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

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Corporate and Management Directory

Board of Directors

Chairman	Mr. Kemal Shoaib	Independent Chairman
Managing Director & CEO	Mr. Towfiq H. Chinoy	Executive Director
Directors	Mr. Mustapha A. Chinoy Mr. Kamal A. Chinoy Mr. Tariq lqbal Khan Mr. Kamran Y. Mirza Syed Salim Raza Syed Hyder Ali Mr. Otomichi Yano	Non-Executive Director Non-Executive Director Independent Director Independent Director Independent Director Independent Director Non-Executive Director
Chief Financial Officer:	Mr. Alee Arsalan	
Company Secretary:	Ms. Neelofar Hameed	
External Auditors:	M/s KPMG Taseer Hadi & Co.	
Bankers:	Allied Bank Ltd. Bank Al Habib Ltd. Bank Alfalah Ltd. Barclays Bank PLC Dubai Islamic Bank (Pak) Ltd. Faysal Bank Ltd. Habib Bank Ltd. Habib Metropolitan Bank Ltd. HSBC Bank Middle East Ltd. MCB Bank Ltd Meezan Bank Ltd. NIB Bank Ltd. NIB Bank Ltd. Standard Chartered Bank (Pakista	n) Ltd.
Legal Advisor:	Mrs. Sana Shaikh Fikree	
Registered Office:	101 Beaumont Plaza 10 Beaumont Road, Karachi-7553 Phone: +9221-35680045-54 UAN: 021-111-019-019 Fax: +922 E-mail: inquiries@isl.com.pk	
Branch Offices:	Lahore: Chinoy House, 6 Bank Square Lahore-54000 Phone: +9242-37229752-55 UAN: 042-111-019-019 Fax: +9242-37220384 E-mail: lahore@isl.com.pk	Islamabad: Office # 2, First Floor Ahmed Centre, I-8 Markaz Islamabad. Phone: (9251) 2524650, 4864601 - 2
Website:	www.isl.com.pk	
Share Registrar:	THK Associates (Pvt.) Ltd. Ground Floor, State Life Building 3 Dr. Ziauddin Ahmed Road Karachi-75530 Phone: +9221-111-000-322 Fax: +9221-35655595 E-mail: info@thk.com.pk	3

04. ◀ HALF YEAR ENDED 31 DECEMBER 2012

DIRECTORS' REPORT

I am pleased to present financial statements of your company for the half year ended December 31, 2012.

The gross sales for half year amounted to Rs. 8,211 million, registering a growth of 15.5% over same period last year. The sales for the second quarter at Rs. 4,469 million were higher than the first quarter by 19%. Export sales remained lower owing to a substantial reduction of International Steel prices towards the end of the period. Gross margins were better than the respective same period last year but far from satisfactory owing to competition from under invoiced imports that forced us to align prices with market needs as opposed to higher cost inventories. Consequently, the margins for the second quarter were 6.1% as compared to 9.3% in first quarter.

The operating profit for the half year ended amounted to Rs. 440.1 million. The financial charges for the period were Rs. 519 million and the exchange loss was Rs. 49.2 million due to adverse exchange rate fluctuation. The financial statements show a loss of Rs 68.9 million after taxation as opposed to Rs. 270.1 million in the same period last year.

Our product has eventually commenced to command a premium over the under invoiced Secondary quality material. This should lead to improved performance in the next half year. It must however be borne in mind that the business climate in the country is likely to be clouded by election activities, and the law and order situation.

For & behalf of International Steels Limited

Karachi:

Dated: 28 January 2013

Kemal Shoaib

Chairman



KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi, 75530 Pakistan

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Report on review of **Condensed Interim Financial Information to the Members**

Introduction

We have reviewed the accompanying condensed interim balance sheet of International Steels Limited ("the Company") as at 31 December 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim 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 interim 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 interim 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 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 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 three months period ended 31 December 2012 and 31 December 2011 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion thereon.

