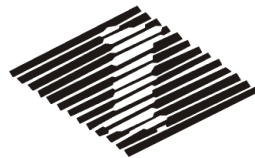




International Knitwear Limited

**REVIEW OF FINANCIAL INFORMATION  
FOR THE 3RD QUARTER ENDED  
MARCH 31,2014**



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 (UN-AUDITED) FOR THE 3RD QUARTER ENDED MARCH 31, 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, 2012	32,250,000	(1,089)	16,755,268	49,004,179
5% Cash dividend paid for the year ended June 30, 2012			(1,612,500)	(1,612,500)
Net (loss) for the year ended June 30, 2013	-	-	(13,947,928)	(13,947,928)
Unrealized gain on revaluation of investments -available for sale	-	137,560	-	137,560
Balance as at June 30, 2013	32,250,000	136,472	1,194,840	33,581,312
Net profit for the period ended March 31, 2014			4,399,758	4,399,758
Unrealized gain on revaluation of investments -available for sale		237,151		237,151
Balance as at March 31, 2014	32,250,000	373,623	5,594,598	38,218,221

#### NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE 3RD QUARTER ENDED MARCH 31, 2014

##### 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, 2013.

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

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 3<sup>rd</sup> Quarter ended March 31, 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

##### Continuing Operation

	March-2014 Rupees	March-2013 Rupees
Sales	98,884,891	64,005,172
Cost of goods sold	(86,496,953)	(55,578,654)
Gross Profit	12,387,938	8,426,518
Operating Profit	4,048,052	4,039,382
Taxation	(997,228)	(658,981)
Profit after taxation	2,067,914	2,176,555
Earnings per share-basic and diluted	0.64	0.67

##### Discontinued Operation

Profit / ( Loss) from discontinued Operation	2,331,844	(19,728,917)
Profit / ( loss) for the period	4,399,758	(17,552,362)
Earnings per share for the period	0.72	(6.12)

#### OVERVIEW

The gross sales of the Company during the period under review are Rs. 98.88 Million increasing by 54.50% when compared to the same period last year. There is a gross profit of Rs.12.38 million during this period against gross profit of Rs. 8.42 million when compared with same period of last year.

The operating profit for the last nine months is recorded at Rs.4.04 Million as compared to the profit of Rs. 4.03 Million for the same period last year.

However, due to increasing production cost, raw material, utilities and accessories resulting in squeezed selling margins obstructing our efforts to stretch the margin to the desired level.

After incorporating administrative & selling expenses, financial and other charges, there is profit after taxation (for the 3<sup>rd</sup> quarter) of Rs. 2.06 million against profit of Rs. 2.17 million in the corresponding period last year.

#### SALES

Export sales are recorded at Rs.26.37 Million against Rs.12.17 Million showing an increase of Rs. 14.26 Million when compared with the last year sales.

Local Sales for the period under review is recorded at Rs. 72.50 Million against Rs.51.83 Million showing an increase of 39.88% when compared with the corresponding period of the last year.

#### FUTURE PROSPECTS:

The managements of the company are making efforts to obtain export orders with healthier margins and hope to present better results in the coming period. Our commitment to customer satisfaction and to produce quality products will likely to increase significantly the export sales and to gain maximum share in post GSP era in European market.

#### 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.

Karachi: April 24, 2014

On behalf of the Board

NAEEM SHAFI  
Chief Executive



# International Knitwear Limited

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

	(Un-Audited) March 2014 (Rupees)	(Audited) June 2013 (Rupees)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant & Equipment	24,460,385	35,398,620
Long term deposits	1,607,669	1,607,669
Investments	935,405	560,118
	<u>27,003,459</u>	<u>37,566,407</u>
<b>Current Assets</b>		
Stock in trade	24,565,374	16,111,841
Trade debts - considered good	34,157,273	34,743,850
Loan and advances	867,497	1,150,804
Other receivables	5,469,876	3,395,420
Taxation - net	2,171,598	411,547
Cash and bank balances	507,153	74,961
	<u>67,738,772</u>	<u>55,888,423</u>
<b>TOTAL ASSETS</b>	<u><u>94,742,231</u></u>	<u><u>93,454,830</u></u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>SHARE CAPITAL &amp; RESERVES</b>		
Share capital	32,250,000	32,250,000
Unappropriated profit	5,594,598	1,194,840
	<u>37,844,598</u>	<u>33,444,840</u>
Unrealized gain on revaluation of investments- available for sale	373,623	136,472
	<u>38,218,221</u>	<u>33,581,312</u>
<b>Current Liabilities</b>		
Short term finances under mark-up arrangements	12,649,728	8,582,326
Trade and other payables	43,874,282	51,291,192
	<u>56,524,010</u>	<u>59,873,518</u>
<b>CONTINGENCIES &amp; COMMITMENTS</b>		
	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>94,742,231</u></u>	<u><u>93,454,830</u></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 (UN-AUDITED) FOR THE 3RD QUARTER AND NINE MONTHS ENDED MARCH 31, 2014

