

The directors of your Company are pleased to present the financial statements for the period ended 31<sup>st</sup> March, 2019.

After a record breaking 2017-18, in which Domestic sales volume increased by 50% over the previous year, it was not surprising to see Domestic sales volume drop in this year by 22 % over SPLY especially as the new Government started to take necessary measures to curtail expenditure particularly that pertaining to infrastructure and construction projects. Resultantly net sales turnover at Rs. 18.5 Bn was down 3% over the corresponding period last year.

Our bid to enhance exports continues to face hurdles, in particular from the developed world, where after US Canada has also recently imposed anti-dumping duty on our pipe exports resulting in a further drop in sales volume. We have appealed for redetermination of normal values for exports to Canada and our case is currently under de novo review. We remain hopeful of a favorable outcome. Export turnover at Rs. 3.2 Bn has however improved by 7% over the same period last year despite the drop in volume by 15%.

Our Polymer segment sales at Rs 1.4b declined by 24% over the same period last year. This represents a significant improvement from the first half of the year, where turnover declined 47% over SPLY. We expect further improvement as we expect to end the year with higher sales volume than SPLY as we complete execution of orders in hand. Our line of PPRC pipes and fittings has witnessed more than three-fold growth in volumes over the same period last year and this trend is projected to continue well into the coming years.

Profit after Tax (PAT) for the period under review was Rs. 1,358 million (EPS 11.32), which is 2% lower than the corresponding period last year. The period's profit is inclusive of an amount of Rs. 1,133 million of dividend income from our subsidiary and associate.

Our subsidiary, International Steel Limited (ISL) reported Net Sales Revenue of Rs. 40.5 billion, which was up 16% from Rs. 34.8 billion over the corresponding period last year. Profit after Tax (PAT) of Rs. 2.3 Bn (EPS 5.42) was down 27% from Rs. 3.2 Bn (EPS 7.43) during the same period last year. ISL's profitability remained under pressure as Sales volume declined by 4% over SPLY and finance cost increased.

The Group P&L for the period ended with PAT of Rs. 2,775 million (EPS 14.59) compared to Rs. 3,941 million (EPS 21.69) over the corresponding period last year.

As steel prices and PKR/USD stabilize and Pakistan moves towards a much-awaited IMF program, we expect economic activity to normalize. We look forward to completion of institutional orders and better export performance during the final quarter.

We extend our gratitude to all our stakeholders for their continued support and look forward to a productive final quarter.

For & on behalf of  
International Industries Limited



Mustapha A. Chinoy  
Chairman