

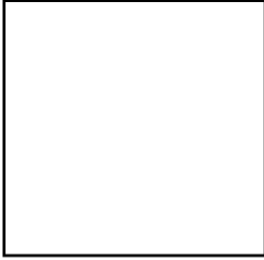


International Knitwear Limited

**FIRST QUARTER REPORT  
FOR THE QUARTER ENDED  
SEPTEMBER 2015**



International Knitwear Limited



International Knitwear Limited

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



International Knitwear Limited



International Knitwear Limited

## COMPANY INFORMATION

**BOARD OF DIRECTORS**

Mr. Naeem Shafi	Chairman/Chief Executive
Mr. Waseem Shafi	
Mr. Javed Khan	
Mr. Muhammad Shafi	
Mr. Muhammad Bilal Zuberi	
Mr. Muhammad Sajid Hussain	
Mr. Arshad Ahmed	

**CHIEF FINANCIAL OFFICER  
& COMPANY SECRETARY** Mr. Javed Khan

**AUDIT COMMITTEE**

Mr. Waseem Shafi	Chairman
Mr. Arshad Ahmed	
Mr. Muhammad Shafi	

**HR & REMUNERATION  
COMMITTEE**

Mr. Muhammad Bilal Zuberi	Chairman
Mr. Arshad Ahmed	
Mr. Muhammad Sajid Hussain	

**AUDITORS**

Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants

**LEGAL ADVISOR** Ali Associates

**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

**WEBSITE** www.internationalknitwear.com

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2015

	Issued, Subscribed and Paid up Share Capital	Unrealized gain on revaluation of investments available for sale	Unappropriated profit	Total
Rupees				
<b>Balance as at June 30, 2014</b>	<b>32,250,000</b>	<b>458,172</b>	<b>4,914,664</b>	<b>37,622,836</b>
Share issue cost			(164,306)	(164,306)
Issued right shares	32,250,000			32,250,000
<b>Total comprehensive income:</b>				
Net profit for the year ended June 30, 2015	-	-	9,797,887	9,797,887
Unrealized gain on revaluation of investments - available for sale	-	11,397,674	-	11,397,674
<b>Balance as at June 30, 2015</b>	<b>64,500,000</b>	<b>11,855,847</b>	<b>14,548,245</b>	<b>90,904,092</b>
<b>Transaction with owners:</b>				
10% Cash dividend paid for the year ended June 30, 2015			(6,450,000)	(6,450,000)
<b>Total comprehensive income:</b>				
Net profit for the Quarter ended September 30, 2015	-	-	1,333,369	1,333,369
Unrealized gain on revaluation of investments - available for sale	-	3,576,435	-	3,576,435
<b>Balance as at September 30, 2015</b>	<b>64,500,000</b>	<b>15,432,282</b>	<b>9,431,614</b>	<b>89,363,896</b>

### NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2015

#### 1. 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.

#### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or the directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

#### 3. 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, 2015.

#### 4. (LOSS)/ EARNINGS PER SHARE-BASIC AND DILUTED

	SEPTEMBER 2015 Rupees	SEPTEMBER 2014 Rupees
<b>From continuing operations</b>		
Profit after taxation	1,895,037	2,414,700
Weighted average ordinary shares	6,450,000	6,450,000
<b>Earnings per share</b>	<b>0.29</b>	<b>0.37</b>
<b>From discontinued operation</b>		
(Loss)/ profit for the year	(561,668)	1,118,109
Weighted average ordinary shares	6,450,000	6,450,000
<b>(Loss)/ earnings per share</b>	<b>(0.09)</b>	<b>0.17</b>

#### 5. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the board of directors of the Company and authorized for issue on October 29, 2015.

#### 6. FIGURES

6.1. Figures have been rounded off to the nearest of rupees.

6.2. Some of the previous year figures have been rearranged and restated where necessary. For the purpose of comparison of facilitate better presentation in the current period.

The annexed notes form 01 to 06 an integral part of these financial statements.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



International Knitwear Limited

**BALANCE SHEET  
AS AT SEPTEMBER 30, 2015**

	(Un-Audited) SEPTEMBER 2015 Rupees	(Audited) JUNE 2015 Rupees
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	19,554,349	20,095,361
Long term deposits	1,500,000	1,500,000
Investments	50,544,192	42,677,438
	71,598,541	64,272,799
<b>Current Assets</b>		
Stock in trade	30,282,273	27,607,551
Trade debts - considered good	26,760,451	15,547,426
Advances, deposits, prepayments and other receivables	2,552,434	4,080,831
Taxation - net	6,218,961	6,039,056
Cash and bank balances	928,896	6,188,564
	66,743,015	59,463,428
<b>TOTAL ASSETS</b>	<b>138,341,556</b>	<b>123,736,227</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	64,500,000	64,500,000
Unappropriated profit	9,431,614	14,548,245
	73,931,614	79,048,245
Unrealized gain on revaluation of investments-available for sale	15,432,282	11,855,847
	89,363,897	90,904,092
<b>Current Liabilities</b>		
Short term finances under mark-up arrangements	10,771,147	2,846,046
Trade and other payables	38,206,512	29,986,089
	48,977,659	32,832,135
<b>Contingencies and Commitments</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>138,341,556</b>	<b>123,736,227</b>

The annexed notes form 01 to 06 an integral part of these financial statements.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



