

International Knitwear Limited



**FIRST QUARTER REPORT
FOR THE QUARTER ENDED
SEPTEMBER 2019**



COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Waseem Shafi Mr. Naeem Shafi Mr. Javed Khan Mr. Muhammad Shafi Mr. Muhammad Sajid Hussain Mr. Mudassir Habib Khan Ms. Saleha Majid	Chairman Chief Executive
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CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Mr. Javed Khan
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AUDIT COMMITTEE	Ms. Saleha Majid Mr. Muhammad Sajid Hussain Mr. Mudassir Habib Khan
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HR & REMUNERATION COMMITTEE	Ms. Saleha Majid Mr. Muhammad Shafi Mr. Muhammad Sajid Hussain
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AUDITORS	RSM Avais Hyder Liaquat Nauman Chartered Accountants
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LEGAL ADVISOR	Ali Associates
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BANKERS	Bank AL-Habib Limited Habib Bank Limited
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REGISTERED OFFICE & FACTORY	F-2A/(L), S.I.T.E., Karachi-75730.
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REGISTRAR	CDC Registrar Services Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shakra-e-Faisal, Karachi-74400
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WEBSITE	www.internationalknitwear.com
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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, 2019.

FINANCIAL PERFORMANCE

	Un-Audited	
	July-September 2019	July-September 2018
	Rupees	Rupees
Net Sales	182,240,407	83,176,074
Cost of goods sold	(165,677,788)	(70,135,513)
Gross profit	16,562,619	13,040,561
Profit before taxation	5,854,733	1,867,084
Profit after taxation	4,032,329	1,035,323
Earnings per share	0.42	0.11

PROFIT AND LOSS ANALYSIS

During the period under review the net sales of the Company amounted to Rs.182.24 million against Rs. 83.17 million in the preceding year. There has been a gross profit of Rs. 16.56 million during the period under review against Rs. 13.04 million as compared to the previous year reflecting an increase by 3.52 million.

Sales recorded at Rs. 182.24 million against Rs. 83.17 million of the last year, showing an increase of Rs. 99.07 million and growth by 119.11%. This could be achieved mainly due to acceptability of our products internationally and nationwide, despite various challenges being faced by the industry.

FUTURE OUTLOOK

The rupee devaluation by 35% during the outgoing year and there may be further correction against the USD. The inflation is also on the rise and it could put pressure on buying power of consumer and ultimately effect on local segment of our business. Furthermore imposition of GST 17% on Textile export sector will adversely affect the cash flows / would increase borrowing and would make extremely difficult for foreign exchange earning Industry that is surviving on negligible margin to compete world wide

ACKNOWLEDGEMENT

The Company remains grateful to its shareholders, employees, suppliers, contractors and customers for their confidence in the Company and their tireless efforts in deriving the Company on the path of growth and prosperity.

On behalf of the Board

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director & Chief Financial Officer



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

		(Un-Audited) SEPTEMBER 2019 Rupees	(Audited) JUNE 2019 Rupees
ASSETS	Note		
Non-Current Assets			
Property, plant and equipment	4	31,830,536	32,134,519
Long term deposits		2,052,600	2,052,600
Long term loan	8	339,000	703,000
Long term investments	5	16,392,172	17,769,756
		50,614,308	52,659,875
Current Assets			
Stock in trade	6	112,590,132	120,400,006
Short term investments	5	4,627,465	4,177,071
Trade debts - considered good	7	93,182,339	54,580,348
Loans and advances	8	2,580,508	4,050,811
Other receivables	9	28,518,627	18,882,741
Taxation - net		21,935,839	21,607,985
Cash and bank balances	10	391,498	2,682,797
		263,826,408	226,381,759
TOTAL ASSETS		314,440,715	279,041,634
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed & paid-up capital		96,750,000	96,750,000
Revenue Reserves			
Unappropriated profit		32,316,705	28,449,084
		129,066,705	125,199,084
Capital Reserves			
Unrealized (loss) / gain on revaluation of investments - FVTOCI		(4,907,145)	(3,689,453)
		124,159,560	121,509,631
Non-Current Liabilities			
Long term liability against assets subject to finance lease		2,048,904	2,048,904
			2,048,904
Current Liabilities			
Short term finance under mark-up arrangement	11	79,831,946	69,159,154
Current maturity of liability against assets subject to finance lease		304,282	401,891
Creditors, accrued and other payables	12	106,575,375	84,398,930
Unclaimed dividend		1,520,647	1,523,125
		188,232,250	155,483,100
Contingencies and Commitments		-	-
TOTAL EQUITY AND LIABILITIES		314,440,715	279,041,635

The annexed notes 1 to 15 form an integral part of these financial statements.

