



International Knitwear Limited

**FIRST QUARTER REPORT  
FOR THE QUARTER ENDED  
SEPTEMBER 2014**



International Knitwear Limited



International Knitwear Limited

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. Naeem Shafi  
Mr. Waseem Shafi  
Mr. Javed Khan  
Mr. Muhammad Shafi  
Mr. Zahid Ali  
Mr. Muhammad Sajid Hussain  
Mr. Arshad Ahmed

### CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Javed Khan

### AUDIT COMMITTEE

Mr. Waseem Shafi	Chairman
Mr. Arshad Ahmed	Member
Mr. Zahid Ali	Member

### AUDITORS

Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants

### LEGAL ADVISOR

S. Akhtar & Company

### BANKERS

Bank AL-Habib Limited  
Habib Bank Limited

### REGISTERED OFFICE & FACTORY

F-2A/(L), S.I.T.E., Karachi-75730.

### REGISTRAR

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block "B", S.M.C.H.S.  
Main Shahra-e-Faisal, Karachi-74400



## International Knitwear Limited

### CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	Issued, Subscribed and Paid up Share Capital	Unrealized (loss)/gain on revaluation of investments available for sale	Unappropriated profit	Total
Rupees				
Balance as at June 30, 2013	32,250,000	136,471	1,194,840	33,581,311
<b>Total comprehensive income:</b>				
Net profit for the year ended June 30, 2014	-	-	3,719,824	3,719,824
Unrealized gain on revaluation of investments - available for sale	-	321,701	-	321,701
Balance as at June 30, 2014	32,250,000	458,172	4,914,664	37,622,836
<b>Total comprehensive income:</b>				
Net profit for the period ended September 30, 2014	-	-	3,532,809	3,532,809
Unrealized gain on revaluation of investments - available for sale	-	40,498	-	40,498
Balance as at September 30, 2014	<u>32,250,000</u>	<u>498,670</u>	<u>8,447,473</u>	<u>41,196,144</u>

### NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2014 (UN-AUDITED)

#### STATUS AND NATURE OF BUSINESS

International Knitwear Limited (hereinafter referred as the Company or IKL) is a public limited company listed on Karachi and Islamabad stock exchanges. The Registered office of the Company is located at Plot # F-2A/L, SITE, Karachi. Its principal activities are knitting, dyeing, stitching, export of garments and providing dyeing facilities.

#### BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange.

#### ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial information of the Company for the year ended June 30, 2014.

#### FIGURES

Some of the previous year figures have been reclassified and re-arranged to facilitate better presentation in the current year.

The annexed notes form an integral part of these condensed interim financial statements.

NAEEM SHAFI  
Chief Executive

WASEEM SHAFI  
Director



## International Knitwear Limited

### Directors' Report

The Board of Directors of International Knitwear Limited (IKL) is pleased to present the un-audited financial statements of the Company for the three months period ended September 30, 2014.

The Directors' Report is prepared under section 236 of the Companies Ordinance, 1984 and Clause xix of the Code of Corporate Governance.

#### FINANCIAL PERFORMANCE

	July-September 2014 Rupees	July-September 2013 Rupees
Sales	49,500,269	29,194,363
Cost of goods sold	(42,719,754)	(24,139,420)
Gross profit	6,780,515	5,054,943
Profit before taxation	3,048,205	1,817,923
Profit after taxation	2,414,700	1,164,544
Net earnings per share-	1.10	0.14

#### OVERVIEW

Sales during the period under review were Rs.49,500,269 against Rs.29,194,363 in the corresponding period last year. There has been gross profit of Rs.6,780,515 during the first quarter against Rs.5,054,943 as compared to the first quarter of last year.

After incorporating administrative & selling expenses, financial charges and other charges, profit before taxation for the period under review have amounted to Rs.3,048,205 against profit of Rs. 1,817,923 in the corresponding period.

#### EXPORT SALES

The continuing focus on Export sales and providing quality products. The company has achieved sales of Rs. 25,919,635/- against Rs. 8,891,124/- when compared with last year. We succeeded in increasing our export sales to Rs.17,028,511/- showing an increase 191.52% when compared with the last year.

#### LOCAL SALES

The Company has Local Sales of Rs. 23,580,634/- against Rs. 20,303,239/- when compared with last year. Showing an increase of Rs. 3,277,395/- for the period under review.

#### FUTURE OUTLOOK

Despite challenges faced by our country and Industry the Company has been successful in maintaining increase in turnover when compared with 1<sup>st</sup> quarter of last year.

The management remains committed to increase the Sales & performance of the Company by utilizing its resources efficiently and investment in value addition of existing facilities to cope with growing demands of our products.

However, persistent challenges faced by our country and industry is a continues threat for textile business of Pakistan.

#### ACKNOWLEDGEMENT

The Directors would like to express their gratitude to the Customer, Bankers and other Stakeholders for their continued support and encouragement and also place on record the appreciation of the valuable services rendered by the employees of the Company.

