



International Knitwear Limited

**REVIEW OF FINANCIAL INFORMATION
FOR THE 3RD QUARTER ENDED
MARCH 31, 2013**



International Knitwear Limited



International Knitwear Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

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

CHIEF EXECUTIVE

**CHIEF FINANCIAL OFFICER/
COMPANY SECRETARY**

Mr. Javed Khan

AUDIT COMMITTEE

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

Chairman
Member
Member

AUDITORS

M/s 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



**DIRECTORS' REPORT
FOR THE 3RD QUARTER ENDED MARCH 31, 2013**

The Board of Directors of International Knitwear Limited (IKL) is pleased to present the un-audited financial statements of the Company for the 3rd quarter ended March 31, 2013.

FINANCIAL PERFORMANCE

	31-Mar-2013 Rupees	31-Mar-2012 Rupees
Sales - Net	91,905,332	113,670,981
Cost of goods Sold	(96,765,313)	(99,103,767)
Gross (Loss) / Profit	(4,859,981)	14,567,214
Taxation	(778,522)	(1,135,339)
(Loss) / Profit after taxation	(17,552,362)	4,660,404
Loss / Earning per share	(5.44)	1.45

Over View

During the period under review Net sales for the nine months of the current financial period stood at Rs. 91.90 Million as compared to Rs.113.67 million for corresponding period of last year. Thereby reflecting a decreased by 19.15% over the previous nine months due to the suspension of dyeing business for the time being w.e.f Jan 01,2013.

After incorporating Administrative & selling expenses, Financial and other charges loss before taxation (for the period under review) have amounted by Rs. 4,859,981 against Rs. 14,567,214 profit in the corresponding period.

The financial year 2012-13 was most challenging for the company. Expected results had a major deviating factor due to sluggish market conditions and increase utilities (Gas, Electric and Fuel) cost as well as raw material prices.

Knitted Apparels

Local Sales

The continuous focus on local sales and providing quality products the Company has achieved sale of Rs. 53.06 million against Rs. 14.23 million when compared with last year. We succeeded in increasing our local sales to Rs. 38.84 million when compared with the last year.

Export Sales

The Company has achieved Export sales of Rs. 10.93 million against Rs.27.42 million when compared with last year. Showing a decrease of 16.49 million for the year under review. The Company to face continuous cost increases, law and order situation and double digit inflation are posing a major threat to the export sector have adversely affected our gross export sales and has made it very difficult to survive and compete in international markets.

Future Prospects:

The management of your company remains committed to further investments in value addition of existing manufacturing facilities to cope with growing demand of the products.

Acknowledgement:-

The Directors would like to express their gratitude to the Customer, Bankers and other stakeholder 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

NAEEM SHAFI
Chief Executive

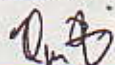
Karachi: April 23, 2013



**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2013**

	(Un-audited) March 2013 Rupees	(Audited) June 2012 Rupees
ASSETS		
Non-Current Assets		
Property, plant and equipment	48,377,891	51,714,460
Long term deposits	1,607,669	1,607,669
Investments	450,457	397,617
	<u>50,436,017</u>	<u>53,719,746</u>
Current Assets		
Stock in trade	17,232,000	12,059,801
Trade debts - considered good	33,057,287	46,237,457
Advances, deposits, prepayments and other receivables	7,827,979	8,006,367
Cash and bank balances	24,554	635,511
	<u>58,141,819</u>	<u>66,939,136</u>
TOTAL ASSETS	<u>108,577,836</u>	<u>120,658,882</u>
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Share capital	32,250,000	32,250,000
Unappropriated (Loss) / Profit	(2,409,594)	16,755,268
	<u>29,840,406</u>	<u>49,005,268</u>
Unrealized gain / (loss) on revaluation of investments- available for sale	51,750	(1,089)
	<u>29,892,156</u>	<u>49,004,179</u>
Non-Current Liabilities		
Medium term finance	833,334	833,334
Current Liabilities		
Short term finance under mark-up arrangements	6,754,585	11,045,091
Trade and other payables	70,427,165	57,849,546
Taxation	670,597	1,926,732
	<u>77,852,346</u>	<u>70,821,369</u>
CONTINGENCIES AND COMMITMENTS	-	-
TOTAL EQUITY AND LIABILITIES	<u>108,577,836</u>	<u>120,658,882</u>

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


NAEEM SHAFI
Chief Executive


WASEEM SHAFI
Director



International Knitwear Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE 3RD QUARTER ENDED MARCH 31, 2013 (UN-AUDITED)

	NINE MONTH ENDED		QUARTER ENDED	
	March 2013 (Rupees)	March 2012 (Rupees)	March 2013 (Rupees)	March 2012 (Rupees)
Sales - net	91,905,332	113,670,981	33,393,501	37,110,883
Cost of goods sold	(96,765,313)	(99,103,767)	(27,465,379)	(34,823,404)
Gross (loss)/ profit	(4,859,981)	14,567,214	5,928,122	2,287,479
Administrative and selling expenses	(10,399,662)	(6,716,308)	(2,881,767)	(2,279,153)
	(15,259,643)	7,850,906	3,046,355	8,326
Other income	791,295	539,903	581,890	49,394
	(14,468,348)	8,390,809	3,628,245	57,720
Financial charges	(2,231,968)	(2,165,522)	(597,953)	(701,513)
Others Charges	(73,524)	(429,544)	(26,715)	44,422
(Loss) / profit before taxation	(16,773,840)	5,795,743	3,003,577	(599,371)
Taxation	(778,522)	(1,135,339)	(496,343)	(370,514)
(Loss) / profit after taxation	(17,552,362)	4,660,404	2,507,234	(969,885)
(Loss) / Earning per share	(5.44)	1.45	0.78	(0.30)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER ENDED MARCH 31, 2013 (UN-AUDITED)

