under:		
	Jubilee General Insurance Company Limited	5,496	1,213
	Pakistan Cables Limited	309	-
		<u>5,805</u>	<u>1,213</u>
15.2	Provision for Infrastructure Cess (Refer note 17.1.5)		
	Opening balance	220,702	172,781
	Charge for the period	24,960	47,921
	Closing balance	<u>245,662</u>	<u>220,702</u>
16. SHORT-TERM BORROWINGS - secured			
Running finance under mark-up arrangement	16.1	272,385	189,315
Short-term borrowing under Money Market Scheme	16.2	835,000	-
Short-term borrowing under Export Refinance Scheme	16.3	3,310,700	2,884,800
Running finance under FE-25 Export and Import Scheme	16.4	88,945	1,590,292
		<u>4,507,030</u>	<u>4,664,407</u>
16.1	The facilities for running finance available from various commercial banks amounted to Rs. 2,640 million (30 June 2015: Rs. 2,335 million). The rates of mark-up on these finances range from 6.80% to 8.06% per annum (30 June 2015: 7.33% to 9.45% per annum). The facilities for short-term finance mature within twelve months. Unavailed facility as at 31 December 2015 is Rs. 2,368 million (30 June 2015: Rs. 2,146 million).		
16.2	The facilities for short-term borrowing through Money Market Scheme available from various commercial banks under mark-up arrangements amounted to Rs. 3,572 million (30 June 2015: Rs. 2,197 million). Unavailed facility as at 31 December 2015 is Rs. 2,737 million (30 June 2015: Rs. 2,197 million). The rate of markup on these finances range from 6.59% to 6.62% per annum (30 June 2015: 6.75% to 10.62% per annum).		
16.3	The Company has borrowed short-term running finance under the Export Refinance Scheme of the State Bank of Pakistan. The facility availed is for an amount of Rs. 3,311 million (30 June 2015: Rs. 2,885 million). The rates of mark-up on this facility are 3.85% to 4.0% per annum (30 June 2015: 5.50% per annum).		
16.4	The Company has borrowed short-term running finance under Foreign Exchange Circular No. 25 dated 20 June 1998 from certain banks for the purpose of meeting import requirements. The facilities availed are for an amount USD 0.9 million equivalent to Rs. 89 million (30 June 2015: USD 15.6 million equivalent to Rs. 1,590 million). The rate of mark-up on these facilities is 4% per annum (30 June 2015: 2.0% to 2.5% per annum).		
16.5	All running finance and short-term borrowing facilities are secured by way of hypothecation of all present and future fixed assets (excluding lands and buildings) and present and future current and moveable assets.		

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



For the six months period ended 31 December 2015

17. CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

- 17.1.1** Bank guarantees have been issued under certain supply contracts and to the Collector of Customs aggregating Rs. 217.6 million (30 June 2015: Rs.125.6 million).
- 17.1.2** Custom duties amounting to Rs. 52 million (30 June 2015: Rs. 156 million) on import of raw material shall be payable by the Company in case of non-fulfillment of certain conditions imposed by the customs authorities under SRO 565(1) / 2006. The Company has provided post-dated cheques in favour of the Collector of Customs which are, in normal course of business, to be returned to the Company after fulfilment 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.
- 17.1.3** 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.
- 17.1.4** 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.
- 17.1.5** The Company has reversed the provision for the levy of Infrastructure Cess amounting to Rs. 107 million in 2009 on the basis of a decision of the Sindh High Court which declared the levy of Infrastructure Cess before 28 December 2006 as void and invalid. However, the Excise and Taxation Department (the Department) has filed an appeal before the Supreme Court of Pakistan against such order. In May 2011, the Supreme Court disposed off the appeal with a joint statement of the parties that, during the pendency of the appeal, another law i.e. the Fifth Version, came into existence which was not the subject matter of the appeal; hence the case was referred back to the High Court with the right to appeal to the Supreme Court. On 31 May 2011, the High Court has granted an interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignments released upto 27 December 2006 and any bank guarantee / security furnished for consignments released after 27 December 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with balance kept intact till the disposal of petition. In case the High Court upholds the applicability of the Fifth Version of the law and it's retrospective application, the authorities are entitled to claim the amounts due under the said law with the right to appeal available to the petitioner. Bank guarantees amounting to Rs. 362 million (30 June 2015: Rs. 338 million) have been provided to the Department in this regard. However, a provision to the extent of amount utilised from the limit of guarantee has also been provided for by the Company on prudent basis (note 15.2).
- 17.1.6** During the year 2014-15, Government passed a new law "Gas Infrastructure Development Cess Act 2015" by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs. 200/MMBTU on captive power consumption effective 1 July 2011 and at Rs. 100/MMBTU on industrial connection from the date of passing of that Act. The Company has obtained a stay order on the retrospective application of the Act from the Honourable High Court of Sindh. The Company is confident of favourable outcome and therefore has not recorded provision of Rs. 103 million in these financial statements. However, the Company has recognised the cess after the passage of the Act.
- 17.1.7** The Company has received a demand from Deputy Collector (Manufacturing Bond) aggregating Rs. 82.9 million on account of sales tax, custom duty and withholding income tax in respect of wastage generated on raw material imported under manufacturing bond license and covers the period July 2007 to December 2010. The Company on the basis of an audit being duly completed till 31 March 2009 believes no further dues were liable to be paid. The Company has filed a Constitutional Petition in the Sindh High Court (SHC) which has granted interim stay on 9 December 2013.

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

For the six months period ended 31 December 2015

During the six months period ended 31 December 2015, the SHC heard the petition in length and remanded the case back to the Collector Adjudication II, for fresh examination strictly in accordance with the law. There has been hearings in this matter and the Company has submitted its written legal arguments and based on advice of legal counsel and merits of the case, is confident that the subject demand is unjustified and the matter will be decided in its favour.

17.1.8 Alloy steel being imported from China under FTA with HS Code 7225 was under dispute whereby the Customs Authorities did not recognize the said alloy steel and cleared all such consignments under HS Code 7208 as being prime hot rolled steel coils which attracted 5% customs duty and 12.5% regulatory duty. A petition was filed in Sindh High Court for clarification of such anomaly and the Company had to submit bank guarantees worth Rs. 150.6 million for 5% customs duty and 12.5% regulatory duty as per the interim order of the Sindh High Court. Since then the Sindh High Court has decided this case in favour of the Petitioners on the basis that if any consignment contains more than 0.0008% boron as inherent part of steel that the same would qualify as alloy steel which would not attract payment of any duties. The return of our bank guarantees is awaited.

17.1.9 The Company has issued a corporate guarantee to a commercial bank for securing funded and unfunded facilities of Rs. 125 million each availed by its wholly owned Subsidiary Company. The facilities are secured by way of hypothecation of all present and future fixed assets (excluding land and building) and present and future current and moveable assets.

17.1.10 Relying upon the judgment by Peshawar High Court, Model Collectorate of Customs (MCC), Peshawar stopped exports of the Company's goods to Afghanistan under the pretext that SRO 190(I) / 2002 dated 2 April 2002 attracts a levy of sales tax at the rate of 17%. Subsequently the goods already in transit were held at Torkham border by MCC Peshawar on the account of non-payment of 17% sales tax. A Constitutional Petition was filed in the Sindh High Court (SHC) on 1 October 2015 arguing that there is no sales tax on exports to Afghanistan as the same is exempted under the manufacturing bond rules SRO 450(I) / 2015. Further, SRO 190(I) was issued in 2002 and was never implemented, therefore under Section 65 of the Sales Tax Act 1990 no such liability could be raised at this stage. The SHC granted stay order whereby the Company was allowed to export its goods to Afghanistan subject to depositing bank guarantees worth Rs. 6.161 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 do not attract the levy of sales tax. The said clarification has been filed before the SHC and disposal of the case along with return of the said bank guarantees is awaited.

17.1.11 The Finance Act 2015 has imposed one time super tax for rehabilitation of temporarily displaced persons through which banking company and person whose income is equal to or more than Rs. 500 million for the tax year 2015 are required to pay 4% and 3% of their their income respectively. The said tax has been challenged and a constitutional petition was filed for acceptance of income tax return without the super tax amounting to Rs. 25.766 million.

17.2 Commitments

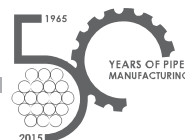
17.2.1 Capital expenditure commitments outstanding as at 31 December 2015 amounted to Rs. 36.9 million (30 June 2015: Rs. 437.5 million).