Date: 28 January 2013

Karachi

Chartered Accountants Mohammed Nadeem

Condensed Interim Balance Sheet

As at 31 December 2012

	Notes	31 December 2012 (Unaudited)	30 June 2012 (Audited)
		(Rupees ir	ı `000)
ASSETS			
Non - current assets	,		0.000.047
Property, plant and equipment	4	9,107,731	8,898,047
Intangible assets		10,741	13,414
Long term deposit	-	9,118,572	8,911,561
Current assets		7,110,372	0,711,501
Stores and spares		340,056	372,982
Stock in trade	5	4,588,159	5,273,767
Receivable from Karachi Electric Supply Company Limited			
unsecured, considered good		42,779	228,705
Trade debts	6	268,257	287,498
Advances	7	166,513	18,692
Trade deposits, short term prepayments and other receivable	8	16,147	11,334
Sales tax refundable		-	279,248
Taxation net		597,809	446,036
Cash and bank balances	L	9,837	3,957
	_	6,029,557	6,922,219
Total assets	=	15,148,129	15,833,780
EQUITY AND LIABILITIES Share capital and reserves Authorised capital 500,000,000 (30 June 2012: 500,000,000) ordinary shares of Rs. 10 each		5,000,000	5,000,000
Issued, subscribed and paid up capital		4,350,000	4,350,000
Accumulated losses		(265,560)	(196,657)
Total Shareholders' Equity		4,084,440	4,153,343
LIABILITIES			
Non - current liabilities			
Long term financings – secured	9 [3,701,055	3,846,883
Deferred taxation - net	10	34,727	67,867
		3,735,782	3,914,750
Current liabilities			
Trade and other payables	11	713,009	468,130
Short-term borrowings	12	5,752,434	6,447,822
Current portion of long term financing	9	696,121	638, <i>7</i> 75
Sales tax payable		20,376	010.070
Accrued markup	L	145,967	210,960
Contingency and commitments	13	7,327,907	7,765,687
	.0		
	_	15,148,129	15,833,780

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

Tariq Iqbal Khan Director & Chairman Board Audit Committee

Alee Arsalan
Chief Financial Officer

Condensed Interim Profit and Loss Account (Unaudited)

For the three and six months period ended 31 December 2012

		Six months _I	period ended	Three months	period ended
	Notes	31 December 2012	31 December 2011	31 December 2012	31 December 2011
			(Rupee	s in `000)	
Net sales	14	7,056,342	5,976,061	3,827,553	2,879,790
Cost of sales	15	6,522,433	5,637,668	3,592,515	2,741,775
Gross profit		533,909	338,393	235,038	138,015
Administrative expenses	16	54,504	31,877	26,410	18,436
Selling and distribution expenses	1 <i>7</i>	39,273	31,113	18,044	17,977
		(93,777)	(62,990)	(44,454)	(36,413)
Financial charges	18	518,974	473,935	250,851	281,244
Other operating charges	19	50,426	144,764	46,987	54,667
		(569,400)	(618,699)	(297,838)	(335,911)
Other operating income	20	32,218	48,006	21,148	31,036
Loss before taxation		(97,050)	(295,290)	(86,106)	(203,273)
Taxation	21	28,147	25,123	29,837	25,754
Loss for the period		(68,903)	(270,167)	(56,269)	(177,519)
Loss par share basis			(Ru	pees)	
Loss per share - basic and diluted		(0.16)	(0.62)	(0.13)	(0.41)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

Tariq Iqbal Khan Director & Chairman **Board Audit Committee**

Alee Arsalan Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the three and six months period ended 31 December 2012

	Six months period ended		Three months period ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
	(Rupees in `000)			
Loss for the period	(68,903)	(270,167)	(56,269)	(177,519)
Other comprehensive income	-	-	-	-
Total comprehensive income - (loss) for the period	(68,903)	(270,167)	(56,269)	(177,519)