	NINE MONTHS ENDED		3RD QUARTER ENDED	
	March 2014 (Rupees)	March 2013 (Rupees)	March 2014 (Rupees)	March 2013 (Rupees)
<b>Continuing Operation</b>				
Sales - net	98,884,891	64,005,172	34,614,123	33,393,500
Cost of goods sold	(86,416,953)	(55,578,654)	(31,653,831)	(26,398,653)
<b>Gross profit</b>	<b>12,467,938</b>	<b>8,426,518</b>	<b>2,960,292</b>	<b>6,994,847</b>
Administrative and selling expenses	(8,339,886)	(4,387,136)	(1,916,013)	(2,881,767)
<b>Operating profit</b>	<b>4,128,052</b>	<b>4,039,382</b>	<b>1,044,279</b>	<b>4,113,080</b>
Financial charges	(874,056)	(1,349,517)	(309,203)	(597,953)
Other income	291,138	196,875	3,741	67,531
Workers profit participation fund	(289,849)	-	(131,487)	-
Workers welfare fund	(110,143)	(51,204)	(49,696)	(4,395)
<b>Profit before taxation from continuing operation</b>	<b>3,145,142</b>	<b>2,835,536</b>	<b>557,634</b>	<b>3,578,263</b>
Taxation	(997,228)	(658,981)	(128,747)	(496,343)
<b>Profit after taxation from continuing operation</b>	<b>2,147,914</b>	<b>2,176,555</b>	<b>428,887</b>	<b>3,081,920</b>
<b>Discontinued Operations</b>				
Profit / (loss) from discontinued operations	2,251,844	(19,728,917)	1,890,928	(574,686)
<b>Profit / (loss) for the period</b>	<b>4,399,758</b>	<b>(17,552,362)</b>	<b>2,319,815</b>	<b>2,507,234</b>
<b>Earnings / (loss) per share-basic and diluted</b>				
From continuing operations	0.67	0.67	0.13	0.96
From discontinued operation	0.70	(6.12)	0.59	(0.18)

### CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE 3RD QUARTER AND NINE MONTHS ENDED MARCH 31, 2014

	NINE MONTHS ENDED		3RD QUARTER ENDED	
	March 2014 (Rupees)	March 2013 (Rupees)	March 2014 (Rupees)	March 2013 (Rupees)
Profit / (loss) after taxation for the period	4,399,758	(17,552,362)	2,319,815	2,507,234
Other comprehensive income	237,151	52,839	111,650	18,507
<b>Total comprehensive income / (loss) for the period</b>	<b>4,636,909</b>	<b>(17,499,523)</b>	<b>2,431,465</b>	<b>2,525,741</b>

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

NAEEM SHAFI  
Chief Executive

WASEEM SHAFI  
Director



## International Knitwear Limited

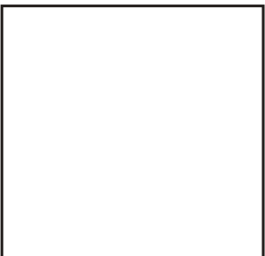
### CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE 3RD QUARTER ENDED MARCH 31, 2014

	March 2014 (Rupees)	March 2013 (Rupees)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	5,396,986	(16,773,840)
<b>Adjustment for non cash items:</b>		
Depreciation	3,504,411	3,479,864
Gain on sale of property, plant and equipment	(4,793,574)	(715,690)
Finance charges	874,056	2,231,968
	(415,107)	4,996,142
<b>Profit / (loss) Profit before changes in working capital</b>	<b>4,981,879</b>	<b>(11,777,698)</b>
<b>(Increase) / Decrease in current assets</b>		
Stock in trade	(8,453,533)	(5,172,199)
Trade debtors	586,577	13,180,170
Loan and advances	283,307	(3,592,305)
Other receivables	(2,074,456)	3,770,693
	<b>(9,658,105)</b>	<b>8,186,359</b>
<b>Increase / (Decrease) in current liabilities</b>		
Short term finances under mark-up arrangements	3,916,666	(4,280,555)
Trade and other payables	(7,416,910)	11,887,920
	<b>(3,500,244)</b>	<b>7,607,365</b>
Financial charges paid	(874,056)	(2,231,968)
Taxes paid	(2,757,279)	(2,034,657)
<b>Net cash inflow from operating activities</b>	<b>(11,807,805)</b>	<b>(250,599)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid		(922,802)
<b>Net cash (used in) financing activities</b>	<b>-</b>	<b>(922,802)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(3,340,854)	(705,983)
Proceeds from sale of property, plant and equipment	15,568,250	1,278,377
Investments	(138,136)	-
<b>Net cash (used in) investing activities</b>	<b>12,089,261</b>	<b>572,394</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>281,456</b>	<b>(601,007)</b>
Cash and cash equivalents at the beginning of the year	(4,674,031)	(4,351,246)
<b>Cash and cash equivalents at the end of the year</b>	<b>(4,392,575)</b>	<b>(4,952,253)</b>

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

NAEEM SHAFI  
Chief Executive

WASEEM SHAFI  
Director



International Knitwear Limited

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