17.2.2 Commitments under Letters of Credit for raw materials and stores and spares as at 31 December 2015 amounted to Rs. 1,526.7 million (30 June 2015: Rs. 1,656.5 million).

17.2.3 Commitments under purchase contracts as at 31 December 2015 amounted to Rs. 138.2 million (30 June 2015: Rs. 116.5 million).

17.2.4 Unavailed facilities for opening Letters of Credit and Guarantees from banks as at 31 December 2015 amounted to Rs. 8,264.4 million (30 June 2015: Rs. 7,734 million) and Rs. 43.4 million (30 June 2015: Rs. 107.9 million) respectively.

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



For the six months and quarter ended 31 December 2015

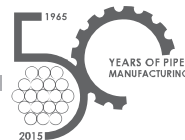
	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)			
18. NET SALES				
Local	6,426,208	6,050,265	3,475,635	3,219,047
Export	2,065,187	3,305,275	1,126,393	1,637,530
	<u>8,491,395</u>	<u>9,355,540</u>	<u>4,602,028</u>	<u>4,856,577</u>
Sales Tax	(939,057)	(945,412)	(504,339)	(502,769)
Trade discounts	(242,592)	(44,918)	(157,848)	(30,966)
Sales discount and commission	(178,628)	(161,567)	(99,409)	(80,903)
	<u>(1,360,277)</u>	<u>(1,151,897)</u>	<u>(761,596)</u>	<u>(614,638)</u>
	<u>7,131,118</u>	<u>8,203,643</u>	<u>3,840,432</u>	<u>4,241,939</u>
19. COST OF SALES				
Opening stock of raw material and work-in-process	1,689,104	4,621,796	2,178,519	3,018,092
Purchases	5,444,683	5,371,001	2,363,331	3,252,640
Salaries, wages and benefits	399,585	304,669	223,431	152,118
Rent, rates and taxes	869	430	408	230
Electricity, gas and water	171,499	137,333	89,952	53,477
Insurance	5,289	3,382	3,215	2,066
Security and janitorial	13,572	11,435	8,033	5,938
Depreciation and amortisation	108,466	110,356	54,233	55,564
Stores and spares consumed	32,640	34,047	20,649	14,494
Repairs and maintenance	52,601	52,736	28,263	28,470
Postage, telephone and stationery	4,507	3,633	2,458	1,599
Vehicle, travel and conveyance	7,877	5,961	4,305	2,727
Internal material handling	13,607	9,196	8,955	2,222
Environment controlling expenses	115	99	59	49
Sundries	2,047	865	1,765	334
Toll manufacturing charges	6,979	83,501	1,684	20,440
Sale of scrap generated during production	(218,104)	(347,137)	(120,439)	(190,481)
Closing stock of raw materials and work-in-process	<u>(1,664,679)</u>	<u>(2,431,851)</u>	<u>(1,664,679)</u>	<u>(2,431,851)</u>
Cost of goods manufactured	<u>6,070,657</u>	<u>7,971,452</u>	<u>3,204,142</u>	<u>3,988,128</u>
Finished goods and by-products:				
- Opening stock	1,488,734	1,441,069	1,482,894	1,740,859
- Closing stock	<u>(1,302,321)</u>	<u>(1,939,123)</u>	<u>(1,302,321)</u>	<u>(1,939,123)</u>
	186,413	(498,054)	180,573	(198,264)
	<u>6,257,070</u>	<u>7,473,398</u>	<u>3,384,715</u>	<u>3,789,864</u>

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

For the six months and quarter ended 31 December 2015

	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)			
20. SELLING AND DISTRIBUTION EXPENSES				
Freight and forwarding	218,527	205,288	126,963	98,139
Salaries, wages and benefits	62,258	44,027	32,563	21,667
Rent, rates and taxes	171	161	44	37
Electricity, gas and water	2,690	2,587	1,131	1,103
Insurance	779	1,486	563	771
Depreciation and amortisation	5,790	3,920	3,142	1,954
Repairs and maintenance	385	782	282	231
Advertising and sales promotion	13,504	6,319	11,167	4,600
Postage, telephone and stationery	3,053	2,401	1,606	1,109
Office supplies	33	18	20	17
Vehicle, travel and conveyance	8,963	6,838	4,644	3,255
Provision for doubtful debts / write off	13,570	5,442	9,500	7,798
Certification and registration charges	5,683	3,568	2,585	3,566
Others	12,452	1,128	11,833	169
	<u>347,858</u>	<u>283,965</u>	<u>206,043</u>	<u>144,416</u>
21. ADMINISTRATIVE EXPENSES				
Salaries, wages and benefits	80,814	53,035	41,445	26,722
Rent, rates and taxes	123	136	-	(6)
Electricity, gas and water	1,353	1,073	600	472
Insurance	391	167	184	97
Depreciation and amortisation	8,341	6,488	4,125	3,268
Repairs and maintenance	515	328	297	145
Postage, telephone and stationery	4,687	3,213	2,423	1,329
Office supplies	40	14	25	6
Vehicle, travel and conveyance	2,454	2,956	1,548	2,083
Legal and professional charges	9,079	6,851	5,295	2,960
Certification and registration charges	1,965	1,019	878	608
Others	5,721	6,334	2,440	3,242
	<u>115,483</u>	<u>81,614</u>	<u>59,260</u>	<u>40,926</u>
22. FINANCIAL CHARGES				
Mark-up on:				
- Long-term financing	17,434	24,351	10,741	12,078
- Short-term borrowings	94,607	169,634	47,838	77,536
Exchange loss / (gain) on FE - 25 borrowing	68,185	44,415	7,310	(91,907)
Interest on Workers' Profit Participation Fund	560	317	-	-
Bank charges	6,290	5,488	3,806	2,649
	<u>187,076</u>	<u>244,205</u>	<u>69,695</u>	<u>356</u>

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



For the six months and quarter ended 31 December 2015

	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)			
23. OTHER OPERATING CHARGES				
Auditors' remuneration	1,365	1,232	666	658
Exchange loss	-	29,908	-	-
Donations	4,700	7,650	3,400	4,150
Workers' Profit Participation Fund	16,000	7,500	8,850	7,500
Workers' Welfare Fund	6,300	3,000	3,450	3,000
Project development expenses	(132)	2,847	(435)	2,515
	<u>28,233</u>	<u>52,137</u>	<u>15,931</u>	<u>17,823</u>
24. OTHER INCOME				
Income / return on financial assets				
Interest on bank deposits	442	1,166	249	696
Income from non-financial assets				
Income from power generation	36,913	29,264	19,476	15,747
Gain on disposal of property, plant and equipment	23,484	9,316	15,058	6,975
Rental income	6,838	4,799	3,509	2,400
Dividend income from associate / subsidiary	7,278	255,972	-	10,916
Exchange gain / (loss)	17,732	22,273	8,681	(14,508)
Others	6,933	5,702	3,203	1,436
	<u>99,620</u>	<u>328,492</u>	<u>50,176</u>	<u>23,662</u>
25. TAXATION				
Current				
- for the year	102,356	59,886	54,639	39,763
- for the prior years	-	-	-	-
	<u>102,356</u>	<u>59,886</u>	<u>54,639</u>	<u>39,763</u>
Deferred	(5,356)	(10,586)	(2,639)	30,192
	<u>97,000</u>	<u>49,300</u>	<u>52,000</u>	<u>69,955</u>
25.1 Relationship between income tax expenses and accounting profit				
			31 December 2015	31 December 2014
	Effective tax rate %		(Rupees in '000)	
Profit before taxation			<u>295,018</u>	<u>396,816</u>
Tax at the enacted tax rate	32.00	33.00	94,406	130,949
Tax effect of exempt income	-	(20.38)	-	(80,868)
Tax effect of income subject to lower tax	(1.22)	(0.51)	(3,607)	(2,025)
Tax effect of rebate / credits	(4.96)	(0.66)	(14,646)	(2,615)
Tax effect on export under final tax regime	4.07	(2.22)	12,003	(8,810)
Others	3.00	3.19	8,844	12,669
	<u>32.89</u>	<u>12.42</u>	<u>97,000</u>	<u>49,300</u>

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

For the six months period ended 31 December 2015

- 25.2** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

The Company intends to distribute sufficient cash dividend for the year ending 30 June 2016 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognized in these condensed unconsolidated interim financial information.