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

Tariq lqbal Khan Director & Chairman Board Audit Committee

Alee Arsalan
Chief Financial Officer

Condensed Interim Cash Flow Statement (Unaudited)

For the six months period ended 31 December 2012

	Note	Six months period ended		
		31 December 2012	31 December 2011	
		(Rupees	in `000)	
Cash Flows From Operating Activities				
Loss before taxation		(<i>97,</i> 050)	(295,290)	
Adjustments for:				
Depreciation		211,248	162,305	
Gain on disposal of property, plant and equipment		(3,069)	(144)	
Provision for staff gratuity		3,338	1,201	
Provision for compensated absences Financial charges		518,974	473,935	
Financial charges		730,491	637,297	
Movement in working capital	22	1,324,438	(582,230)	
Net cashflow from / (used in) operations	22	1,957,879	(240,223)	
tto tasmion itom, tosaa m, aparanans		.,,,,,,,,	(240,220)	
Financial charges paid		(583,966)	(373,715)	
Gratuity paid		(3,638)	' <u>-</u> '	
Compensated absences paid / reversed		(8,568)	-	
Taxes paid		(156,768)	(215,914)	
		(752,940)	(589,629)	
Net cash from / (used in) operating activities		1,204,939	(829,852)	
Cash Flows From Investing Activities				
Capital expenditure incurred		(422,019)	(169,094)	
Proceeds from sale of property, plant and equipment		6,830	429	
Net cash used in investing activities		(415,189)	(168,665)	
Cash Flows From Financing Activities				
Repayment of long term financing - net		(88,482)	(3,980)	
Net cash (used in) financing activities		(88,482)	(3,980)	
Net increase / (decrease) in cash and cash equivalents		701,268	(1,002,497)	
Cash and cash equivalents at beginning of the period		(6,443,865)	(4,795,804)	
Cash and cash equivalents at end of the period		(5,742,597)	(5,798,301)	
Andrew Colored and South Anne and Section				
Cash and cash equivalents comprises:		0.027	11 17 <i>E</i>	
Cash and bank balances		9,837	11,175	
Short-term borrowings		(5,752,434) (5,742,597)	(5,809,476) (5,798,301)	
		(5// 72/57/)		

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

Tariq Iqbal Khan Director & Chairman **Board Audit Committee**

Alee Arsalan Chief Financial Officer

10 ◀ HALF YEAR ENDED 31 DECEMBER 2012

Condensed Interim Statement of Changes in Equity (Unaudited)

For the six months period ended 31 December 2012

	Issued, Subscribed & Paid Up Capital	Accumulated (Losses)	Total
		- (Rupees in `000) -	
Balance as at 01 July 2011	4,350,000	(92,186)	4,257,814
Changes in equity for the six months period ended 31 December 2011			
Total comprehensive income for the period - (loss) for the period	-	(270,167)	(270,167)
Balance as at 31 December 2011	4,350,000	(362,353)	3,987,647
Balance as at 01 July 2012	4,350,000	(196,657)	4,153,343
Changes in equity for the six months period ended 31 December 2012			
Total comprehensive income for the period - (loss) for the period	_	(68,903)	(68,903)
Balance as at 31 December 2012	4,350,000	(265,560)	4,084,440

The annexed notes from 1 to 25 form an integral part of these condensed interim financial information.

Tariq Iqbal Khan Director & Chairman Board Audit Committee

Alee Arsalan
Chief Financial Officer

For the three and six months period ended 31 December 2012

1 STATUS AND NATURE OF BUSINESS

International Steels Limited ("the Company") was incorporated on 3 September 2007 as a public unlisted company limited by shares under the Companies Ordinance, 1984 and is domiciled in the province of Sindh. The net assets of the Steel Project Undertaking amounted to Rs. 4,177.167 million were determined as at 23 August 2010 (day immediately preceding the completion date) in accordance with the Scheme of Arrangement and net assets of the Steel Project Undertaking were transferred to the Company on 24 August 2010 and 417,716,700 shares of Rs. 10 each of the Company thereagainst were issued to International Industries Limited (IIL) (refer note 1.1 to the annual financial statements for the year ended 30 June 2012). The Company was listed on the Karachi Stock Exchange on 01 June 2011. As at 31 December 2012, IIL held 245,055,543 shares (30 June 2012: 245,055,543 shares) of the Company.

