



International Knitwear Limited

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**REVIEW OF FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2015**



International Knitwear Limited



# International Knitwear Limited

## COMPANY INFORMATION

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<b>BOARD OF DIRECTORS</b>	Mr. Naem Shafi Mr. Waseem Shafi Mr. Javed Khan Mr. Muhammad Shafi Mr. Muhammad Bilal Zuberi Mr. Muhammad Sajid Hussain Mr. Arshad Ahmed	Chief Executive
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<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	Mr. Javed Khan
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<b>AUDIT COMMITTEE</b>	Mr. Waseem Shafi Mr. Arshad Ahmed Mr. Muhammad Shafi	Chairman
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<b>HR &amp; REMUNERATION COMMITTEE</b>	Mr. Muhammad Bilal Zuberi Mr. Arshad Ahmed Mr. Muhammad Sajid Hussain	Chairman
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<b>AUDITORS</b>	Baker Tilly Mehmood Idrees Qamar Chartered Accountants
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<b>LEGAL ADVISOR</b>	Ali Associates
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<b>BANKERS</b>	Bank AL-Habib Limited Habib Bank Limited
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<b>REGISTERED OFFICE &amp; FACTORY</b>	F-2A/(L), S.I.T.E., Karachi-75730.
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<b>REGISTRAR</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shakra-e-Faisal, Karachi-74400
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<b>WEBSITE</b>	<a href="http://www.internationalknitwear.com">www.internationalknitwear.com</a>
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# 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, 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-December 2015	July-December 2014
<b><u>Continuing Operation</u></b>	<b>Rupees</b>	<b>Rupees</b>
Sales	91,418,345	103,447,913
Cost of goods sold	(81,995,059)	(88,410,301)
Gross profit	9,423,286	15,037,612
Operating Profit	2,591,284	8,258,848
Other Income	8,526,402	332,939
Profit after taxation- Continuing operation	7,705,643	5,108,768
(Loss)/Profit from Discontinued operation	(1,135,937)	2,398,210
<b>Profit for the period</b>	<b>6,569,707</b>	<b>7,506,978</b>
<b><u>Earnings per share-basic and diluted</u></b>		
From continuing operation	1.19	1.58
From discontinued operation	(0.18)	0.74

### PROFIT AND LOSS ANALYSIS

Sales during the half year under review were Rs.91,418,345 against Rs. 103,447,913 in the corresponding 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. 7,705,643 against profit of Rs. 5,108,768 in the corresponding period.

### SALES

During the period under review sales decreased both in local and international markets due to low demand and intense competition. We are facing high competition in the neighboring countries because of rapid rise of wages, Concerns about work place conditions and energy cost. Due to depressed market condition in local as well as international market which brought about lesser sales volumes. The adverse effect resulted decrease in margins due to the increase cost of various inputs. During the entire period raw material prices remained volatile which affected the cost of purchases and the cost of goods manufactured towards the high side.

Despite all these difficulties, the company is committed to enhance its sales and to achieve a sustainable growth in terms of its profitability.

We are monitoring market situation closely and taking all possible measures to absorb the obstacles in the coming days. We are confident that with our proactive approach we will be able to sail through this difficult phase.

### FUTURE OUTLOOK

The management of the company is putting its best professional effort to compete in the local and international market. Controls are strengthened, wastes are reduced and production efficiency as well as production has been increased.

We hope all these arrangements will contribute towards the reduction in company's fixed cost as well as variable cost and management expects better performance in upcoming six months of ongoing financial year.

### ACKNOWLEDGEMENT

The board is pleased to thanks to valued shareholders for the confidence and moral support to the company. In particular, we want to express our appreciation to all our Bankers who have supported us throughout the period. We also record its appreciation for the sincerity and hard work of the staff and workers.

On behalf of the Board

NAEEM SHAFI  
Chief Executive

Karachi: February 24, 2016



# International Knitwear Limited

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## 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, 2015 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, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

### 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, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

*Baker Tilly Mahmood Idus Qan*

Engagement Partner: Muhammad Aqeel Ashraf Tabani

Karachi.