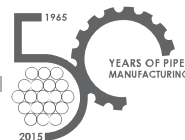
	31 December 2015	31 December 2014
	(Rupees in '000)	
26. MOVEMENT IN WORKING CAPITAL		
(Increase) in current assets:		
Stores and spares	(8,942)	(10,079)
Stock-in-trade	440,732	380,925
Trade debts	221,843	(52,901)
Advances	(65,235)	(72,170)
Trade deposit and short-term prepayments	(4,124)	(4,269)
Other receivables	(45,404)	318,000
	<u>538,870</u>	<u>559,506</u>
(Decrease) in current liabilities:		
Trade and other payables	(158,807)	(109,677)
	<u>380,063</u>	<u>449,829</u>

27. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, directors of the Company and its subsidiary companies, 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.

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



For the six months and quarter ended 31 December 2015

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:

	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)			
<i>Subsidiary companies</i>				
Sales	185,410	69,419	113,779	48,292
Supply of Toll manufacturing services	12,599	-	12,599	
Purchases	1,315,708	479,376	1,006,038	394,431
Sales of store items	5,121	-	2,866	-
Cost of shared resources	18,098	9,880	10,020	5,050
Toll manufacturing (inclusive of sales tax)	6,105	97,696	55	24,914
Reimbursement of corporate affairs management expenses	7,083	2,104	3,599	983
Reimbursement of payments made on behalf of a subsidiary	5,354	-	5,013	-
Rental income	6,658	4,798	3,329	2,399
Dividend received	-	245,056	-	245,056
Investment in IIL Stainless Steel (Private) Limited	-	75,100	-	75,100
<i>Associated companies</i>				
Sales	616,658	273,658	478,729	197,451
Purchases	139,624	132,410	76,197	64,525
Purchase of vehicle	-	1,783	-	-
Insurance premium expense	14,738	10,088	14,100	4,296
Insurance claims / adjustments	394	39,130	394	23,780
Donations	-	1,000	-	-
Dividend paid	13,979	12,424	13,979	12,424
Dividend received	7,278	10,917	7,278	10,917
Participation fee	40	99	20	99
<i>Key management personnel</i>				
Remuneration	101,357	93,060	48,800	46,514
<i>Staff retirement benefits</i>				
Contribution paid	30,229	35,008	1,159	24,153
<i>Non-executive directors</i>				
Directors' fee	1,860	2,110	690	1,430

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

For the six months period ended 31 December 2015

28. SEGMENT REPORTING

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

28.1 SEGMENT REVENUE AND RESULTS

	Steel Segment	Plastic Segment	Total
	(Rupees in '000)		
For the six months period ended 31 December 2015			
Sales	6,332,764	798,354	7,131,118
Cost of sales	5,577,222	679,848	6,257,070
Gross Profit	<u>755,542</u>	<u>118,506</u>	<u>874,048</u>
For the six months period ended 31 December 2014			
Sales	7,897,101	306,542	8,203,643
Cost of sales	7,183,888	289,510	7,473,398
Gross Profit	<u>713,213</u>	<u>17,032</u>	<u>730,245</u>

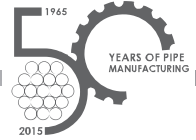
Reconciliation of segment results with profit after tax is as follows:

	Six months period ended	
	31 December 2015	31 December 2014
	(Rupees in '000)	
Total results for reportable segments	874,048	730,245
Selling, distribution and administrative expenses	(463,341)	(365,579)
Financial charges	(187,076)	(244,205)
Other operating expenses	(28,233)	(52,137)
Other operating income	99,620	328,492
Taxation	(97,000)	(49,300)
Profit after tax	<u>198,018</u>	<u>347,516</u>

28.2 SEGMENT ASSETS & LIABILITIES

	Steel Segment	Plastic Segment	Total
	(Rupees in '000)		
As at 31 December 2015 - Un-audited			
Segment assets	<u>8,488,302</u>	<u>920,050</u>	<u>9,408,352</u>
Segment liabilities	<u>5,101,730</u>	<u>748,273</u>	<u>5,850,003</u>
As at 30 June 2015 - Audited			
Segment assets	<u>8,934,099</u>	<u>655,389</u>	<u>9,589,488</u>
Segment liabilities	<u>5,402,757</u>	<u>399,702</u>	<u>5,802,459</u>

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



For the six months period ended 31 December 2015

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

	31 December 2015 (Un-audited)	30 June 2015 (Audited)
	(Rupees in '000)	
Total reportable segments assets	9,408,352	9,589,488
Unallocated assets	3,643,975	3,548,315
Total assets as per Balance Sheet	<u>13,052,327</u>	<u>13,137,803</u>
Total reportable segments liabilities	5,850,003	5,802,459
Unallocated liabilities	986,928	992,091
Total liabilities as per Balance Sheet	<u>6,836,931</u>	<u>6,794,550</u>

29. CORRESPONDING FIGURES

Corresponding figures have been rearranged for the purposes of comparison and better presentation. The effect of rearrangement is not material.

30. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on 12 February 2016.

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

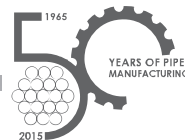
Riyaz T. Chinoy
Chief Executive
Officer



Promising Reliability, For Now and Tomorrow

**Condensed Interim Consolidated
Financial Information (Un-audited)
31 December 2015**

Condensed Interim Consolidated Balance Sheet



As at 31 December 2015

	Note	(Un-audited) 31 December 2015	(Audited) 30 June 2015
(Rupees in '000)			
ASSETS			
Non-current assets			
Property, plant and equipment	4	16,544,825	16,049,995
Intangible assets		13,009	13,762
Long-term deposits		23,316	6,967
Investment in equity-accounted investee	5	259,274	260,069
Long-term prepayments		-	833
		<u>16,840,424</u>	<u>16,331,626</u>
Current assets			
Stores and spares		556,438	487,952
Stock-in-trade	6	7,472,788	8,187,329
Trade debts	7	2,719,566	2,662,620
Advances	8	326,714	200,994
Trade deposits and short-term prepayments	9	40,363	27,701
Sales Tax refundable		501,990	59,031
Other receivables	10	85,141	91,977
Taxation - net		1,718,511	1,763,196
Bank balances		55,560	64,853
		<u>13,477,071</u>	<u>13,545,653</u>
Total assets		<u><u>30,317,495</u></u>	<u><u>29,877,279</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital 200,000,000 (2015: 200,000,000) ordinary shares of Rs. 10 each		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital		1,198,926	1,198,926
Reserves	11	3,425,340	3,559,007
Translation reserve		(1,414)	(1,216)
Total equity		<u>4,622,852</u>	<u>4,756,717</u>
Non-controlling interest		2,141,590	2,170,330
		<u>6,764,442</u>	<u>6,927,047</u>
Surplus on revaluation of property, plant and equipment		2,487,672	2,536,561
LIABILITIES			
Non-current liabilities			
Long-term financing - secured	12	6,057,150	5,983,759
Staff retirement benefits		91,263	91,263
Deferred taxation - net	13	296,499	523,224
		<u>6,444,912</u>	<u>6,598,246</u>
Current liabilities			
Trade and other payables	14	3,994,769	3,675,367
Short-term borrowings - secured	15	9,529,141	8,780,348
Current portion of long-term financing	12	951,363	999,878
Accrued mark-up		143,342	271,954
Sales tax payable		1,854	87,878
		<u>14,620,469</u>	<u>13,815,425</u>
Total liabilities		<u>21,065,381</u>	<u>20,413,671</u>
Contingencies and commitments	16		
Total equity and liabilities		<u><u>30,317,495</u></u>	<u><u>29,877,279</u></u>

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

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

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

For the six months period and quarter ended 31 December 2015

	Note	Six months period ended		Quarter ended	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
(Rupees in '000)					
Net sales	17	14,409,273	16,156,664	8,471,865	8,366,116
Cost of sales	18	(13,186,870)	(14,706,870)	(7,815,308)	(7,554,611)
Gross profit		<u>1,222,403</u>	<u>1,449,794</u>	<u>656,557</u>	<u>811,505</u>
Selling and distribution expenses	19	(422,626)	(381,263)	(246,495)	(197,436)
Administrative expenses	20	(197,111)	(152,911)	(100,815)	(77,707)
		(619,737)	(534,174)	(347,310)	(275,143)
Financial charges	21	(611,727)	(819,723)	(267,830)	(216,269)
Other operating charges	22	(113,791)	(56,295)	(31,122)	(21,155)
		(725,518)	(876,018)	(298,952)	(237,424)
Other income	23	116,313	137,415	56,927	9,276
Share of profit in equity-accounted investee - net of tax		7,767	12,207	3,426	4,110
Profit before taxation		<u>1,228</u>	<u>189,224</u>	<u>70,648</u>	<u>312,324</u>
Taxation	24	114,636	(44,310)	156,376	(85,046)
Profit after taxation		<u>115,864</u>	<u>144,914</u>	<u>227,024</u>	<u>227,278</u>
Profit after taxation attributable to:					
Owners of Holding Company		147,134	125,243	134,382	209,873
Non-controlling interest		(31,270)	19,671	92,642	17,405
		<u>115,864</u>	<u>144,914</u>	<u>227,024</u>	<u>227,278</u>
(Rupees)					
Earnings per share - basic and diluted		<u>1.23</u>	<u>1.04</u>	<u>1.12</u>	<u>1.75</u>

