



International Knitwear Limited

**FIRST QUARTER REPORT
FOR THE QUARTER ENDED
SEPTEMBER 2016**



International Knitwear Limited



International Knitwear Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Waseem Shafi	Chairman
Mr. Naeem Shafi	Chief Executive
Mr. Javed Khan	
Mr. Muhammad Shafi	
Mr. Muhammad Sajid Hussain	
Mr. Arshad Ahmed	
Mr. Javed Akhter Malik	

**CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY**

Mr. Javed Khan

AUDIT COMMITTEE

Mr. Arshad Ahmed	Chairman
Mr. Waseem Shafi	
Mr. Javed Akhter Malik	

**HR & REMUNERATION
COMMITTEE**

Mr. Muhammad Sajid Hussain	Chairman
Mr. Muhammad Shafi	
Mr. Javed Akhter Malik	

AUDITORS

RSM Avasi Hyder Liaquat Nauman
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.11.S.
Main Shalra-c-Faisal, Karachi-74400

WEBSITE

www.internationalknitwear.com



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, 2016.

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

OPERATING RESULTS

	July-September 2016	July-September 2015
	Rupees	Rupees
Sales	33,292,822	40,144,490
Cost of goods sold	(42,675,379)	(34,771,003)
Gross (loss)/ profit	(9,382,557)	5,373,487
(Loss)/ profit before taxation	(8,627,397)	2,296,482
(Loss)/ profit for the period	(8,748,064)	1,333,369
Net (loss)/ earnings per share	(1.36)	0.20

Sales for the period were reported at Rs. 33.29 million, compared to Rs. 40.14 million in the corresponding period last year. Gross loss of Rs. 9.38 million was incurred during the quarter, compared to a gross profit of Rs. 5.37 million in the corresponding quarter of last year.

After incorporating administrative & selling expenses, financial charges and other charges, profit before taxation was reported at a loss of Rs. 8.62 million against a profit of Rs. 2.29 million in the corresponding period.

During the period under review, the company has sustained a financial loss of Rs. 8.74 as compared to a financial profit of Rs. 1.33 million in the preceding period – due to a weakening GBP against the Rupee which had an effect on existing and potential orders. The present export market conditions in Europe has also had an effect on an already competitive local market.

FUTURE OUTLOOK

The management is focussed on maximising the company's profits and potential in the short and long term. We are concentrating on the diversification of our product range and consolidating our efforts on quality improvements. Our aim remains to aggressively pursue the local and export markets in order to expand our business.

ACKNOWLEDGEMENT

We wish to thank our customers for their cooperation and continued faith in our products. We would also like to acknowledge our shareholders and financial institutions for their support and assistance.

On behalf of the Board

NAEM SHAFI
Chief Executive

Karachi: October 28, 2016



International Knitwear Limited

BALANCE SHEET AS AT SEPTEMBER 30, 2016

	(Un-Audited) SEPTEMBER 2016 Rupees	(Audited) JUNE 2016 Rupees
ASSETS		
Non-Current Assets		
Property, plant and equipment	23,009,188	26,849,520
Long term deposits	1,500,000	2,006,200
Long term Investments	71,151,217	75,600,145
	95,660,405	104,455,866
Current Assets		
Stock in trade	21,725,439	27,943,941
Trade debts - considered good	21,496,994	24,777,190
Short term investment	26,760,657	-
Advances, deposits, prepayments and other receivables	2,865,408	4,380,134
Taxation - nct	10,632,620	10,134,651
Cash and bank balances	427,542	2,961,811
	83,808,659	70,197,727
TOTAL ASSETS	179,569,063	174,653,593
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	64,500,000	64,500,000
Unappropriated profit	2,666,001	17,864,065
	67,166,001	82,364,065
Unrealized gain on revaluation of investments-available for sale	41,344,579	38,043,729
	108,510,580	120,407,794
Non-Current Liabilities		
Liability against assets subject to finance lease	-	1,678,131
Current Liabilities		
Short term finances under mark-up arrangements	19,641,940	15,028,512
Current maturity of Liability against assets subject to finance lease	-	646,314
Trade and other payables	51,416,542	36,892,843
	71,058,483	52,567,668
Contingencies and Commitments	-	-
TOTAL EQUITY AND LIABILITIES	179,569,063	174,653,593