Dated: February 24, 2016



# International Knitwear Limited

## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

		(Un-Audited) December 2015 Rupees	(Audited) June 2015 Rupees
<b>ASSETS</b>	<b>Note</b>		
<b>Non-Current Assets</b>			
Property, plant and equipment		20,434,150	20,095,361
Long term deposits		1,500,000	1,500,000
Investments		50,822,700	42,677,438
		72,756,850	64,272,799
<b>Current Assets</b>			
Stock-in-trade		27,738,451	27,607,551
Trade debts - considered good	4	22,804,550	15,547,426
Loans and advances	5	4,213,003	2,362,492
Other receivables	6	1,004,377	1,718,339
Taxation - net		7,267,164	6,039,056
Cash and bank balances		3,155,634	6,188,564
		66,183,179	59,463,428
<b>TOTAL ASSETS</b>		<b>138,940,029</b>	<b>123,736,227</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	7	64,500,000	64,500,000
Reserves		14,667,952	14,548,245
		79,167,952	79,048,245
Unrealized gain on revaluation of investments- available for sale		16,365,189	11,855,847
		95,533,141	90,904,092
<b>Current Liabilities</b>			
Short term finance under mark-up arrangement		8,636,376	2,846,046
Creditors, accrued and other payables		34,770,512	29,986,089
		43,406,888	32,832,135
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>138,940,029</b>	<b>123,736,227</b>

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

NAEEM SHAFI  
Chief Executive

JAVID KHAN  
Director



# International Knitwear Limited

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2015 UN-AUDITED

Note	HALF YEAR ENDED		QUARTER ENDED	
	December 2015	December 2014	December 2015	December 2014
	Rupees	Rupees	Rupees	Rupees
Sales - net	91,418,345	103,447,913	51,273,855	53,947,644
Cost of goods sold	(81,995,059)	(88,410,301)	(47,224,056)	(45,690,547)
<b>Gross profit</b>	<b>9,423,286</b>	<b>15,037,612</b>	<b>4,049,799</b>	<b>8,257,097</b>
Administrative and selling expenses	(6,832,002)	(6,778,764)	(3,492,502)	(3,702,580)
<b>Operating profit</b>	<b>2,591,284</b>	<b>8,258,848</b>	<b>557,297</b>	<b>4,554,517</b>
Financial charges	(1,942,043)	(1,815,500)	(1,547,446)	(1,134,081)
Other income	8,526,402	332,939	7,699,108	81,732
Workers profit participation fund	(402,000)	(458,725)	(278,666)	(295,019)
Workers welfare fund	(154,000)	(174,315)	(107,133)	(112,107)
<b>Profit before taxation from continuing operation</b>	<b>8,619,643</b>	<b>6,143,247</b>	<b>6,323,160</b>	<b>3,095,042</b>
Taxation	(914,000)	(1,034,479)	(512,555)	(400,974)
<b>Profit after taxation from continuing operation</b>	<b>7,705,643</b>	<b>5,108,768</b>	<b>5,810,605</b>	<b>2,694,068</b>
<b>Discontinued Operations</b>				
(Loss) / profit from discontinued operations	9 (1,135,937)	2,398,210	(574,269)	1,280,101
<b>Profit for the period</b>	<b>6,569,707</b>	<b>7,506,978</b>	<b>5,236,337</b>	<b>3,974,169</b>
<b>Earnings / (loss) per share-basic and diluted</b>				
From continuing operations	1.19	1.58	0.90	0.84
From discontinued operation	(0.18)	0.74	(0.09)	0.40

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED DECEMBER 31, 2015 UN-AUDITED

	HALF YEAR ENDED		QUARTER ENDED	
	December 2015	December 2014	December 2015	December 2014
	Rupees	Rupees	Rupees	Rupees
Profit for the period	6,569,707	7,506,978	5,236,337	3,974,169
Reclassifiable to profit and loss account				
Unrealized gain on revaluation of investment	4,509,342	61,800	4,509,342	21,302
<b>Total comprehensive income for the period</b>	<b>11,079,049</b>	<b>7,568,778</b>	<b>9,745,679</b>	<b>3,995,471</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, 2015 UN-AUDITED