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



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

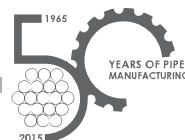


Nadir Akbarali Jamal
Chief Financial
Officer



Riyaz T. Chinoy
Chief Executive
Officer

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



For the six months period and quarter ended 31 December 2015

	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)			
Profit after taxation	115,864	144,914	227,024	227,278
Other comprehensive income				
Item to be reclassified to profit and loss account in subsequent periods				
Foreign operation				
- foreign currency translation difference	(198)		(198)	
Proportionate share of other comprehensive income of equity accounted investee	(1,284)		(1,284)	
Cash flow hedge	-	(13,686)		(13,686)
Tax thereon	-	3,011		3,011
Other comprehensive income	(1,482)	(10,675)	(1,482)	(10,675)
Total comprehensive income	<u>114,382</u>	<u>134,239</u>	<u>225,542</u>	<u>216,603</u>
Total comprehensive income attributable to:				
Owners of Holding Company	145,652	114,568	132,900	199,198
Non-controlling interest	(31,270)	19,671	92,642	17,405
Total comprehensive income	<u>114,382</u>	<u>134,239</u>	<u>225,542</u>	<u>216,603</u>

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

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the six months period and quarter ended 31 December 2015

	Note	(Un-audited) 31 December 2015	(Un-audited) 31 December 2014
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,228	189,224
Adjustments for:			
Depreciation and amortisation		461,692	386,416
Provision for doubtful debts		13,570	5,442
Interest on bank deposits	23	(935)	(1,166)
(Gain) / loss on disposal of property, plant and equipment	23	(26,424)	(13,136)
Provision for staff gratuity		24,048	-
Share of profit from associated company		(7,767)	(12,207)
Translation reserve		(275)	(1,088)
Amortisation of long term prepayments		833	1,002
Financial charges	21	611,727	819,723
		<u>1,077,697</u>	<u>1,374,210</u>
Movement in:			
Working capital		226,826	(520,268)
Long-term deposits		(16,349)	(2,720)
Net cash generated from operations		<u>1,288,174</u>	<u>851,222</u>
Financial charges paid		(740,344)	(804,907)
Gratuity paid		(20,175)	(14,808)
Taxes paid		(67,325)	(200,767)
Net cash generated from / (used in) operating activities		<u>460,330</u>	<u>(169,260)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(983,761)	(1,519,876)
Dividend income received		7,278	10,916
Proceeds from disposal of property, plant and equipment		30,000	16,789
Interest income received		935	1,166
Net cash used in investing activities		<u>(945,548)</u>	<u>(1,491,005)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment of long-term financing - secured		24,876	841,914
Dividends paid to non controlling interest		(2)	(148,578)
Dividends paid		(297,742)	(238,617)
Net cash (used in) / generated from financing activities		<u>(272,868)</u>	<u>454,719</u>
Net decrease in cash and cash equivalents		<u>(758,086)</u>	<u>(1,205,546)</u>
Cash and cash equivalents at beginning of the period		(8,715,495)	(11,035,393)
Cash and cash equivalents at end of the period		<u>(9,473,581)</u>	<u>(12,240,939)</u>
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances		55,560	170,832
Short-term borrowings - secured		(9,529,141)	(12,411,771)
		<u>(9,473,581)</u>	<u>(12,240,939)</u>

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



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

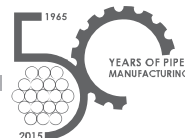


Nadir Akbarali Jamal
Chief Financial
Officer



Riyaz T. Chinoy
Chief Executive
Officer

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



For the six months period and quarter ended 31 December 2015

	Attributable to owners of the Holding Company				Total	Non-controlling interest	Total	
	Issued, subscribed and paid-up capital	Revenue Reserves						
General reserves		Un-appropriated profit / (loss)	Exchange translation reserve	Total reserves				
	(Rupees in '000)							
Balance as at 1 July 2014	1,198,926	2,991,258	337,882	159	3,329,299	4,528,225	2,270,756	6,798,981
Total comprehensive income for the six months period ended 31 December 2014								
Profit for the period	-	-	125,243	-	125,243	125,243	19,671	144,914
Other comprehensive income	-	-	(10,675)	-	(10,675)	(10,675)	-	(10,675)
	-	-	114,568	-	114,568	114,568	19,671	134,239
Transactions with owners recorded directly in equity								
Distribution to owners of the Holding Company:								
-Final dividend @ 20.00% (Rs. 2.00 per share) for the year ended 30 June 2014	-	-	(239,785)	-	(239,785)	(239,785)	-	(239,785)
Total transactions with owners of the Holding Company	-	-	(239,785)	-	(239,785)	(239,785)	-	(239,785)
Re-translate to reserves	-	-	-	(1,088)	(1,088)	(1,088)	-	(1,088)
Final dividend @ 10% (Re. 1.00 per share) attributable to non controlling interest	-	-	-	-	-	-	(189,944)	(189,944)
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	11,292	-	11,292	11,292	2,530	13,822
Balance as at 31 December 2014	1,198,926	2,991,258	223,956	(929)	3,214,285	4,413,211	2,103,013	6,516,224
Balance as at 1 July 2015	1,198,926	2,991,258	567,749	(1,216)	3,557,791	4,756,717	2,170,330	6,927,047
Total comprehensive income for the six months period ended 31 December 2015								
Profit for the period	-	-	147,134	-	147,134	147,134	(31,270)	115,864
Other comprehensive income	-	-	(1,284)	(198)	(1,482)	(1,482)	-	(1,482)
	-	-	145,850	(198)	145,652	145,652	(31,270)	114,382
Distribution to owners of the Holding Company:								
-Final dividend @ 25% (Rs. 2.50 per share) for the year ended 30 June 2015	-	-	(299,732)	-	(299,732)	(299,732)	-	(299,732)
Total transactions with owners of the Holding Company	-	-	(299,732)	-	(299,732)	(299,732)	-	(299,732)
Re-translate to reserve	-	-	-	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	20,215	-	20,215	20,215	2,530	22,745
Balance as at 31 December 2015	1,198,926	2,991,258	434,082	(1,414)	3,423,926	4,622,852	2,141,590	6,764,442

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

Fuad Azim Hashimi
Director & Chairman
Board Audit Committee

Nadir Akbarali Jamal
Chief Financial
Officer

Riyaz T. Chinoy
Chief Executive
Officer

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

For the six months period ended 31 December 2015

1. THE GROUP AND ITS OPERATIONS

- 1.1 The Group consists of International Industries Limited, the Holding Company, and International Steels Limited, IIL Australia PTY Limited and IIL Stainless Steel (Private) Limited (the Subsidiary Companies) (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 was incorporated in Pakistan in 1948 and is quoted on the Karachi, Lahore and Islamabad Stock Exchanges. It is in the business of manufacturing and marketing galvanized steel pipes, precision steel tubes, API line pipes and polyethylene pipes. Its registered office is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.
- 1.3 International Steels Limited (ISL) was incorporated in Pakistan in 2007 as an unlisted company under the Companies Ordinance, 1984 and is domiciled in the province of Sindh. Subsequent to the sale of shares by the Holding Company to the general public under an Initial Public Offer, it was listed on the Karachi Stock Exchange on 1 June 2011. Its primary activity is the manufacturing of cold rolled steel coils and galvanized sheets. It commenced commercial operations on 1 January 2011. Its registered office is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.
- 1.4 IIL Australia PTY Limited (IIL Australia) was incorporated in Victoria, Australia on 2 May 2014 and is in the business of distribution and marketing of galvanized steel pipes, precision steel tubes and pre-galvanized pipes. The registered office is situated at 101 - 103, Abbot Road, Hallam, Victoria 3803, Australia.
- 1.5 IIL Stainless Steel (Private) Limited (IIL-SS) was incorporated in Pakistan on 28 November 2014 and is in the business of manufacturing and marketing stainless steel pipe. The registered office is situated at 101, Beaumont Plaza, 10, Beaumont Road, Karachi - 75530.
- 1.6 Details of the Group's equity-accounted investee are given in note 5 to this condensed interim consolidated financial information.

