



International Knitwear Limited

**REVIEW OF FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2014**



International Knitwear Limited



International Knitwear Limited

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Mr. Nacem Shafi Chief Executive  
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

### **WEBSITE**

[www.internationalknitwear.com](http://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 half year ended December 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

	July-December 2014 Rupees	July-December 2013 Rupees
<b>Continuing Operation</b>		
Sales	103,447,913	64,270,768
Cost of goods sold	(88,410,301)	(54,763,122)
Gross profit	15,037,612	9,507,646
Operating Profit	8,258,848	3,083,773
Taxation	(1,034,479)	(868,481)
Profit after taxation- Continuing operation	5,108,768	1,719,027
Profit from Discontinued operation	2,398,210	360,916
<b>Profit for the period</b>	<b>7,506,978</b>	<b>2,079,943</b>
<b>Earnings per share-basic and diluted</b>		
From continuing operation	1.58	0.53
From discontinued operation	0.74	0.11

### OVERVIEW

The worldwide economic condition has slightly been improved during the financial year under the review. As a result, our Company's Sales increased by around 60.95%. The significant growth took place in the exports of knitted products. However, due to non-conductive policies of government, particularly in value-added product have been affected from the continued energy crisis, mounting tariff of utilities, worsening law and order condition and substantial rise in the cost of doing business. During the period under review, the company registered total sales of Rs. 103,447,913 as against Rs. 64,270,768 for the corresponding period of last year.

The operating profit for the period under review recorded at Rs. 8,258,848/- as compared to the profit 3,083,773 for the same period last year.

After incorporating administrative & selling expenses, financial charges and other charges, profit after taxation for the period under review have amounted to Rs. 5,108,768 against profit of Rs. 1,719,027 in the corresponding period.

### Export Sales

Export sales volume increase to Rs. 49,971,631 against Rs.13,453,817. Compared to the corresponding period last year showing an increase by 271.43%. The increase in sales reflects on the quality and acceptability of our finished goods in international market.

### Local Sales

The company local sales for the period under review are Rs.53,476,281 against Rs.50,816,951 when compared with corresponding period last year showing an increase by 5.23%.

### Future Prospects

Our Company did well and achieved 60.95% in terms of growth in net sales (during the current period under review) from the corresponding period last year. Despite all the challenges faced by our textile sector, this success through full utilization of its production capacity, timely investments to procure raw material, business planning, aggressive marketing strategy, strong customer base and diversified product range.

### 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

NAEEM SHAFI  
Chief Executive

Karachi: February 24, 2015



# International Knitwear Limited

## AUDITORS' REVIEW REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

### INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of **International Knitwear Limited** as at December 31, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity for the half year then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2014.

### SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended December 31, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

**Engagement Partner: Mehmood A. Razzak**

*Karachi.*

*Dated: February 24, 2015*



# International Knitwear Limited

## CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2014

		(Un-Audited) December 2014 Rupees	(Audited) June 2014 Rupees
<b>ASSETS</b>	<b>Note</b>		
<b>Non-Current Assets</b>			
Property, plant and equipment	3	23,357,467	23,271,594
Long term deposits		1,607,669	1,607,669
Investments		1,388,688	1,054,415
		26,353,824	25,933,678
<b>Current Assets</b>			
Stock in trade		25,397,173	25,479,584
Trade debts - considered good	4	34,214,179	25,770,417
Loans and advances	5	555,968	1,210,745
Other receivables	6	1,754,153	934,422
Taxation - net		4,825,643	3,693,045
Cash and bank balances		630,756	124,646
		67,377,872	57,212,859
<b>TOTAL ASSETS</b>		<b>93,731,696</b>	<b>83,146,537</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	7	32,250,000	32,250,000
Reserves		12,421,642	4,914,664
		44,671,642	37,164,664
Unrealized gain on revaluation of investments- available for sale		519,972	458,172
		45,191,614	37,622,836
<b>Current Liabilities</b>			
Short term finance under mark-up arrangement		9,469,782	4,511,029
Creditors, accrued and other payables		39,070,300	41,012,672
		48,540,082	45,523,701
<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>93,731,696</b>	<b>83,146,537</b>

