

**Directors' Report**

The Board of Directors of International Knitwear Limited (IKL) is pleased to present the unaudited financial statements of the Company for the three months period ended September 30, 2013.

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 2013 Rupees	July-September 2012 Rupees
Sales	29,194,363	28,889,173
Cost of goods sold	(25,135,944)	(32,237,511)
Gross profit / (loss)	4,058,419	(3,348,338)
Profit / (Loss) before taxation	1,117,723	(6,436,256)
Taxation	(653,379)	(288,769)
Profit / (Loss) after taxation	464,344	(6,725,025)
Earnings / (Loss) per share-basic and diluted	0.14	(2.09)

**OVERVIEW**

Sales during the period under review are Rs.29,194,363 against Rs.28,889,173 in the corresponding period last year. There has been gross profit of Rs.4,058,419 during the first quarter against gross loss of Rs.3,348,338 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.1,117,723 against loss of Rs.6,436,256 in the corresponding period.

In order to recover prior period losses and seek future profitability, the Company has taken proactive measures within the organization. Significant reductions in cost have been made in inefficient production areas to minimize incurring losses. However a marginal profit after tax of Rs.464,344 is recorded against losses of Rs.6,725,025 in the corresponding period last year.

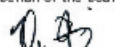
**Future Prospects:**

The management of the company are making efforts to obtain orders of value added products with healthier margins and hope to present better results in the coming period.

**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



NAEM SHAFI  
Chief Executive

Karachi: October 31, 2013

**CONDENSED INTERIM BALANCE SHEET**

AS AT SEPTEMBER 30, 2013

	(Un-Audited) SEPTEMBER 2013 (Rupees)	(Audited) June 2013 (Rupees)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant & Equipment	32,342,377	35,398,620
Long term deposits	1,607,699	1,607,699
Investments	589,848	590,118
	<u>34,540,254</u>	<u>37,596,407</u>
<b>Current Assets</b>		
Stock in trade	16,030,382	16,111,841
Trade debts - considered good	26,532,710	34,743,850
Advances, deposits, prepayments and other receivables	5,442,483	4,546,224
Taxation - net	893,091	411,547
Cash and bank balances	147,595	749,681
	<u>49,046,261</u>	<u>55,868,423</u>
<b>TOTAL ASSETS</b>	<u>83,586,515</u>	<u>93,454,829</u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>SHARE CAPITAL &amp; RESERVES</b>		
Share capital	32,250,000	32,250,000
Unappropriated profit	1,659,183	1,194,839
	<u>33,909,183</u>	<u>33,444,839</u>
Unrealized gain/ (loss) on revaluation of investments available for sale	78,040	1,364,72
	<u>33,987,223</u>	<u>33,581,311</u>
<b>Current Liabilities</b>		
Short term finances under mark-up arrangements	4,430,063	8,582,326
Trade and other payables	45,169,229	51,291,192
	<u>49,599,292</u>	<u>59,873,518</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>83,586,515</u>	<u>93,454,829</u>

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



NAEM SHAFI  
Chief Executive



WASEEM SHAFI  
Director

**CONDENSED INTERIM PROFIT & LOSS ACCOUNT**

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

	SEPTEMBER 2013 (Rupees)	SEPTEMBER 2012 (Rupees)
Nets sales	29,194,363	28,889,173
Cost of goods sold	(25,135,944)	(32,237,511)
Gross profit / (loss)	4,058,419	(3,348,338)
Administrative & selling expenses	(2,798,932)	(2,317,687)
Operating profit / (loss)	1,259,487	(5,666,025)
Other income	327,381	77,989
	<u>1,586,868</u>	<u>(5,588,036)</u>
Finance costs	(383,204)	(825,109)
Other charges	(85,940)	(23,111)
	<u>(469,144)</u>	<u>(848,220)</u>
Profit / (loss) before taxation	1,117,723	(6,436,256)
Taxation		
Taxation - current	(653,379)	(288,769)
Profit / (loss) after taxation	<u>464,344</u>	<u>(6,725,025)</u>
Earnings / (loss) per share-basic and diluted	<u>0.14</u>	<u>(2.09)</u>