2. BASIS OF PREPARATION

- 2.1 This condensed interim consolidated financial information has been prepared from the information available in the condensed un-audited separate financial information of the Holding Company for the six months period ended 31 December 2015 and the condensed un-audited financial information of the Subsidiary Companies for the six months period ended 31 December 2015.

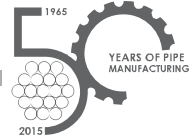
Details regarding the financial information of the equity-accounted investee used in the preparation of this condensed interim consolidated financial information is given in note 5.

2.2 Statement of Compliance

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

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

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



For the six months period ended 31 December 2015

- 2.4** This condensed interim consolidated financial information is being submitted to the shareholders as required by listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges and Section 245 of the Companies Ordinance, 1984.
- 2.5** Estimates and judgements made by the Group in the preparation of this condensed interim consolidated financial information are the same as those that were applied to the audited annual separate financial statements of the Group Entities as at and for the year ended 30 June 2015.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

3.1.1 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 control ceases.

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

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

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

3.1.2 Investment in associate

Associates are those entities 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.

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.

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

For the six months period ended 31 December 2015

4. PROPERTY, PLANT AND EQUIPMENT

	Operating assets	Capital work - - in - progress (Rupees in '000)	Total
Cost / revalued amount			
Opening balance	18,295,706	1,808,256	20,103,962
Additions	1,990,718	991,386	2,982,104
Translate reserve	(3)	-	(3)
Disposals / transfers	(23,216)	(1,990,718)	(2,013,934)
	<u>20,263,205</u>	<u>808,924</u>	<u>21,072,129</u>
Accumulated depreciation			
Opening balance	(4,053,967)	-	(4,053,967)
Disposals / adjustments	(14,372)	-	(14,372)
Charge for the period	(458,965)	-	(458,965)
	<u>(4,527,304)</u>	<u>-</u>	<u>(4,527,304)</u>
Written down value as at 31 December 2015 (Un-audited)	<u>15,735,901</u>	<u>808,924</u>	<u>16,544,825</u>
Written down value as at 30 June 2015 (Audited)	<u>14,241,739</u>	<u>1,808,256</u>	<u>16,049,995</u>
		31 December 2015 (Un-audited)	30 June 2015 (Audited)
		Note	(Rupees in '000)

5. INVESTMENT IN EQUITY - accounted investee

Pakistan Cables Limited - Associate Company	5.1	<u>259,274</u>	<u>260,069</u>
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5.1 This represents the Holding Company's investment in Pakistan Cables Limited (PCL), a company incorporated in Pakistan. The Holding Company has invested in 2,425,913 shares (30 June 2015: 2,425,913 shares) of the Associate Company and holds 8.52% (30 June 2015: 8.52%) ownership interest in PCL.

The Chief Executive Officer of PCL is Mr. Kamal A. Chinoy. The market value as at 31 December 2015 was Rs. 388.146 million (30 June 2015: Rs. 403.915 million). The share of profit after acquisition is recognised based on PCL's unaudited financial statements as at 30 September 2015. The latest financial statements of the Associate Company as at 31 December 2015 are not presently available.

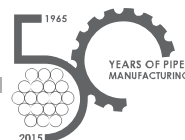
	31 December 2015 (Un-audited)	30 June 2015 (Audited)
	<u>(Rupees in '000)</u>	<u>(Rupees in '000)</u>

6. STOCK-IN-TRADE

Raw material - in hand	2,319,130	3,353,839
- in transit	1,737,275	773,716
	<u>4,056,405</u>	<u>4,127,555</u>
Work-in-process	874,918	962,394
Finished goods	2,471,816	3,019,255
By-products	35,603	62,406
Scrap material	34,046	15,719
	<u>7,472,788</u>	<u>8,187,329</u>

6.1 Raw material of Holding Company amounting to Rs. 6.7 million (30 June 2015: Rs. 6.4 million) as at 31 December 2015 was held at vendor premises for the production of pipe caps.

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



For the six months period ended 31 December 2015

	31 December 2015 (Un-audited)	30 June 2015 (Audited)
Note	(Rupees in '000)	
7. TRADE DEBTS		
Considered good:		
- Secured	1,285,867	1,233,009
- Unsecured	1,433,699	1,429,611
	<u>2,719,566</u>	<u>2,662,620</u>
Considered doubtful	51,100	7,529
	<u>2,770,666</u>	<u>2,700,149</u>
Provision for doubtful debts	(51,100)	(37,529)
	<u>2,719,566</u>	<u>2,662,620</u>
8. ADVANCES		
Considered good:		
- Suppliers and service providers	322,224	174,238
- Employees for business related expenses	1,971	-
- Employees	-	26,756
- Contribution to Employees' Provident Fund	2,519	-
	<u>326,714</u>	<u>200,994</u>
9. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits	16,270	18,610
Short-term prepayments	24,093	9,091
	<u>40,363</u>	<u>27,701</u>
10. OTHER RECEIVABLES		
Considered good:		
- Receivable for transmission of electricity to K - Electric Limited	57,756	65,267
- Receivable from Workers' Welfare Fund on account of excess allocation of Workers' Profit Participation Fund in earlier periods	25,940	25,940
- Others	1,445	770
	<u>85,141</u>	<u>91,977</u>
11. RESERVES		
General Reserves	2,991,258	2,991,258
Un-appropriated profit	434,082	567,749
	<u>3,425,340</u>	<u>3,559,007</u>
12. LONG-TERM FINANCING - secured		
Long-term finances utilised under mark-up arrangements 12.1	771,259	300,000
Syndicated Term Financing under LTFF Scheme 12.2 / 12.3	4,010,321	2,341,715
Long-term finance 12.4	2,226,933	4,341,922
	<u>7,008,513</u>	<u>6,983,637</u>
Current portion of long-term financing shown under current liabilities	(951,363)	(999,878)
	<u>6,057,150</u>	<u>5,983,759</u>

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

For the six months period ended 31 December 2015

- 12.1** The above long term financing utilised under mark-up arrangement is 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.
- 12.2** The Syndicated term financing is obtained for plant and machinery of Cold Rolling Mill and Galvanising Plant by Subsidiary Company (ISL) and is secured by way of mortgage of land located at Survey No. 399-401 and 403-404 Landhi Town, Karachi, and joint hypothecation of all present and future fixed assets (excluding land and building) as per the terms of syndicated term financing agreement.
- 12.3** This finance is obtained by Subsidiary Company (ISL) for plant and machinery and is secured by way of first pari passu charge over fixed assets of the Subsidiary Company.
- 12.4** This finance is obtained by Subsidiary Company (ISL) from various banks for plant and machinery and is secured by way of first pari passu charged over fixed assets of the Subsidiary Company.

13. DEFERRED TAXATION - net

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

	31 December 2015 (Un-audited)	30 June 2015 (Audited)
Note	(Rupees in '000)	
Taxable temporary differences:		
Accelerated tax depreciation	1,819,379	1,738,208
Share of profit from equity-accounted investee	7,367	7,367
Surplus on revaluation of buildings	106,225	111,501
	<u>1,932,971</u>	<u>1,857,076</u>
Deductible temporary differences:		
Provision for doubtful debts	(9,811)	(9,876)
Provision for compensated absences	(864)	(2,533)
Unrealised exchange gain / (losses)	-	(24)
Provision for Infrastructure Cess	(47,167)	(43,037)
Staff retirement benefits	(13,551)	(21,808)
Tax loss	(1,565,079)	(1,256,574)
	<u>296,499</u>	<u>523,224</u>

14. TRADE AND OTHER PAYABLES

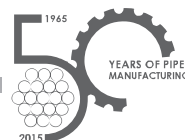
Trade creditors	14.1	1,997,800	1,665,097
Bills payable		229,363	474,754
Provision for Government Levies		409	568
Accrued expenses	14.2	791,476	652,504
Provision for Infrastructure Cess	16.1.6	559,791	508,210
Short-term compensated absences		6,000	18,759
Advances from customers		306,191	267,183
Payable against purchase of land		16,111	16,111
Workers' Profit Participation Fund		16,000	26,564
Workers' Welfare Fund		26,602	20,302
Unclaimed dividends		16,376	14,386
Unclaimed dividend attributable to non-controlling interest		389	391
Others		28,261	10,538
		<u>3,994,769</u>	<u>3,675,367</u>

- 14.1** This includes an amount of Rs. 1,721.1 million payable to Groups's associated companies (2015: Rs. 1,197.9 million).