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

NAEM SHAFI
Chief Executive

JAVID KHAN
Director



**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (UN-AUDITED)**

	SEPTEMBER 2016 Rupees	SEPTEMBER 2015 Rupees
Continuing Operations		
Net sales	33,292,822	40,144,490
Cost of goods sold	(42,675,379)	(34,771,003)
Gross (loss)/ profit	(9,382,557)	5,373,487
Administrative and selling expenses	(3,609,484)	(3,339,500)
Operating (loss)/ profit	(12,992,041)	2,033,987
Other income	769,533	916,029
Capital gain net	4,412,745	-
	5,182,278	916,029
	(7,809,763)	2,950,016
Finance cost	(791,000)	(483,333)
Other charges	(26,634)	(170,201)
	(817,634)	(653,534)
(Loss)/profit before taxation from continuing operation	(8,627,397)	2,296,482
Taxation	(332,928)	(401,445)
(Loss)/profit after taxation from continuing operation	(8,960,325)	1,895,037
Discontinued Operations		
Profit/(loss) from discontinued operations	212,261	(561,668)
(Loss)/profit for the period	(8,748,064)	1,333,369
(Loss)/ earnings per share-basic and diluted		
From continuing operations	(1.39)	0.29
From discontinued operation	0.03	(0.09)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (UN-AUDITED)**

	SEPTEMBER 2016 Rupees	SEPTEMBER 2015 Rupees
(Loss)/profit after taxation for the period	(8,748,064)	1,333,369
Reclassifiable to profit and loss account		
Unrealized profit on remeasurement of investment	3,300,850	3,576,435
Total comprehensive (loss)/income for the period	(5,447,214)	4,909,804

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

NAEM SHAFI
Chief Executive

JAVED KHAN
Director



**CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (UN-AUDITED)**

	SEPTEMBER 2016 Rupees	SEPTEMBER 2015 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Loss/Profit before taxation	(8,415,136)	1,734,814
Adjustment for non cash items:		
Depreciation	817,099	760,234
(Gain) on sale of property, plant and equipment	(787,563)	-
Finance cost	791,000	483,333
	<u>820,536</u>	<u>1,243,567</u>
Loss/Profit before changes in working capital	(7,594,600)	2,978,381
(Increase)/decrease in current assets		
Stock in trade	6,218,502	(2,674,722)
Trade debts	3,280,196	(11,213,025)
Advances, deposits, prepayments and other receivables	1,514,727	1,528,397
	<u>11,013,425</u>	<u>(12,359,350)</u>
Increase/(decrease) in current liabilities		
Short term finances under mark-up arrangements	4,560,000	3,395,000
Trade and other payables	8,079,411	1,770,423
	<u>12,639,411</u>	<u>5,165,423</u>
Financial charges paid	(791,000)	(483,333)
Taxes paid	(830,897)	(581,350)
Net cash (used in) operating activities	14,436,339	(5,280,229)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(5,711)	-
Net cash (used in) financing activities	(5,711)	-
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(500,250)	(219,220)
Proceeds from sale of property, plant and equipment	4,699,896	-
Long term deposits	506,200	-
Additions in investment	(330,123,176)	-
Disposal of investment	308,399,004	(4,290,319)
Net cash (used in) / inflow from investing activities	(17,018,326)	(4,509,539)
Net increase in cash and cash equivalents	(2,587,698)	(9,789,768)
Cash and cash equivalents at the beginning of the year	(2,966,701)	5,842,518
Cash and cash equivalents at the end of the period	(5,554,399)	(3,947,250)

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

NAEEM SHAI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2016 (UN-AUDITED)

	Issued, Subscribed and Paid up Share Capital	Unrealized gain on revaluation of investments available for sale	Unappropriated profit	Total
Rupees				
Balance as at June 30, 2015	64,500,000	11,855,847	14,548,245	90,904,092
Transaction with owners:				
10% Cash dividend paid for the year ended June 30, 2015		-	(6,450,000)	(6,450,000)
Total comprehensive income:				
Net profit for the year ended June 30, 2015			9,765,820	9,765,820
Unrealized gain on revaluation of investments - available for sale		76,187,882		76,187,882
Balance as at June 30, 2016	64,500,000	38,043,729	17,864,065	120,407,794
Transaction with owners:				
10% Cash dividend paid for the year ended June 30, 2016			(6,450,000)	(6,450,000)
Total comprehensive income:				
Net (loss) for the Quarter ended September 30, 2016			(8,748,064)	(8,748,064)
Unrealized gain on revaluation of investments - available for sale		3,300,850		3,300,850
Balance as at September 30, 2016	64,500,000	41,344,579	2,665,001	108,510,580

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED SEPTEMBER 30, 2016

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, 2016.

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

	SEPTEMBER 2016 Rupees	SEPTEMBER 2015 Rupees
From continuing operations		
(Loss)/ profit for the period	(8,960,325)	1,895,037
Weighted average ordinary shares	6,450,000	6,450,000
(Loss)/ earnings per share	(1.39)	0.29
From discontinued operation		
Profit/(loss) for the period	717,261	(561,658)
Weighted average ordinary shares	6,450,000	6,450,000
Earnings/(loss) per share	0.03	(0.09)

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 28, 2016.

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.

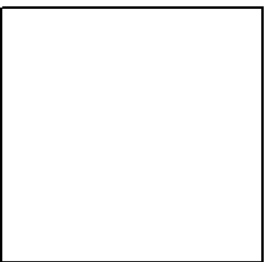
The annexed notes form 02 to 06 an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited



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