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

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



# International Knitwear Limited

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014  
UN-AUDITED**

	HALF YEAR ENDED		QUARTER ENDED	
	December 2014	December 2013	December 2014	December 2013
	Note	Rupees	Rupees	Rupees
Sales - net	103,447,913	64,270,768	53,947,644	35,076,405
Cost of goods sold	(88,410,301)	(54,763,122)	(45,690,547)	(30,623,703)
<b>Gross profit</b>	<b>15,037,612</b>	<b>9,507,646</b>	<b>8,257,097</b>	<b>4,452,702</b>
Administrative and selling expenses	(6,778,764)	(6,423,873)	(3,702,580)	(3,624,941)
<b>Operating profit</b>	<b>8,258,848</b>	<b>3,083,773</b>	<b>4,554,517</b>	<b>827,761</b>
Financial charges	(1,815,500)	(564,853)	(1,134,081)	(181,649)
Other income	332,939	287,397	81,732	204,446
Workers profit participation fund	(458,725)	(158,362)	(295,019)	(98,179)
Workers welfare fund	(174,315)	(60,447)	(112,107)	(34,960)
<b>Profit before taxation from continuing operation</b>	<b>6,143,247</b>	<b>2,587,508</b>	<b>3,095,042</b>	<b>717,419</b>
Taxation	(1,034,479)	(868,481)	(400,974)	(215,102)
<b>Profit after taxation from continuing operation</b>	<b>5,108,768</b>	<b>1,719,027</b>	<b>2,694,068</b>	<b>502,317</b>
<b>Discontinued Operations</b>				
Profit from discontinued operations	9 2,398,210	360,916	1,280,101	1,113,010
<b>Profit for the period</b>	<b>7,506,978</b>	<b>2,079,943</b>	<b>3,974,169</b>	<b>1,615,327</b>
<b>Earnings per share-basic and diluted</b>				
From continuing operations	1.58	0.53	0.84	0.16
From discontinued operation	0.74	0.11	0.40	0.35

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014 UN-AUDITED**

	HALF YEAR ENDED		QUARTER ENDED	
	December 2014	December 2013	December 2014	December 2013
	Rupees			
Profit for the period	7,506,978	2,079,943	3,974,169	1,615,327
<b>Reclassifiable to profit and loss account</b>				
Unrealized gain on revaluation of investment	61,800	125,501	21,302	183,932
<b>Total comprehensive income for the period</b>	<b>7,568,778</b>	<b>2,205,444</b>	<b>3,995,471</b>	<b>1,799,259</b>

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

**NAEEM SHAFI**  
Chief Executive

**JAVED KHAN**  
Director



# International Knitwear Limited

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2014 UN-AUDITED

	December 2014 Rupees	December 2013 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	8,541,457	2,948,424
<b>Adjustment for non cash items:</b>		
Depreciation	1,721,780	2,242,715
(Gain) on sale of property, plant and equipment	(3,682,154)	(1,990,050)
Financial charges	1,815,500	564,853
	(144,874)	817,518
<b>Profit before changes in working capital</b>	<b>8,396,583</b>	<b>3,765,942</b>
<b>(Increase) / decrease in current assets</b>		
Stock in trade	82,411	72,420
Trade debts	(8,443,762)	3,118,277
Loans and advances	654,777	(792,438)
Other receivables	(819,731)	9,491
	(8,526,305)	2,407,750
<b>Increase / (decrease) in current liabilities</b>		
Short term financing under markup arrangements	2,039,000	2,166,666
Creditors, accrued and other payables	(1,941,851)	(14,141,953)
	97,149	(11,975,287)
Financial charges paid	(1,815,500)	(564,853)
Taxes paid	(2,167,077)	(1,717,632)
Dividend paid	(521)	(207)
<b>Net cash (used in) operating activities</b>	<b>(4,015,671)</b>	<b>(8,084,287)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(3,302,500)	(2,009,322)
Proceeds from sale of property, plant and equipment	5,177,000	12,228,000
Investments	(272,472)	(138,136)
<b>Net cash inflow from investing activities</b>	<b>1,602,028</b>	<b>10,080,542</b>
<b>Net (decrease) / increase cash and cash equivalents</b>	<b>(2,413,643)</b>	<b>1,996,255</b>
Cash and cash equivalent at the beginning of the period	(536,384)	(4,674,031)
<b>Cash and cash equivalent at the end of the period</b>	<b>8 (2,950,026)</b>	<b>(2,677,776)</b>

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

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



# International Knitwear Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2014  
UN-AUDITED

	Issued, Subscribed and Paid-up Share Capital	Unrealized Gain on Revaluation of Investment	Unappropriated Profit	Total
	Rupees			
Balance as at June 30, 2013	32,250,000	136,472	1,194,840	33,581,312
<b>Total comprehensive income for the period</b>				
Profit for the half year ended December 31, 2013	-	-	2,079,943	2,079,943
Gain on revaluation of investment	-	125,501	-	125,501
	-	125,501	2,079,943	2,205,444
Balance as at December 31, 2013	<u>32,250,000</u>	<u>261,973</u>	<u>3,274,783</u>	<u>35,786,756</u>
Balance as at June 30, 2014	32,250,000	458,172	4,914,664	37,622,836
<b>Total comprehensive income for the period</b>				
Profit for the half year ended December 31, 2014	-	-	7,506,978	7,506,978
Gain on revaluation of investment	-	61,800	-	61,800
	-	61,800	7,506,978	7,568,778
Balance as at December 31, 2014	<u>32,250,000</u>	<u>519,972</u>	<u>12,421,642</u>	<u>45,191,614</u>

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

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director





# International Knitwear Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2014 UN-AUDITED

### 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 AND SIGNIFICANT ACCOUNTING POLICIES

2.1 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.