The primary activities of the Company are business of manufacturing of cold rolled steel coils and galvanized sheets. The Company commenced commercial operations on 01 January 2011. The registered office of the Company is situated at 101, Beaumont Plaza, 10 Beaumont Road, Civil Lines, Karachi.

2 BASIS OF PREPARATION

2.1 Statement of compliance

- 2.1.1 These condensed interim financial information of the Company for the six month period ended 31 December 2012 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directive issued under the Companies Ordinance, 1984 have been followed.
- 2.1.2 These condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand except otherwise stated.

2.2 Estimates, judgements and financial risk management

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

In preparing these condensed interim financial information, significant judgements made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 30 June 2012.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied in the preparation of these condensed interim financial information are the same as those applied in the preparation of annual financial statements of the Company as at and for the year ended 30 June 2012.

Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any significant impact on the accounting policies of the Company.

12 ◀ HALF YEAR ENDED 31 DECEMBER 2012

Notes to the Condensed Interim Financial Information (Unaudited)

For the three and six months period ended 31 December 2012

4. PROPERTY, PLANT AND EQUIPMENT

		Operating	Capital work	Total
		Assets	in progress	
			- (Rupees in `000)	
	Cost Opening balance Addition / (disposal) - net	9,191,284 206,158 9,397,442	365,371 207,859 573,230	9,556,655 414,017 9,970,672
	Accumulated depreciation Opening balance For the period - net of disposal Written down value as at 31 December 2012 (Unaudited)	658,608 204,333 862,941 8,534,501	573,230	658,608 204,333 862,941 9,107,731
	Written down value as at 30 June 2012 (Audited)	8,532,676	365,371	8,898,047
5	STOCK IN TRADE		31 December 2012 (Unaudited) (Rupees in	30 June 2012 (Audited) `000)
	Raw material Work-in-process Finished goods Scrap material	5.1	2,411,344 593,992 1,564,474 18,349 4,588,159	4,152,301 306,185 752,307 62,974 5,273,767
5.1	This includes stock in transit amounting to Rs. Nil (30 June 2012:	Rs. 1,656 million).		
6	TRADE DEBTS - Secured, unsecured and considered good	d		
	Secured Unsecured	6.1	259,632 8,625 268,257	267,119 20,379 287,498
6.1	This represents trade debts arising on account of export sales of of Acceptance and Rs. 169.4 million arising on account of dome and post dated cheques.	Rs. 90.232 million which stic sales which are secu	n are secured by way red by way of inland	of Documents letter of credit

7 ADVANCES - Considered good

Advances to:

Considered good			
- suppliers	7.1	164,480	15,260
service providers		50	3,172
to employees against expenses		1,983	260
		166,513	18,692

For the three and six months period ended 31 December 2012

7.1 This includes Rs. 159.2 million (30 June 2012: Rs. 8.32 million) on account of payment of import incidental and import purchases.