- 14.2** Provision for Infrastructure Cess (Refer note 16.1.6)

Opening balance	508,210	384,581
Charge for the period	51,581	123,629
Closing balance	<u>559,791</u>	<u>508,210</u>

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



For the six months period ended 31 December 2015

		31 December 2015 (Un-audited)	30 June 2015 (Audited)
	Note	(Rupees in '000)	
15. SHORT-TERM BORROWINGS - secured			
Running finance under mark-up arrangement	15.1	2,757,189	239,820
Short-term borrowing under Money Market Scheme	15.2	835,000	-
Short-term running finance under Export Refinance Scheme	15.3	4,882,573	4,109,800
Running finance under FE-25 Import Scheme	15.4	88,945	3,181,016
Short-term finance under Running Musharaka	15.5	300,000	6,021
Short-term finance under Murabaha and Istisna	15.6	415,812	445,589
Short-term finance under Musharaka	15.7	249,622	798,102
		<u>9,529,141</u>	<u>8,780,348</u>
15.1	The facilities for running finance under mark-up arrangements, available to the Group Entities from various commercial banks, amounted to Rs. 8,468 million (30 June 2015: Rs. 3,589 million) and are for the purpose of meeting working capital requirements. The rates of mark-up on these finances obtained by the Holding Company range from 6.80% to 8.06% per annum (2015: 7.33% to 9.45% per annum). The rates of mark-up on these finances obtained by Subsidiary Company (ISL) range from KIBOR + 0.04% to KIBOR + 1.75% per annum (2015: KIBOR + 0.2% to KIBOR + 1.75% 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. 3,572 million (30 June 2015: Rs. 2,197 million). Unavailed facility as at 31 December 2015 is Rs. 2,737 million (30 June 2015: Rs. 2,197 million). The rates of mark-up on these finances range from 6.59% to 6.62% per annum (30 June 2015: 6.75% to 10.62% per annum).		
15.3	The Group Entities have borrowed short-term running finance under Export Refinance Scheme offered by the State Bank of Pakistan. The facilities availed are for an amount of Rs. 4,882.6 million (30 June 2015: Rs. 4,110 million). The rates of mark-up on these facilities range from 3.85% to 4.00% per annum (30 June 2015: 5.30% to 5.50% per annum).		
15.4	The Holding Company has borrowed short-term running finance under Foreign Exchange Circular No. 25 dated 20 June 1998 from various commercial banks for the purpose of meeting import requirements. The facilities availed is for an amount of Rs. 89 million (30 June 2015: Rs. 3,181 million). The rates of markup on these facilities is 4.00% per annum (30 June 2015: 2.0% to 4.0% per annum). The facilities mature within six months and are renewable.		
15.5	This represents short-term finance under Running Musharaka by Subsidiary Company. The rate profit is KIBOR + 0.2% per annum (30 June 2015: KIBOR + 0.20%) per annum. This facility matures within twelve months and is renewable.		
15.6	The Subsidiary Company has obtained facilities for short-term finance under Istisna financing agreement. The rate of profit is KIBOR + 0.15% per annum (30 June 2015: KIBOR + 0.20% per annum). The facilities mature within six months and are renewable.		
15.7	The Subsidiary Company has obtained Islamic Term Musharaka under Islamic financing for the purpose of meeting working requirements. It carries mark-up at the rate of KIBOR + 0.2% per annum.		
15.8	All running finances and short-term borrowing facilities availed by the Holding Company are secured by way of hypothecation of all its present and future fixed assets (excluding land and buildings) and present and future current and moveable assets.		
15.9	The Holding Company has issued a corporate guarantee to commercial bank for securing funded and unfunded facilities of Rs. 125 million each for its wholly owned Subsidiary Company IIL Stainless Steels (Private) Limited. The facilities are secured by way of hypothecation of all present and future current and moveable assets.		

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

For the six months period ended 31 December 2015

15.10 As at 31 December 2015, the unavailed facilities from the above borrowings amounted to Rs. 12,940 million (30 June 2015: Rs. 12,763.6 million).

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

16. CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

16.1.1 Bank guarantees have been issued by the Holding Company under certain supply contracts and to the Collector of Customs aggregating Rs. 217.6 million (30 June 2015: Rs.125.6 million).

16.1.2 Bank guarantees have been issued by the Subsidiary Company (ISL) to Sui Southern Gas Company Limited of Rs. 226.7 million (30 June 2015: Rs. 222.7 million) as a security for supply of gas.

16.1.3 Bank guarantees have been issued by the Subsidiary Company (ISL) to Pakistan State Oil of Rs. 2.5 million (30 June 2015: Rs. 2.5 million).

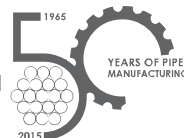
16.1.4 Custom duties amounting to Rs. 52 million (30 June 2015: Rs. 156 million) on import of raw material shall be payable by the Holding Company in case of non-fulfillment of certain conditions imposed by the Customs Authorities under SRO 565(1) / 2006. The Holding Company has provided post-dated cheques to Collector of Customs which are, in normal course of business, to be returned to the Company after fulfilment of stipulated conditions. The Holding Company has fulfilled the conditions for the aforementioned amounts and is making effort to retrieve the associated post-dated cheques from the Custom Authorities.

16.1.5 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.

16.1.6 The Customs Authorities have charged a redemption fine of Rs. 83 million on the clearance of an imported raw material consignment in 2006 by the Holding Company. It has filed an appeal before the Sindh High Court, which has set aside the examination reports including the subsequent order produced by 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.

16.1.7 The Holding has reversed a provision for the levy of Infrastructure Cess amounting to Rs. 107 million in 2009 on the basis of a decision of the Sindh High Court which declared the levy of Infrastructure Cess before 28 December 2006 as void and invalid. However, the Excise and Taxation Department (the Department) has filed an appeal before the Supreme Court of Pakistan against such order. In May 2011, the Supreme Court disposed off the appeal with a joint statement of the parties that, during the pendency of the appeal, another law i.e Fifth Version came into existence which was not the subject matter of the appeal. Hence the case was referred back to the High Court with the right to appeal to the Supreme Court. On 31 May 2011, the High Court granted interim relief on an application of petitioners on certain terms including discharge and return of bank guarantees / security furnished on consignments released upto 27 December 2006 and any bank guarantee / security furnished for consignments released after 27 December 2006 shall be encashed to extent of 50% of the guaranteed or secured amount only with the balance kept intact till the disposal of the petition. In case the High Court upholds the applicability of Fifth Version of the law and its retrospective application, the Authorities are entitled to claim the amounts due under the said law with the right to appeal available to the petitioner. Bank guarantees amounting to Rs. 698.5 million (2015: Rs. 484 million) have been provided to the Department in this regard by the Holding and Subsidiary Company. However, a provision to the extent of amount utilized from the limit of guarantee has also been provided for by the Group on prudent basis (note 14.2).

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



For the six months period ended 31 December 2015

16.1.8 During the year 2014-15, Government passed a new law "Gas Infrastructure Development Cess Act 2015" by virtue of which all prior enactments have been declared infructuous. The said Act levies GID Cess at Rs.200/MMBTU on captive power consumption effective 1 July 2011 and at Rs.100/MMBTU on industrial connection from the date of passing of that Act. The Company has obtained a stay order on the respropective application of the Act from the Honourable High Court of Sindh. The Group is confident of favourable outcome and therefore has not recorded provision of Rs. 483.8 million in these financial statements. However, the applicable cess has recognised after the passage of the Act.

16.1.9 The Holding Company has received a demand from Deputy Collector (Manufacturing Bond) aggregating Rs. 82.9 million raised on account of Sales Tax, custom duty and withholding income tax in respect of wastage generated on raw material imported under manufacturing bond license and covers the period July 2007 to December 2010. The Holding Company on the basis of an audit being duly completed till 31 March 2009 believes no further dues were liable to be paid. The Holding Company has filed a Constitutional Petition in the Sindh High Court (SHC) which has granted interim stay on 9 December 2013.

During the period ended 30 September 2015, the SHC heard the petiton in length and remanded the case back to the Collector Adjudication II, for fresh examination strictly in accordance with the law. There has been hearings in this matter so far and the Holding Company has submitted its written legal arguments. Based on the advice of legal counsel and merits of the case, the Holding Company is confident that the subject demand is unjustified and the matter will be decided in its favour.