	NINE MONTH ENDED		QUARTER ENDED	
	March 2013 (Rupees)	March 2012 (Rupees)	March 2013 (Rupees)	March 2012 (Rupees)
(Loss) / Profit after taxation for the period	(17,552,362)	4,660,404	2,507,235	(969,885)
Other Comprehensive Income / (Loss)	52,839	(30,610)	18,507	3,057
Total comprehensive (Loss) / Income for the period	(17,499,523)	4,629,794	2,525,742	(966,828)

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

NAEEM SHAFI
Chief Executive

WASEEM SHAFI
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED MARCH 31, 2013 (UN-AUDITED)**

	Issued, Subscribed and Paid-up Share Capital	Unrealized gain/ (loss) on revaluation of investment	Unappropriated Profit / (Loss)	Total
Rupees				
Balance as at June 30, 2011	32,250,000	5,461	9,929,380	42,184,841
Net Profit for the year ended June 30, 2012	-	-	6,825,888	6,825,888
Unrealized (loss) on revaluation of investments				
-available for sale	-	(6,550)	-	(6,550)
Balance as at June 30, 2012	32,250,000	(1,089)	16,755,268	49,004,179
Cash dividend paid for the year ended June 30, 2012	-	-	(1,612,500)	(1,612,500)
Net Loss for the period ended March 31, 2013	-	-	(17,552,362)	(17,552,362)
Unrealized (loss) on revaluation of investments				
-available for sale	-	52,839	-	52,839
Balance as at March 31, 2013	32,250,000	51,750	(2,409,594)	29,892,156

**NOTES TO THE FINANCIAL STATEMENT (UN-AUDITED)
FOR THE 3RD QUARTER ENDED MARCH 31, 2013****STATUS AND NATURE OF BUSINESS**

The Company was incorporated in Pakistan on May 21, 1990 as an unlisted public limited company and was listed on the Karachi Stock Exchange on February 08, 1994. Its principal activities are knitting, dyeing, stitching, marketing of garments and providing dyeing facilities. The registered office of the Company is situated at F-2A/L, S.I.T.E. Karachi.

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, 2012.

TAXATION

Amount set aside for taxation is provisional, final liability will be determined on the basis of annual audit.

EARNING PER SHARE

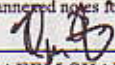
Basic earnings per share are calculated by dividing the net profit / (Loss) for the period by the weighted average numbers of shares at the period end as follows.


	31-Mar-13	31-Mar-12
(Loss)/profit after tax for the period	(17,552,362)	4,660,404
Weighted average number of share of Rs. 10/= each	3,225,000	3,225,000
	(5.44)	1.45

GENERAL

Amounts have been rounded off to the nearest of rupees.

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


NAEEM SHAFI
Chief Executive


WASEEM SHAFI
Director

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE 3RD QUARTER ENDED MARCH 31, 2013
(UN-AUDITED)**

	March 2013 (Rupees)	March 2012 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(16,773,840)	5,795,742
Adjustment for non cash items:		
Depreciation	3,479,864	3,208,830
Gain on sale of property, plant and equipment	(715,690)	(255,625)
Finance charges	2,231,968	2,165,522
	4,996,142	5,118,727
(Loss) / Profit before changes in working capital	(11,777,698)	10,914,469
(Increase) / decrease in current assets		
Stock in trade	(5,172,199)	(10,191,715)
Trade debts	13,180,170	7,287,756
Advances, deposits, prepayments and other receivables	178,388	10,841,520
	8,186,359	7,937,561
Increase / (decrease) in current liabilities		
Short term financing under markup arrangements	(4,280,555)	2,904,000
Trade and other payables	11,887,920	(3,212,204)
	7,607,365	(308,204)
Financial charges paid	(2,231,968)	(2,165,522)
Taxes paid	(2,034,657)	(1,216,627)
Net cash (used in) / inflow from operating activities	11,527,099	15,161,677
CASH FLOW FROM FINANCING ACTIVITIES		
Medium term finance	-	(555,555)
Dividend paid	(922,802)	(183,952)
Net cash (used in) financing activities	(922,802)	(739,507)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(705,983)	(20,046,879)
Proceeds from sale of property, plant and equipment	1,278,377	345,000
Investments	-	(49,370)
Net cash (used in) / inflow from investing activities	572,394	(19,751,249)
Net increase / (decrease) in cash and cash equivalents	(601,006)	(5,329,080)
Cash and cash equivalent at the beginning of the period	(4,351,246)	2,169,650
Cash and cash equivalent at the end of the period	(4,952,253)	(3,159,430)

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

NAEEM SHAFI
Chief ExecutiveWASEEM SHAFI
Director