	Issued, Subscribed and Paid-up Share Capital	Unrealized Gain on Revaluation of Investment	Unappropriated Profit	Total
	----- Rupees -----			
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
<b>Balance as at December 31, 2014</b>	<b>32,250,000</b>	<b>519,972</b>	<b>12,421,642</b>	<b>45,191,614</b>
Balance as at June 30, 2015	64,500,000	11,855,847	14,548,245	90,904,092
<b>Total comprehensive income for the period</b>				
Profit for the half year ended December 31, 2015	-	-	6,569,707	6,569,707
Gain on revaluation of investment	-	4,509,342	-	4,509,342
<b>Transaction with owners:</b>				
10% Cash dividend paid for the year ended June 30, 2015	-	-	(6,450,000)	(6,450,000)
	-	4,509,342	119,707	4,629,049
<b>Balance as at December 31, 2015</b>	<b>64,500,000</b>	<b>16,365,189</b>	<b>14,667,952</b>	<b>95,533,141</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, 2015 UN-AUDITED

	Note	December 2015 Rupees	December 2014 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		7,483,706	8,541,457
<b>Adjustment for non cash items:</b>			
Depreciation		1,559,009	1,721,780
(Gain) on sale of property, plant and equipment		-	(3,682,154)
Financial charges		1,942,043	1,815,500
Gain on disposal of investment		(7,443,083)	-
		<u>(3,942,031)</u>	<u>(144,874)</u>
<b>Profit before changes in working capital</b>		<b>3,541,675</b>	<b>8,396,583</b>
<b>(Increase) / decrease in current assets</b>			
Stock in trade		(130,900)	82,411
Trade debts		(7,257,124)	(8,443,762)
Loans and advances		(1,850,511)	654,777
Other receivables		713,962	(819,731)
		<u>(8,524,573)</u>	<u>(8,526,305)</u>
<b>Increase / (decrease) in current liabilities</b>			
Short term financing under markup arrangements		2,141,000	2,039,000
Creditors, accrued and other payables		592,940	(1,941,852)
		<u>2,733,940</u>	<u>97,148</u>
Financial charges paid		(1,942,043)	(1,815,500)
Taxes paid		(2,142,109)	(2,167,077)
Dividend paid		(2,258,517)	(521)
<b>Net cash (used in) operating activities</b>		<b>(8,591,627)</b>	<b>(4,015,671)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(1,897,796)	(3,302,500)
Proceeds from sale of property, plant and equipment		-	5,177,000
Sale of Investments		27,709,804	(272,472)
Purchase of Investments		(23,902,641)	-
<b>Net cash inflow from investing activities</b>		<b>1,909,367</b>	<b>1,602,028</b>
<b>Net (decrease) cash and cash equivalents</b>		<b>(6,682,260)</b>	<b>(2,413,643)</b>
Cash and cash equivalent at the beginning of the period		5,842,517	(536,384)
<b>Cash and cash equivalent at the end of the period</b>	<b>8</b>	<b><u>(839,743)</u></b>	<b><u>(2,950,026)</u></b>

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

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director





# International Knitwear Limited

## NOTES FOR THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2015 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, 2015 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, 2015.

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, 2015.