16.1.10 Alloy steel being imported by the Holding Company from China under FTA with HS Code 7225 was under dispute whereby the Customs Authorities did not recognize the said alloy steel and cleared all such consignments under HS Code 7208 as being prime hot rolled steel coils which attracted 5% customs duty and 12.5% regulatory duty. A petition was filed in Sindh High Court for clarification of such anomaly and the Holding Company had to submit bank guarantees worth Rs. 150.6 million for 5% customs duty and 12.5% regulatory duty as per the interim order of the Sindh High Court. Since then the Sindh High Court has decided this case in favour of the Petitioners on the basis that if any consignment contains more than 0.0008% boron as inherent part of steel that the same would qualify as alloy steel which would not attract payment of any duties. The return of our bank guarantees is awaited.

16.1.11 Relying upon the judgment by Peshawar High Court, Model Collectorate of Customs (MCC), Peshawar stopped exports of the Holding Company's goods to Afghanistan under the pretext that SRO 190(I) / 2002 dated 2 April 2002 attracts a levy of sales tax at the rate of 17%. Subsequently the goods already in transit were held at Torkham Boarder by MCC Peshawar 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 the same is exempted under the manufacturing bond rules SRO 450(I) / 2015. Secondly, SRO 190 was issued in 2002 and was never implemented, therefore under Section 65 of the Sales Tax Act 1990 no such liability could be raised at this stage. The SHC granted stay order whereby IIL was allowed to export its goods to Afghanistan subject to depositing bank guarantees worth Rs. 6.16 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 said clarification has already been filed before the SHC and disposal of the case along with return of the said bank guarantees is awaited.

16.1.12 The Finance Act 2015 has imposed one time Super Tax for rehabilitation of temporarily displaced person through which banking company and any person whose income is equal to or more than Rs. 500 million for the tax year 2015 are required to pay 4% and 3% of their income respectively. The Holding Company has challenged the said tax and filed a constitutional petition for acceptance of income tax return without the Super Tax amounting to Rs. 25.766 million.

Subsidiary Company, ISL

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

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

For the six months period and quarter ended 31 December 2015

The Subsidiary Company (ISL), based on legal counsel's advice considers that certain strong grounds are available whereby the aforesaid decision can be challenged in a Larger Bench of the Sindh High Court or the Supreme Court of Pakistan. A leave to appeal against the aforesaid decision has already been filed before the Supreme Court by other companies which is pending for hearing. In view of above, the Subsidiary Company is confident that the ultimate outcome in this regard would be favourable. Accumulated minimum tax liability of Rs. 219.51 million was determined for the tax years 2012 and 2013.

However, based on the assessment and estimation for availability of sufficient taxable profits on the basis of 5 years projection and tax credits available to the Subsidiary Company under Section 65B of the Income Tax Ordinance 2001. Accordingly, accumulated minimum tax liability amounting to Rs. 644.6 million has not been recorded on the same basis in these condensed interim financial information.

16.1.14 The Group's share of associate's contingent liability is Rs. 21.9 million (30 June 2015: Rs. 22.6 million).

16.2 Commitments

16.2.1 Capital expenditure commitments of the Group Entities outstanding as at 31 December 2015 amounted to Rs.153.1 million (30 June 2015: Rs. 845 million).

16.2.2 Commitments under Letters of Credit established by the Group Entities for raw material and spares as at 31 December 2015 to Rs. 6,334.7 million (30 June 2015: Rs. 4,209 million).

16.2.3 Commitments under purchase contracts entered into by the Holding Company as at 31 December 2015 amounted to Rs. 138.2 million (30 June 2015: Rs.117 million).

16.2.4 The unavailed facilities of the Group Entities for opening Letters of Credit and Guarantees from banks as at 31 December 2015 amounted to Rs. 18,331.4 million (30 June 2015: Rs. 16,432 million) and Rs. 229.4 million (30 June 2015: Rs. 421 million) respectively.

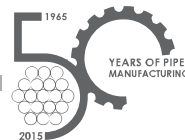
Six months period ended		Quarter ended	
31 December 2015	31 December 2014	31 December 2015	31 December 2014

(Rupees in '000)

17. NET SALES

Local	13,987,893	13,647,756	8,588,370	6,857,994
Export	3,063,982	4,923,333	1,499,348	2,698,961
	<u>17,051,875</u>	<u>18,571,089</u>	<u>10,087,718</u>	<u>9,556,955</u>
Toll Manufacturing	2,042	-	2,395	-
Sales Tax	(2,122,187)	(2,051,854)	(1,298,725)	(1,009,892)
Trade discounts	(255,274)	(107,627)	(158,163)	(51,775)
Sales discount and commission	(267,183)	(254,944)	(161,360)	(129,172)
	<u>(2,644,644)</u>	<u>(2,414,425)</u>	<u>(1,618,248)</u>	<u>(1,190,839)</u>
	<u>14,409,273</u>	<u>16,156,664</u>	<u>8,471,865</u>	<u>8,366,116</u>

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



For the six months period and quarter ended 31 December 2015

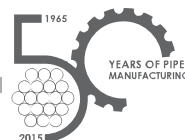
	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)			
18. COST OF SALES				
Opening stock of raw material and work-in-process	4,316,233	7,003,663	6,666,796	5,646,945
Purchases	10,254,368	12,033,207	3,515,337	6,624,906
Salaries, wages and benefits	553,923	434,869	300,104	220,308
Rent, rates and taxes	871	430	410	230
Electricity, gas and water	518,396	349,610	265,920	141,767
Insurance	13,421	12,607	9,338	6,750
Security and janitorial	23,847	20,339	13,593	10,576
Depreciation and amortisation	409,341	338,550	216,279	171,046
Stores and spares consumed	76,993	53,585	49,098	22,574
Repairs and maintenance	86,728	86,606	49,892	44,099
Postage, telephone and stationery	8,303	8,249	4,379	3,700
Vehicle, travel and conveyance	15,790	14,880	8,726	8,333
Internal material handling	16,695	12,348	10,782	4,807
Environment controlling expense	835	627	419	405
Sundries	5,239	3,673	1,885	1,762
Toll manufacturing charges	1,761	-	1,761	-
Sale of scrap generated during production	(496,070)	(423,622)	(331,628)	(253,628)
	<u>15,806,674</u>	<u>19,949,621</u>	<u>10,783,091</u>	<u>12,654,580</u>
Closing stock of raw material and work-in-process	(3,194,047)	(4,326,132)	(3,194,047)	(4,326,132)
Cost of goods manufactured	<u>12,612,627</u>	<u>15,623,489</u>	<u>7,589,044</u>	<u>8,328,448</u>
Finished goods and by-products :				
Opening stock	3,081,662	2,724,971	2,733,684	2,867,753
Closing stock	(2,507,419)	(3,641,590)	(2,507,419)	(3,641,590)
	<u>574,243</u>	<u>(916,619)</u>	<u>226,265</u>	<u>(773,837)</u>
	<u>13,186,870</u>	<u>14,706,870</u>	<u>7,815,308</u>	<u>7,554,611</u>
19. SELLING & DISTRIBUTION EXPENSES				
Freight and forwarding expenses	254,212	268,308	150,236	133,233
Salaries, wages and benefits	85,048	68,321	44,417	33,421
Rent, rates and taxes	1,375	161	1,020	(157)
Electricity, gas and water	3,217	2,932	1,381	1,268
Insurance	971	1,907	673	1,021
Depreciation and amortisation	7,452	5,171	4,000	2,615
Repair and maintenance	709	782	606	231
Advertising and sales promotion	16,372	9,478	10,450	7,635
Postage, telephone and stationery	3,827	2,941	1,997	1,649
Office supplies	33	18	20	17
Vehicle, travel and conveyance	15,062	9,174	6,842	4,522
Provision for doubtful debts-net	13,570	5,442	9,500	7,798
Certification and registration charges	5,683	3,568	2,585	1,123
Others	15,095	3,060	12,768	3,060
	<u>422,626</u>	<u>381,263</u>	<u>246,495</u>	<u>197,436</u>