This condensed interim financial information comprise of the balance sheet as at December 31, 2014 and the profit and loss account, statement of comprehensive income, statement of changes in equity and the cash flow statement for the half year ended December 31, 2014.

2.2 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, 2014.

There are no IFRSs or IFRIC interpretations becoming effective during the period that would be expected to have a material impact on the company's condensed interim financial information.

### 3. PROPERTY, PLANT AND EQUIPMENT

	Additions (At Cost)		Deletions (At Cost)	
	(Un-Audited) December 31, 2014	(Audited) June 30, 2014	(Un-Audited) December 31, 2014	(Audited) June 30, 2014
	----- Rupees -----			
Factory building	-	1,442,562	-	-
Plant and machinery	2,425,000	2,401,820	(2,694,830)	(16,722,462)
Office equipment	41,000	-	(68,917)	-
Computers	121,500	136,350	(18,900)	(32,400)
Furniture and fixture	-	249,682	-	-
Motor vehicles	715,000	-	(260,000)	-
	<u>3,302,500</u>	<u>4,230,414</u>	<u>(3,042,647)</u>	<u>(16,754,862)</u>

### 4. TRADE DEBTS - CONSIDERED GOOD

Export - secured, considered good

3,305,459

7,305,602

Local - unsecured

- Considered good

30,908,720

18,464,815

- Considered doubtful

4,687,728

4,687,728

35,596,448

23,152,543

Less: Provision for doubtful debts

(4,687,728)

(4,687,728)

34,214,179

25,770,417

(Un-Audited)  
December  
2014  
Rupees

(Audited)  
June  
2014  
Rupees



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2014 UN-AUDITED

	(Un-Audited) December 2014 Rupees	(Audited) June 2014 Rupees
<b>5. LOANS AND ADVANCES</b>		
<b>Loans - unsecured, considered good</b>		
- Loan to employees	231,500	205,750
<b>Advances - unsecured, considered good</b>		
- Advance to contractors, employees and suppliers	324,468	1,004,995
	<u>555,968</u>	<u>1,210,745</u>
<b>6. OTHER RECEIVABLES</b>		
Sales tax refundable	-	53,775
Export rebate receivables	445,798	356,940
Other receivable	1,308,355	523,707
	<u>1,754,153</u>	<u>934,422</u>
<b>7. SHARE CAPITAL</b>		
<b>Authorized share capital</b>		
	<b>Number of Shares</b>	
	<b>December 2014</b>	<b>June 2014</b>
	6,000,000	6,000,000
	4,000,000	-
	<u>10,000,000</u>	<u>6,000,000</u>
	Ordinary Shares of Rs. 10/- each	Ordinary Shares of Rs. 10/- each
	<u>100,000,000</u>	<u>60,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>		
	<b>Number of Shares</b>	
	<b>December 2014</b>	<b>June 2014</b>
	3,000,000	3,000,000
	225,000	225,000
	<u>3,225,000</u>	<u>3,225,000</u>
	Ordinary shares of Rs. 10/- each fully paid in cash.	Ordinary shares of Rs. 10/- each fully paid in cash.
	30,000,000	30,000,000
	2,250,000	2,250,000
	Ordinary shares of Rs. 10/- each issued as bonus shares	Ordinary shares of Rs. 10/- each issued as bonus shares
	<u>32,250,000</u>	<u>32,250,000</u>
<b>8. CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	630,756	124,646
Less: Short term running finance	(3,580,782)	(661,029)
	<u>(2,950,026)</u>	<u>(536,383)</u>



# International Knitwear Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2014 UN-AUDITED

(Un-Audited) (Audited)  
December June  
2014 2014  
Rupees Rupees

### 9. DISCONTINUED OPERATIONS

In December 2012 the company decided to discontinue its dyeing segment.

	HALF YEAR ENDED		QUARTER ENDED	
	December 2014 Rupees	December 2013 Rupees	December 2014 Rupees	December 2013 Rupees
Sales	-	-	-	-
Cost of goods sold	(1,090,290)	(1,621,134)	(541,899)	(624,610)
<b>Gross (loss)</b>	<b>(1,090,290)</b>	<b>(1,621,134)</b>	<b>(541,899)</b>	<b>(624,610)</b>
Other income	3,488,500	1,982,050	1,822,000	1,737,620
<b>Profit for the period</b>	<b><u>2,398,210</u></b>	<b><u>360,916</u></b>	<b><u>1,280,101</u></b>	<b><u>1,113,010</u></b>

### 10. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged, wherever necessary.

### 11. DATE OF AUTHORIZATION

This financial information was authorized on February 24, 2015 by the Board of Directors of the Company

### 12. GENERAL

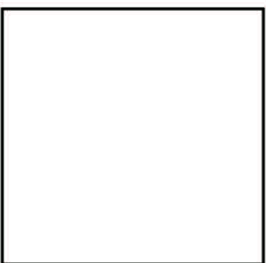
Figures have been rounded off to nearest rupees.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



International Knitwear Limited



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