On behalf of the Board

Karachi: October 29, 2014

NAEEM SHAFI  
Chief Executive



## International Knitwear Limited

### CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2014

	(Un-Audited) SEPTEMBER 2014 Rupees	(Audited) JUNE 2014 Rupees
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	22,461,026	23,271,594
Long term deposits	1,607,669	1,607,669
Investments	1,367,385	1,054,415
	25,436,080	25,933,678
<b>Current Assets</b>		
Stock in trade	30,405,811	25,479,584
Trade debts - considered good	19,706,468	25,770,417
Advances, deposits, prepayments and other receivables	3,046,029	2,145,167
Taxation - net	4,479,573	3,693,045
Cash and bank balances	1,075,301	124,646
	58,713,182	57,212,859
<b>TOTAL ASSETS</b>	<b>84,149,262</b>	<b>83,146,537</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	32,250,000	32,250,000
Unappropriated profit	8,447,473	4,914,664
	40,697,473	37,164,664
Unrealized gain on revaluation of investments-available for sale	498,670	458,172
	41,196,143	37,622,836
<b>Current Liabilities</b>		
Short term finances under mark-up arrangements	5,987,101	4,511,029
Trade and other payables	36,966,019	41,012,672
	42,953,119	45,523,701
Contingencies and Commitments	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>84,149,262</b>	<b>83,146,537</b>

The annexed notes form an integral part of these condensed interim financial statements.

NAEEM SHAFI  
Chief Executive

WASEEM SHAFI  
Director



## International Knitwear Limited

### CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	SEPTEMBER 2014 Rupees	SEPTEMBER 2013 Rupees
<b>Continuing Operations</b>		
Net sales	49,500,269	29,194,363
Cost of goods sold	(42,719,754)	(24,139,420)
<b>Gross profit</b>	<b>6,780,515</b>	<b>5,054,943</b>
Administrative and selling expenses	(3,076,184)	(2,798,932)
<b>Operating profit</b>	<b>3,704,331</b>	<b>2,256,011</b>
Other income	257,251	82,951
	<b>3,961,582</b>	<b>2,338,962</b>
Finance cost	(687,463)	(383,204)
Other charges	(225,914)	(137,835)
	(913,377)	(521,039)
<b>Profit before taxation from continuing operation</b>	<b>3,048,205</b>	<b>1,817,923</b>
Taxation	(633,505)	(653,379)
<b>Profit after taxation from continuing operation</b>	<b>2,414,700</b>	<b>1,164,544</b>
<b>Discontinued Operations</b>		
Profit/(loss) from discontinued operations	1,118,109	(700,200)
<b>Profit for the period</b>	<b>3,532,809</b>	<b>464,344</b>
<b>Earnings / (loss) per share—basic and diluted</b>		
From continuing operations	0.75	0.36
From discontinued operation	0.35	(0.22)

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	SEPTEMBER 2014 Rupees	SEPTEMBER 2013 Rupees
Profit after taxation for the period	3,532,809	464,344
<u>Reclassifiable to profit and loss account</u>		
Unrealized profit/(loss) on remeasurement of investment	40,498	(58,431)
<b>Total comprehensive income for the period</b>	<b>3,573,307</b>	<b>405,913</b>

The annexed notes form an integral part of these condensed interim financial statements.

NAEEM SHAFI  
Chief Executive

WASEEM SHAFI  
Director



## International Knitwear Limited

### CONDENSED INTERIM CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2014

	SEPTEMBER 2014 Rupees	SEPTEMBER 2013 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	4,166,314	1,117,723
Adjustment for non cash items:		
Depreciation	852,321	1,313,949
(Gain) on sale of property, plant and equipment	(1,859,254)	(252,430)
Finance cost	687,463	383,204
	<u>(319,470)</u>	<u>1,444,723</u>
<b>Profit before changes in working capital</b>	<b>3,846,844</b>	<b>2,562,446</b>
<b>(Increase) / decrease in current assets</b>		
Stock in trade	(4,926,226)	81,459
Trade debts	6,063,949	8,211,140
Advances, deposits, prepayments and other receivables	(900,862)	(896,260)
	236,861	7,396,339
<b>Increase / (decrease) in current liabilities</b>		
Short term finances under mark-up arrangements	(911,000)	(1,433,334)
Trade and other payables	(4,046,170)	(6,121,963)
	(4,957,170)	(7,555,297)
Financial charges paid	(687,463)	(383,204)
Taxes paid	(1,420,033)	(1,134,923)
<b>Net cash (used in) / inflow from operating activities</b>	<b>(2,980,961)</b>	<b>885,361</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(483)	-
<b>Net cash (used in) financing activities</b>	<b>(483)</b>	<b>-</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(867,500)	(1,223,638)
Proceeds from sale of property, plant and equipment	2,685,000	3,218,000
Investments	(272,473)	(88,161)
<b>Net cash inflow from / (used in) investing activities</b>	<b>1,545,027</b>	<b>1,906,201</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(1,436,417)</b>	<b>2,791,562</b>
Cash and cash equivalents at the beginning of the year	(536,383)	(4,674,031)
<b>Cash and cash equivalents at the end of the period</b>	<b>(1,972,800)</b>	<b>(1,882,469)</b>

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Chief Executive

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Director



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