International Knitwear Limited

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	SEPTEMBER 2015 Rupees	Restated SEPTEMBER 2014 Rupees
<b>Continuing Operations</b>		
Net sales	40,144,490	49,500,269
Cost of goods sold	(34,771,003)	(42,719,754)
<b>Gross profit</b>	<b>5,373,487</b>	<b>6,780,515</b>
Administrative and selling expenses	(3,339,500)	(3,076,184)
<b>Operating profit</b>	<b>2,033,987</b>	<b>3,704,331</b>
Other income	916,029	257,251
	<b>2,950,016</b>	<b>3,961,582</b>
Finance cost	(483,333)	(687,463)
Other charges	(170,201)	(225,914)
	(653,534)	(913,377)
<b>Profit before taxation from continuing operation</b>	<b>2,296,482</b>	<b>3,048,205</b>
Taxation	(401,445)	(633,505)
<b>Profit after taxation from continuing operation</b>	<b>1,895,037</b>	<b>2,414,700</b>
<b>Discontinued Operations</b>		
(Loss)/ profit from discontinued operations	(561,668)	1,118,109
<b>Profit for the period</b>	<b>1,333,369</b>	<b>3,532,809</b>
<b>(Loss)/ earnings per share-basic and diluted</b>		
From continuing operations	0.29	0.37
From discontinued operation	(0.09)	0.17

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	SEPTEMBER 2015 Rupees	SEPTEMBER 2014 Rupees
Profit after taxation for the period	1,333,369	3,532,809
<b>Reclassifiable to profit and loss account</b>		
Unrealized profit on remeasurement of investment	3,576,435	321,701
<b>Total comprehensive income for the Period</b>	<b>4,909,804</b>	<b>3,854,510</b>

The annexed notes form 01 to 06 an integral part of these financial statements.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



International Knitwear Limited



International Knitwear Limited

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2015**

	SEPTEMBER 2015 Rupees	SEPTEMBER 2014 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,734,814	4,166,314
<b>Adjustment for non cash items:</b>		
Depreciation	760,234	852,321
(Gain) on sale of property, plant and equipment	-	(1,859,254)
Finance cost	483,333	687,463
	<u>1,243,567</u>	<u>(319,470)</u>
<b>Profit before changes in working capital</b>	<b>2,978,381</b>	<b>3,846,844</b>
<b>(Increase)/decrease in current assets</b>		
Stock in trade	(2,674,722)	(4,926,226)
Trade debts	(11,213,025)	6,063,949
Advances, deposits, prepayments and other receivables	1,528,397	(900,862)
	<u>(12,359,350)</u>	<u>236,861</u>
<b>Increase/(decrease) in current liabilities</b>		
Short term finances under mark-up arrangements	3,395,000	(911,000)
Trade and other payables	1,770,423	(4,046,170)
	<u>5,165,423</u>	<u>(4,957,170)</u>
Financial charges paid	(483,333)	(687,463)
Taxes paid	(581,350)	(1,420,033)
<b>Net cash (used in) operating activities</b>	<b>(5,280,229)</b>	<b>(2,980,961)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(483)
<b>Net cash (used in) financing activities</b>	<b>-</b>	<b>(483)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(219,220)	(867,500)
Proceeds from sale of property, plant and equipment	-	2,685,000
Investments	(4,290,319)	(272,473)
<b>Net cash (used in) / inflow from investing activities</b>	<b>(4,509,539)</b>	<b>1,545,027</b>
<b>Net increase in cash and cash equivalents</b>	<b>(9,789,768)</b>	<b>(1,436,417)</b>
Cash and cash equivalents at the beginning of the year	5,842,518	(536,383)
<b>Cash and cash equivalents at the end of the period</b>	<b>(3,947,250)</b>	<b>(1,972,800)</b>

The annexed notes form 01 to 06 an integral part of these financial statements.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director

**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, 2015.

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 2015 Rupees	Restated July-September 2014 Rupees
Sales	40,144,490	49,500,269
Cost of goods sold	(34,771,003)	(42,719,754)
Gross profit	5,373,487	6,780,515
Profit before taxation	2,296,482	3,048,205
Profit for the period	1,333,369	3,532,809
Net earnings per share-	0.20	0.54

**PROFIT AND LOSS ANALYSIS**

Sales during the period under review were Rs.40,144,490 against Rs. 49,500,269 in the corresponding period last year. There has been gross profit of Rs.5,373,487 during the first quarter against Rs. 6,780,515 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. 2,296,482 against profit of Rs. 3,048,205 in the corresponding period.

**SALES**

The 1<sup>st</sup> quarter under review has been very challenging in terms of financial result due to depressed international market.

During this quarter, the company has been affected by the "off season Denim, Local & Export garment sales" which usually transpires during this quarter. Thus the reduced level of sales.

The sales of your company decreased by 18.90% to Rs. 9,355,779 which the gross profit decreased to 20.75% primarily due to decrease in Export sales.

**FUTURE OUTLOOK**

The depressed price situation continues and nothing can be predicated. But your company has been successful to control the cost and implemented very effective controls in place to make the operations of production and administration very much efficient and effective. The company's current efficient and effective operations will be in a position to perform better as compared to corresponding period last year.

**ACKNOWLEDGEMENT**

Your Directors place on record their deep appreciation for the efforts made by the workers and staff of the company for their deep devotion to work.

Your Director would also like to express their thanks to the Shareholders and financial Institutions for their support and assistance.

On behalf of the Board

NAEEM SHAFI  
Chief Executive

Karachi: October 29, 2015