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

For the six months period and quarter ended 31 December 2015

	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	(Rupees in '000)			
20. ADMINISTRATIVE EXPENSES				
Salaries, wages and benefits	136,908	105,976	69,222	54,098
Rent, rates and taxes	1,316	521	253	350
Electricity, gas and water	1,952	1,913	889	845
Insurance	1,219	587	880	223
Depreciation and amortisation	11,065	8,861	5,549	4,438
Repair and maintenance	583	328	365	145
Postage, telephone and stationery	6,406	4,470	2,790	1,583
Office supplies	40	14	25	6
Vehicle, travel and conveyance	4,971	5,886	2,487	3,947
Legal and professional charges	20,571	12,724	13,010	5,462
Certifications and registration charges	2,285	1,199	1,130	675
Directors' fees	3,360	3,550	1,350	1,400
Others	6,435	6,882	2,865	4,535
	<u>197,111</u>	<u>152,911</u>	<u>100,815</u>	<u>77,707</u>
21. FINANCIAL CHARGES				
Mark-up on:				
- Long-term financing	241,883	199,453	132,725	100,682
- Short-term borrowings	220,121	430,012	122,520	224,986
	<u>462,004</u>	<u>629,465</u>	<u>255,245</u>	<u>325,668</u>
Exchange loss / (gain) on FE borrowing	137,274	180,068	7,643	(113,003)
Interest on Workers' Profit Participation Fund	560	317	-	-
Bank charges	11,889	9,873	4,942	3,604
	<u>611,727</u>	<u>819,723</u>	<u>267,830</u>	<u>216,269</u>
22. OTHER OPERATING CHARGES				
Auditors' remuneration	2,620	2,335	1,237	1,210
Donations	6,890	7,925	3,590	4,150
Exchange loss	82,113	29,908	14,430	-
Workers' Profit Participation Fund	16,000	9,486	8,850	9,486
Workers' Welfare Fund	6,300	3,794	3,450	3,794
Project development expenses	(132)	2,847	(435)	2,847
Others	-	-	-	(332)
	<u>113,791</u>	<u>56,295</u>	<u>31,122</u>	<u>21,155</u>

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



For the six months period and quarter ended 31 December 2015

	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
23. OTHER INCOME	(Rupees in '000)			
Income / return on financial assets				
Interest on bank deposits	935	1,166	615	696
Income from non-financial assets				
Income from power generation - 18MW	19,865	20,072	7,025	7,747
Recovery of shared cost	-	-	-	-
Income from power generation - 4MW	36,913	29,264	19,476	15,747
Gain on disposal of property, plant and equipment	26,424	13,136	17,507	8,594
Rental income	1,038	858	609	429
Exchange gain / (loss) - net	17,732	53,129	8,681	(23,290)
Others	13,406	19,790	3,014	(647)
	<u>116,313</u>	<u>137,415</u>	<u>56,927</u>	<u>9,276</u>
24. TAXATION				
Current				
- for the year	112,089	73,764	58,179	47,831
- for the prior years	-	-	-	-
	<u>112,089</u>	<u>73,764</u>	<u>58,179</u>	<u>47,831</u>
Deferred	(226,725)	(29,454)	(214,555)	37,215
	<u>(114,636)</u>	<u>44,310</u>	<u>(156,376)</u>	<u>85,046</u>

24.1 Relationship between income tax expenses and accounting profit

	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Effective rate %		(Rupees in '000)	
Profit before taxation			1,228	189,224
Tax at the enacted tax rate	32.00	33.00	393	62,444
Tax effect of exempt income	-	-	-	-
Tax effect of income subject to lower tax	(293.79)	(1.23)	(3,607)	(2,327)
Tax effect of rebate / credits	(1,192.90)	(3.29)	(14,646)	(6,224)
Tax effect on export under final tax regime	(4,772.59)	(6.55)	(58,596)	(12,400)
Tax effect of disallowed expenses	(7,114.26)	-	(87,346)	-
Tax effect of temporary differences	2,826.94	-	34,708	-
Effect of change in rates and proportionate etc.	-	(4.87)	-	(9,214)
Others	1,177.59	6.36	14,458	12,031
	<u>(9,337.02)</u>	<u>23.42</u>	<u>(114,636)</u>	<u>44,310</u>

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

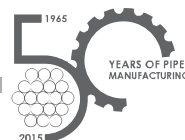
For the six months period and quarter ended 31 December 2015

25. TRANSACTIONS WITH RELATED PARTIES

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

	Six months period ended		Quarter ended	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
(Rupees in '000)				
Transactions with related parties				
Associated companies				
Sales	678,508	297,648	505,107	221,441
Purchases	3,852,169	6,309,061	1,788,810	1,968,191
Purchase of vehicle	-	1,783	-	-
Insurance premium expense	30,980	26,174	30,050	14,778
Insurance claim / adjustments	1,332	72,421	394	57,071
Rental income	858	858	429	429
Rent paid	1,270	-	525	-
Donations paid	-	1,000	-	-
Dividend paid	13,979	12,424	13,979	12,424
Dividend received	7,278	10,917	7,278	10,917
Sales commission expense	-	924	-	924
Participation fee	40	99	20	99
Marketing services	-	-	(43)	-
Mark-up expenses	8,494	-	-	-
Associated person				
Sales commission expense	446	1,962	-	975
Key management personnel and their spouses				
Remuneration	161,560	158,014	80,033	78,724
Staff retirement benefits	3,069	2,752	1,492	1,675
Staff retirement benefit plans				
Contribution paid	48,100	45,531	10,244	29,441
Non-executive directors' fees				
	3,360	3,550	1,350	2,150
Balances with related parties				
(Rupees in '000)				
Trade debts				
Sui Southern Gas Company Limited			126	126
Sui Northern Gas Pipelines Limited			231,925	-
Pakistan Cables Limited			1,302	830
Indus Motor Company Limited			1,873	-
Doogood Enterprises (Pty) Limited			54,152	37,254
Others			-	-

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



For the six months period ended 31 December 2015

26. SEGMENT REPORTING

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

26.1 SEGMENT REVENUE AND RESULTS

	Steel Coils & Sheets	Steel Pipes	Plastic Pipes	Total
	(Rupees in '000)			

For the six months period ended 31 December 2015

Sales	7,108,222	6,502,697	798,354	14,409,273
Cost of sales (excluding depreciation)	6,481,981	5,629,673	665,875	12,777,529
Depreciation	297,475	97,893	13,973	409,341
Gross Profit	<u>328,766</u>	<u>775,131</u>	<u>118,506</u>	<u>1,222,403</u>

For the six months period ended 31 December 2014

Sales	8,491,671	7,358,451	306,542	16,156,664
Cost of sales (excluding depreciation)	7,550,514	6,541,479	276,147	14,368,140
Depreciation	228,374	96,993	13,363	338,730
Gross Profit	<u>712,783</u>	<u>719,979</u>	<u>17,032</u>	<u>1,449,794</u>

Reconciliation of segment results with profit after tax is as follows:

	Six months period ended	
	31 December 2015	31 December 2014
	(Rupees in '000)	
Total results for reportable segments	1,222,403	1,449,794
Selling, distribution and administrative expenses	(619,737)	(534,174)
Financial charges	(611,727)	(819,723)
Other operating expenses	(113,791)	(56,295)
Other operating income	116,313	137,415
Share of profit in equity-accounted investee - net of tax	7,767	12,207
Taxation	114,636	(44,310)
Profit after tax	<u>115,864</u>	<u>144,914</u>

26.2 SEGMENT ASSETS & LIABILITIES

	Steel Coils & Sheets	Steel Pipes	Plastic Pipes	Total
	(Rupees in '000)			

As at 31 December 2015 - Un-audited

Segment assets	<u>17,328,827</u>	<u>8,488,302</u>	<u>920,050</u>	<u>26,737,179</u>
Segment liabilities	<u>13,467,697</u>	<u>5,101,730</u>	<u>748,273</u>	<u>19,317,700</u>

As at 30 June 2015 - Audited

Segment assets	<u>17,310,456</u>	<u>8,934,099</u>	<u>655,389</u>	<u>26,899,944</u>
Segment liabilities	<u>12,728,415</u>	<u>5,402,757</u>	<u>399,702</u>	<u>18,530,874</u>

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

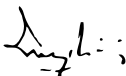
For the six months period ended 31 December 2015

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

	31 December 2015 (Un-audited)	30 June 2015 (Audited)
	———— (Rupees in '000) ————	
Total reportable segments assets	26,737,179	26,899,944
Unallocated assets	<u>3,580,316</u>	<u>2,977,335</u>
Total assets as per Balance Sheet	<u>30,317,495</u>	<u>29,877,279</u>
Total reportable segments liabilities	19,317,700	18,530,874
Unallocated liabilities	<u>1,747,681</u>	<u>1,882,797</u>
Total liabilities as per Balance Sheet	<u>21,065,381</u>	<u>20,413,671</u>

27. GENERAL

- 27.1 This condensed interim consolidated financial information was authorised for issue by the Board of Directors of the Holding Company on 12 February 2016.



Fuad Azim Hashimi
Director & Chairman
Board Audit Committee



Nadir Akbarali Jamal
Chief Financial
Officer



Riyaz T. Chinoy
Chief Executive
Officer