8	TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER R	ECEIVABLE	31 December 2012 (Unaudited) (Rupees	30 June 2012 (Audited) in `000)
	Trade deposits Short term prepayments Others	8.1	1,747 12,248 2,152 16,147	2,987 8,347 - 11,334
8.1	This represents receivable from IIL on account of supply of utilities under	an agreement.		
9	LONG TERM FINANCINGS - secured			
	Syndicated LTFF term finance Term finance Current maturity of long term financing	9.1 9.2	3,578,426 818,750 4,397,176 (696,121) 3,701,055	3,768,391 717,267 4,485,658 (638,775) 3,846,883

- 9.1 The syndicated LTFF term finance facility having a limit of Rs. 4,000 million is obtained for plant and machinery of Cold Rolling Mill and Galvanizing Plant and is secured by way of mortgage of land located at Survey No. 399-404, 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. It is repayable in sixteen half yearly installments commencing from March 2011. The rate of markup on these finance is 1.5% over SBP refinance rate (30 June 2012: 1.5% over SBP refinance rate).
- 9.2 The term finance facility having a limit of Rs. 900 million is obtained for plant and machinery and is secured by way of mortgage of land located at Survey No. 399-404, Landhi Town, Karachi and other fixed assets of the Company against ranking charge. It is repayable in eight half yearly installments commencing from December 2012. The rate of markup is 1.8% over 6 months KIBOR (30 June 2012: 1.8% over 6 months KIBOR).

10 DEFERRED TAXATION - NET

	Taxable temporary difference Accelerated tax depreciation		1,666,821	1,647,432
	Deductible temporary differences Provision for unavailed leaves Unrealised exchange losses Pre-commencement expenditure Tax loss		(385) (4,338) (15,134) (1,612,237) 34,727	(3,384) (1,903) (18,161) (1,556,117) 67,867
11	TRADE AND OTHER PAYABLES			
	Trade creditors Bills payable Accrued expenses Provision for infrastructure cess Provision for government levies Due to staff Short term compensated absences Utilities Sales commission Withholding tax payable Advance from customers Others	11.1	49,729 - 2,744 80,000 1,126 25,637 1,100 50,543 7,627 5,771 488,188 544 713,009	71,716 207,840 55,000 811 19,651 9,668 54,087 10,000 38,752 605 468,130

14. ◀ HALF YEAR ENDED 31 DECEMBER 2012

Notes to the Condensed Interim Financial Information (Unaudited)

For the three and six months period ended 31 December 2012

- 11.1 This represents provision against fifty percent amount guaranteed to Excise and Taxation Officer.
- 11.2 This includes advance of Rs. 413 million received from IIL (the Holding Company) under a contract on account of supply of goods.

12	SHORT TERM BORROWINGS - Secured		31 December 2012 (Unaudited) (Rupees	30 June 2012 (Audited) in `000)
	Running finance under mark-up arrangement	12.1	4,687,570	4,507,805
	Running finance under FE-25 Import Scheme	12.2	-	1,371,262
	Running finance under Export Refinance Scheme	12.3	67,418	108,755
	Short term finance under Murabaha and Istisna	12.4	997,446	460,000
			5,752,434	6,447,822

- 12.1 The facilities for running finance available from various commercial banks are for the purpose of meeting working capital requirements. The rates of mark-up on these finances range from KIBOR+ 0.5 % to KIBOR + 1.75 % per annum (30 June 2012: KIBOR + 0.5% to KIBOR + 1.75 % per annum).
 These facilities mature within twelve months and are renewable.
- 12.2 The facilities for short term running finance under Foreign Exchange Circular No.25 dated 20 June 1998 available from various commercial banks are for the purpose of meeting import requirements. The facilities availed are for an amount of USD NIL (30 June 2012: USD 14.47 million equivalent to Rs. 1,371.26 million). The rates of mark-up on these finances range from NIL % (30 June 2012: 2.05% to 2.65%) per annum. The facilities mature within six months and are renewable.
- 12.3 The Company had borrowed short term running finance under Export Refinance Scheme of the State Bank of Pakistan from a commercial bank. This facility is available as a sub limit of short term finance facility. The facility availed is for an amount of Rs.67.42 million (30 June 2012: Rs. 108.755 million). The rate of markup on this facility is 9.10% per annum (30 June 2012: 10.65% per annum). This facility matures within six months and is renewable.
- 12.4 The Company has obtained facilities for short term finance under Murabaha and Istisna from Islamic banks. The rate of profit is KIBOR + 0.35% to KIBOR + 0.8% (30 June 2012: KIBOR +1%). These facilities mature within six months and are renewable.
- 12.5 As at 31 December 2012, the unavailed facilities from the above borrowings amounted to Rs. 3,347.57 million (30 June 2012: Rs. 1,921.18 million).
- 12.6 The above facilities are secured by way of joint and first pari passu ranking charges over the assets of the Company.