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

	SEPTEMBER 2013 (Rupees)	SEPTEMBER 2012 (Rupees)
Profit / (loss) after taxation for the period	464,344	(6,725,025)
Other comprehensive (loss)	(58,431)	(4,482)
Total comprehensive income / (loss) for the period	<u>405,913</u>	<u>(6,729,507)</u>

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



NAEM SHAFI  
Chief Executive




WASEEM SHAFI  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT**

FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)

	SEPTEMBER 2013 (Rupees)	SEPTEMBER 2012 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	1,117,723	(6,436,257)
Adjustment for non-cash items:		
Depreciation	1,313,949	1,161,366
Gain on sale of property, plant and equipment	(252,430)	-
Finance charges	383,204	825,108
	<u>1,444,723</u>	<u>1,986,474</u>
Profit / (loss) Profit before changes in working capital	<u>2,562,446</u>	<u>(4,449,783)</u>
(Increase) / Decrease in current assets		
Stock in trade	81,459	1,199,511
Trade debtors	8,211,140	(1,704,603)
Advances, deposits, prepayments and other receivables	(896,280)	(1,912,484)
	<u>7,396,339</u>	<u>(2,417,576)</u>
Increase / (Decrease) in current liabilities		
Short term finances under mark-up arrangements	(1,433,334)	234,000
Trade and other payables	(612,963)	7,528,350
	<u>(7,555,297)</u>	<u>7,762,350</u>
Financial charges paid	(383,204)	(825,108)
Taxes paid	(1,134,923)	(480,638)
Net cash inflow from operating activities	<u>885,362</u>	<u>(410,753)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net cash (used in) financing activities	-	-
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(1,223,638)	(39,260)
Proceeds from sale of property, plant and equipment	3,218,000	-
Investments	(88,161)	-
Net cash (used in) investing activities	<u>1,906,201</u>	<u>(39,260)</u>
Net increase / (decrease) in cash and cash equivalents	<u>2,791,563</u>	<u>(450,014)</u>
Cash and cash equivalents at the beginning of the year	<u>(4,674,031)</u>	<u>(4,351,246)</u>
Cash and cash equivalents at the end of the year	<u>(1,882,468)</u>	<u>(4,801,260)</u>

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



NAEM SHAFI  
Chief Executive



WASEEM SHAFI  
Director



International Knitwear Limited



International Knitwear Limited



International Knitwear Limited



**FIRST QUARTER REPORT  
FOR THE QUARTER ENDED  
SEPTEMBER 2013**



International Knitwear Limited



International Knitwear Limited

**COMPANY INFORMATION**

**BOARD OF DIRECTORS**

Mr. Naeem Shafi CHIEF EXECUTIVE  
Mr. Waseem Shafi  
Mr. Javed Khan  
Mr. Muhammad Shafi  
Mr. Zahid Ali  
Mr. Muhammad Sajid Husain  
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 Idress 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 Shakra-e-Faisal, Karachi-74400

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (UN-AUDITED)**

	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, 2012	32,250,000	(1,089)	16,755,268	49,004,179
5% Cash dividend paid for the year ended June 30, 2013	-	-	(1,612,900)	(1,612,900)
Net (loss) for the year ended June 30, 2013	-	-	(13,947,929)	(13,947,929)
Unrealized gain on revaluation of investments available for sale	-	137,760	-	137,760
Balance as at June 30, 2013	32,250,000	136,671	1,194,339	33,581,010
Net profit for the period ended September 30, 2013	-	-	464,344	464,344
Unrealized (loss) on revaluation of investments available for sale	-	(38,431)	-	(38,431)
Balance as at September 30, 2013	32,250,000	78,040	1,658,683	33,987,223

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD ENDED SEPTEMBER 30, 2013 (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 share holders 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, 2013.

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

NAEEM SHAFI  
Chief Executive

WASEEM SHAFI  
Director

**BOOK POST**

Under Postal Certificate

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International Knitwear Limited  
F-2A(L), S.I.T.E., Karachi-75730