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, 2015	(Audited) June 30, 2015	(Un-Audited) December 31, 2015	(Audited) June 30, 2015

	Rupees			
Factory building	1,512,283	-	-	-
Plant and machinery	822,336	2,669,800	-	(8,447,416)
Office equipment	-	41,000	-	(96,163)
Computers	-	154,600	-	(66,000)
Motor vehicles	-	715,000	-	(260,000)
	<u>2,334,619</u>	<u>3,580,400</u>	<u>-</u>	<u>(8,869,579)</u>

#### 3.1 Movement in Capital Work in Progress

Opening balances	1,277,593
Add: Additions during the period	1,065,260
Less: Transfer to operating assets	(1,512,283)
	<u>830,570</u>



# International Knitwear Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2015 UN-AUDITED

	(Un-Audited) December 2015 Rupees	(Audited) June 2015 Rupees
<b>4. TRADE DEBTS - CONSIDERED GOOD</b>		
Export - secured, considered good	9,520,882	4,183,413
<b>Local - unsecured</b>		
- Considered good	13,283,669	11,364,013
- Considered doubtful	4,687,728	4,687,728
	17,971,397	16,051,741
Less: Provision for doubtful debts	(4,687,728)	(4,687,728)
	<u>22,804,550</u>	<u>15,547,426</u>
<b>5. LOANS AND ADVANCES</b>		
<b>Loans - unsecured, considered good</b>		
- Loan to employees	1,221,500	745,000
<b>Advances - unsecured, considered good</b>		
- Advance to contractors, employees and suppliers	2,923,098	1,549,086
- Prepayments	68,405	68,406
	2,991,503	1,617,492
	<u>4,213,003</u>	<u>2,362,492</u>
<b>6. OTHER RECEIVABLES</b>		
Sales tax refundable	125,457	179,974
Export rebate receivables	726,854	674,358
Other receivable	152,066	864,007
	<u>1,004,377</u>	<u>1,718,339</u>
<b>7. SHARE CAPITAL</b>		
<b>Authorized share capital</b>		
<b>Number of Shares</b>		
<b>December 2015</b>	<b>June 2015</b>	
10,000,000	10,000,000	
<u>10,000,000</u>	<u>10,000,000</u>	100,000,000
		100,000,000
		<u>100,000,000</u>
		<u>100,000,000</u>
<b>Issued, subscribed and paid-up share capital</b>		
<b>Number of Shares</b>		
<b>December 2015</b>	<b>June 2015</b>	
3,000,000	3,000,000	30,000,000
		30,000,000
225,000	225,000	2,250,000
		2,250,000
3,225,000	3,225,000	32,250,000
		32,250,000
<u>6,450,000</u>	<u>6,450,000</u>	<u>64,500,000</u>
		<u>64,500,000</u>



# International Knitwear Limited

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2015 UN-AUDITED

	(Un-Audited) December 2015 Rupees	(Audited) June 2015 Rupees
<b>8. CASH AND CASH EQUIVALENT</b>		
Cash and bank balances	3,155,634	6,188,564
Less: Short term running finance	(3,995,376)	(346,046)
	<u>(839,743)</u>	<u>5,842,518</u>
<b>9. DISCONTINUED OPERATIONS</b>		
In December 2012 the company decided to discontinue its dyeing segment.		

	HALF YEAR ENDED		QUARTER ENDED	
	December 2015 Rupees	December 2014 Rupees	December 2015 Rupees	December 2014 Rupees
Sales	-	-	-	-
Cost of goods sold	(1,135,937)	(1,090,290)	(574,269)	(541,899)
<b>Gross (loss)</b>	<u>(1,135,937)</u>	<u>(1,090,290)</u>	<u>(574,269)</u>	<u>(541,899)</u>
Other income	-	3,488,500	-	1,822,000
<b>(Loss) / profit for the period</b>	<u>(1,135,937)</u>	<u>2,398,210</u>	<u>(574,269)</u>	<u>1,280,101</u>

**10. CORRESPONDING FIGURES**

Corresponding figures' have been reclassified / rearranged, wherever necessary.

**11. DATE OF AUTHORIZATION**

This financial information was authorized on February 24, 2016 by the Board of Directors of the Company.

**12. GENERAL**

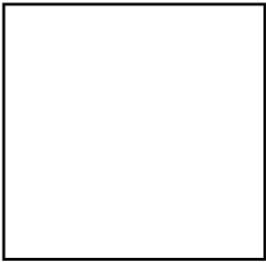
Figures have been rounded off to nearest rupees.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



**International Knitwear Limited**



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