13 CONTINGENCY AND COMMITMENTS

13.1 Contingency

13.1.1 Bank guarantees have been issued to Sui Southern Gas Company Limited and Excise and Taxation Officer aggregating Rs. 285.7 million (30 June 2012: Rs. 211.7 million).

13.2 Commitments

- 13.2.1 Capital expenditure commitments outstanding as at 31 December 2012 amounted to Rs. 220.97 million (30 June 2012: Rs.307.63 million).
- **13.2.2** Commitments under letter of credit for raw materials and spares as at 31 December 2012 amounted to Rs. 2,168.41 million (30 June 2012: Rs.2,721.35 million).
- 13.2.3 The unavailed facilities for opening letters of credit and guarantees from banks as at 31 December 2012 amounted to Rs. 4,560.62 million (30 June 2012: Rs. 3,845.56 million) and Rs. 264.3 million (30 June 2012: Rs. 338.30 million).

Notes to the Condensed Interim Financial Information (Unaudited) For the three and six months period ended 31 December 2012

		Six months period ended		Three months period ended		
14	NET SALES	31 December 2012	31 December 2011	31 December 2012	31 December 2011	
			(Rupe	es in `000)		
	Local	7,753,129	6,592,217	4,299,879	3,043,416	
	Export	458,092	514,703	169,857	353,319	
		8,211,221	7,106,920	4,469,736	3,396,735	
	Sales tax	1,068,697	1,070,149	592,329	480,012	
	Sales discount and commission	86,182	60,710	49,854	36,933	
		1,154,879	1,130,859	642,183	516,945	
		7,056,342	5,976,061	3,827,553	2,879,790	
15	COST OF SALES					
	Opening stock of raw material and					
	work-in-process	2,802,092	3,101, <i>74</i> 1	3,468,758	4,426,060	
	Purchases	7,020,969	5,868,282	3,140,866	1,689,504	
	Salaries, wages and benefits	100,920	100,607	45,109	50,988	
	Electricity, gas and water	153,431	135,005	77,808	71,803	
	Insurance	10,727	10,446	5,782	<i>5,7</i> 1 <i>5</i>	
	Security and janitorial	5,565	3,737	2,716	1,925	
	Depreciation	176,465	146,272	90,047	63,624	
	Rent, rates and taxes	-	1,850	-	1,850	
	Stores and spares consumed	38,664	22,192	25,185	7,164	
	Repairs and maintenance	18,534	17,646	3,646	3,178	
	Postage, telephone and stationery	1,986	1,637	915	904	
	Vehicle, travel and conveyance	5,316	5,468	2,848	3,321	
	Internal material handling	2,456	74 1	462	292	
	Environment controlling expense	573	764	150	268	
	Computer stationery and software	2,739	1,524	1,382	1,114	
	Sundries	3,505	6,590	2,926	4,102	
	Recovery from sale of scrap	(4,006)	(312,427)	(5,564)	(165,743)	
		10,339,936	9,112,075	6,863,036	6,166,069	
	Closing stock of raw material and					
	work-in-process	(3,005,336)	(2,770,924)	(3,005,336)	(2,770,924)	
	Cost of goods manufactured	7,334,600	6,341,151	3,857,700	3,395,145	
	Finished goods:					
	Opening stock	752,307	632,880	1,299,289	682,993	
	Closing stock	(1,564,474)	(1,336,363)	(1,564,474)	(1,336,363)	
		(812,167)	(703,483)	(265,185)	(653,370)	
		6,522,433	5,637,668	3,592,515	2,741,775	

For the three and six months period ended 31 December 2012

	ADMINISTRATIVE EXPENSES	Six months period ended		Three months period ended	
16		31 December 2012	31 December 2011	31 December 2012	31 December 2011
			(Rupe	es in `000)	
	Salaries, wages and benefits	39,769	23,305	19,758	13,374
	Rent, rates and taxes	2,109	1,821	1,010	923
	Electricity, gas and water	893	1,090	457	426
	Insurance	323	227	163	186
	Depreciation	2,095	247	1,072	188
	Security and janitorial expenses	28	28	28	3
	Printing and stationery	470	503	139	470
	Office supplies	1	14	-	12
	Postage and communication	228	176	132	106
	Vehicle, travel and conveyance	2,818	1,631	1,618	1,221
	Legal and professional charges	4,324	1,424	1,282	824
	Registration, stamps and				
	licence fee	145	205	61	146
	Others	1,301	1,206	690	558
		54,504	31,877	26,410	18,436
1 <i>7</i>	SELLING AND DISTRIBUTION EXPENSES				
	Salarias yumaa and baastiis	15,232	19,055	6,276	9,528
	Salaries, wages and benefits	-			9,326 917
	Rent, rates and taxes	2,326 391	1,83 <i>4</i> 5 <i>47</i>	1,103	185
	Electricity, gas and water			198	
	Insurance	221	174	122	132
	Depreciation (**)	1,169	59 52	601	29
	Computer and office supplies	18	53	9	53
	Postage and communication	253	234	117	95
	Vehicle, travel and conveyance	1,761	7,465	1,119	6,825
	Advertising and sales promotion	1,199	1,445	279	130
	Repair and maintainance	8	-	5	-
	Printing and stationery	52	=	29	=
	Freight and forwarding	16,226	<u>.</u>	8,083	-
	Others	417	247	103	83
		<u>39,273</u>	31,113	<u>18,044</u>	<u>17,977</u>

For the three and six months period ended 31 December 2012

	FINANCIAL CHARGES		Six months period ended		Three months period ended	
18			31 December 2012	31 December 2011	31 December 2012	31 December 2011
	Mark-up on:			(Rupe	es in `000)	
	- Long term financing		219,911	226,852	110,294	113,480
	- Short term borrowings		296,407	244,803	139,904	166,573
			516,318	471,655	250,198	280,053
	Bank charges		2,656	2,280	653	1,191
			518,974	473,935	250,851	281,244
19	OTHER OPERATING					
	CHARGES					
	Auditors' remuneration		850	720	490	360
	Donations	19.1	-	60	-	10
	Provision for government levies		315	450	194	450
	Exchange loss - net		49,261	143,534	46,303	53,847
			50,426	144,764	46,987	54,667

^{19.1} None of the directors and their spouses had any interest in the donees.

20 OTHER OPERATING INCOME

Income from financial					
assets					
Interest on bank deposit		217	3,817	108	3,817
Income from non-financial assets					
Income from power					
generation	20.1	23,458	25,328	15 <i>,7</i> 65	9,418
Gain on sale of property,					
plant and equipment		3,069	144	1 <i>,7</i> 13	-
Rent income		871	<i>7</i> 91	436	394
Toll manufacturing income		-	5,274	-	5,274
Income on supply of					
utilities		2,150	9,300	2,150	9,300
Others		2,453	3,352	976	2,833
		32,218	48,006	21,148	31,036
20.1 Income from power generation					
Net sales		240,972	264,032	121,746	137,372
Cost of electricity produced		(217,514)	(238,704)	(105,981)	(127,954)
Net income from power					
generation		23,458	25,328	15,765	9,418

For the three and six months period ended 31 December 2012

21 TAXATION

Minimum tax liability of Rs. 32.991 million has not been recognized in view of expectation of availability of sufficient future taxable profits resulting in tax liability under normal tax regime in next five years against which such liability would be adjusted.

22	MOVEMENT IN WORKING CAPITAL	31 December 2012 (Unaudited)	31 December 2011 (Unaudited)
		(Rupees	in `000)
	(Increase) / decrease in current assets:		
	Stores and spares	32,926	(73,382)
	Stock in trade	685,608	(1,242,518)
	Receivable from Karachi Electric Supply Company Limited	185,926	(157,632)
	Trade debts	19,241	(197,263)
	Advances	(147,821)	129,204
	Trade deposits and short term prepayments	(4,813)	(8,258)
	Sales tax refundable	279,248	110,594
		1,050,315	(1,439,255)
	Increase in current liabilities:		
	Trade and other payables	253,747	857,025
	Sales tax payable	20,376	
	1 /	274,123	857,025
		1,324,438	(582,230)

23 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise IIL (the Holding Company), associated undertakings, directors of the Company, key management employees and staff retirement funds. The Company continues to have a policy whereby transactions with related parties undertakings are entered into at commercial / agreed terms and conditions. Contribution to defined contribution plan (provident fund) are made as per the terms of employment and contribution to the defined benefit plan (gratuity scheme) are made on the basis of latest actuarial advice. Remuneration of key management personnel are in accordance with their terms of entitlements. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial information are as follows:

	Six months	Six months period ended		Three months period ended		
	31 December 2012	31 December 2011	31 December 2012	31 December 2011		
		(Rupee	es in `000)			
Holding Company						
Sale of coils	576,708	1,303,083	229,877	355,514		
Purchases	1,326	1,065	469	784		
Office rent	3,986	3,629	1,993	1,814		
Purchase of cars	-	1,640	-	-		
Toll manufacturing	-	6,118	-	6,118		
Sale of stores and spares	-	3,890	-	3,890		
Income on supply of utilities	2,150	10,788	2,150	10,788		
Corporate & legal services	1,587	=	<i>7</i> 95	-		
Payroll services	435	=	265	-		
IT services	2,250	=	1,125	-		
Sales of fixed assets	1,423	-	1,300	-		
Sale of store items	123	=	-	-		
Purchase of fixed assets	72	-	-	-		

For the three and six months period ended 31 December 2012

	Six months	Six months period ended		period ended
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
		(Rupe	es in `000)	
Associated Companies		•	·	
Purchases	3,008,429	4,618,591	1,616,570	1,503,790
Insurance premium expense	31,780	32,939	13,663	10,154
Insurance claim received	1,087	430	1,079	-
Rent Income	870	791	435	394
Key Management Personnel				
Purchase of car	-	9,000	-	-
Remuneration and benefits	62,451	46,531	31,888	25,399
Staff retirement benefits	1,015	1,090	477	551
Staff Retirement Fund				
Contribution paid - Provident				
Fund	3,030	2,683	1,494	1,333
Contribution paid - Gratuity				
Fund	3,638	2,668	1,969	1.334

24 OPERATING SEGMENT

These condensed interim financial information have been prepared on the basis of a single reportable segment.

- 24.1 Revenue from sales of steel products represents 97% (30 June 2012: 97%) of total revenue whereas remaining represent revenue from sale of surplus electricity to KESC. The Company does not consider sale of electricity to KESC as separate reportable segment as the power plant of the Company is installed primarily to supply power to its Galvanizing plant and Cold Rolling Plant and currently any excess electricity is sold to KESC.
- **24.2** All non current assets of the Company as at 31 December 2012 are located in Pakistan.
- 24.3 6.5% of the sales are export sales that are made to customers outside Pakistan.
- 24.4 Single major customer of the Company is Export International which represents 7.5% of total revenue of the Company.

25 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors on 28 January 2013.

Tariq lqbal Khan Director & Chairman Board Audit Committee

Alee Arsalan
Chief Financial Officer