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



International Knitwear Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	30-Sep-19 Rupees	30-Sep-18 Rupees
Net sales	182,240,407	83,176,074
Cost of goods sold	(165,677,788)	(70,135,513)
Gross profit	16,562,619	13,040,561
Administrative and selling expenses	(5,945,199)	(5,217,009)
Operating profit	10,617,420	7,823,552
Other income	642,480	659,747
Unrealized (loss) on revaluation of investments through P&L	(276,585)	(4,163,008)
	365,895	(3,503,261)
	10,983,315	4,320,291
Finance cost	(4,696,296)	(2,314,831)
Other charges	(432,286)	(138,377)
	(5,128,582)	(2,453,208)
Profit before taxation	5,854,733	1,867,084
Taxation	(1,822,404)	(831,761)
Profit after taxation	4,032,329	1,035,323
Earnings per share - basic and diluted	0.42	0.11

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	30-Sep-19 Rupees	30-Sep-18 Rupees
Profit after taxation for the period	4,032,329	1,035,323
Other comprehensive loss		
Items that will not be subsequently reclassified to statement of profit or loss		
Unrealised loss on remeasurement of investments classified as FVTOCI	(1,217,692)	(1,665,240)
Reclassification of OCI component on disposal of FVTOCI investment directly into equity	(164,708)	-
	(1,382,400)	(1,665,240)
Total comprehensive (loss) / income for the period	2,649,929	(629,917)

The annexed notes 1 to 15 form an integral part of these financial statements.

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



International Knitwear Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	-----Reserves-----			
	Issued, Subscribed and Paid up Share Capital	Unrealized gain / (loss) on revaluation of investments	--Capital Reserve-- --Revenue Reserve-- Unappropriated profit	Total
	----- Rupees -----			
Balance as at July 01, 2018	96,750,000	14,360,264	23,362,841	134,473,105
Total comprehensive income:				
Net profit for the year ended June 30, 2019	-	-	10,237,662	10,237,662
Reclassification on disposal of FVTOCI directly into equity	-	-	(313,919)	(313,919)
Fair value adjustment on investment classified as FVTOCI	-	(18,049,717)	-	(18,049,717)
Transaction with owners:				
5% cash dividend paid for the year ended June 30, 2018	-	-	(4,837,500)	(4,837,500)
Balance as at June 30, 2019	96,750,000	(3,689,453)	28,449,084	121,509,631
Total comprehensive income:				
Net profit for the period ended September 30, 2019	-	-	4,032,329	4,032,329
Reclassification on disposal of FVTOCI directly into equity	-	-	(164,708)	(164,708)
Fair value adjustment on investment classified as FVTOCI	-	(1,217,692)	-	(1,217,692)
Balance as at September 30, 2019	96,750,000	(4,907,145)	32,316,705	124,159,560

The annexed notes 1 to 15 form an integral part of these financial statements.

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Note	30-Sep-19 Rupees	30-Sep-18 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		5,854,733	1,867,084
Adjustment for non cash items:			
Depreciation		1,078,735	834,377
Other (income)/loss		(536,487)	(1,311,202)
Finance cost		4,696,296	2,314,831
		<u>5,238,544</u>	<u>1,838,006</u>
Profit before changes in working capital		11,093,277	3,705,090
Increase in current assets			
Stock in trade		7,809,874	(59,531,351)
Trade debts		(38,601,991)	5,743,588
Loans and advances		1,834,303	(5,944,789)
Other receivables		(9,635,886)	(267,063)
		<u>(38,593,700)</u>	<u>(59,999,615)</u>
Increase / (decrease) in current liabilities			
Creditors, accrued and other payables		22,176,445	21,364,902
		<u>22,176,445</u>	<u>21,364,902</u>
Financial charges paid		(4,696,296)	(2,314,831)
Taxes paid		(2,150,258)	(1,884,479)
Net cash generated used in operating activities		(12,170,531)	(39,128,934)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(555,700)	(2,279,507)
Additions in investment		(12,294,838)	(20,807,396)
Disposal of investment		12,157,199	27,355,270
Long term deposits		-	(552,600)
Finance lease rentals paid		(97,609)	-
Net cash (used in) / generated from investing activities		(790,948)	3,715,767
CASH FLOW FROM FINANCING ACTIVITIES			
Cash proceeds from short term finance under markup arrangement		83,818,752	54,250,000
Repayment of short term finance under markup arrangement		(73,145,960)	(20,085,087)
Dividend paid		(2,612)	562
Net cash generated from / (used in) financing activities		10,670,181	34,165,475
Net (decrease)/ increase in cash and cash equivalents		(2,291,298)	(1,247,692)
Cash and cash equivalents at the beginning of the year		2,682,797	1,661,962
Cash and cash equivalents at the end of the year	10	<u>391,498</u>	<u>414,271</u>

The annexed notes 1 to 15 form an integral part of these financial statements.

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

1 STATUS AND NATURE OF THE BUSINESS

International Knitwear Limited (hereinafter referred as the "Company" or "IKL") is incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. The geographical location and address of the head office and manufacturing plant of the Company is Plot # F-2A/L, SITE, Karachi, Pakistan.

We are leaders in creating, developing and manufacturing knitted and woven apparel products right from basic to highly fashioned garments. We are engaged in the export of quality garments. We have established a name of credentials owing to the projected commitments, working speed and quality practices. Our operating philosophy is to provide buyers with products that meet their specification, and are reliably delivered at a reasonable price in domestic and international markets.

2 BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

This condensed interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative statement of profit or loss account, comparative statement of comprehensive income, comparative cash flows statement and comparative statement of changes in equity are extracted from unaudited interim financial information for the period ended September 30, 2018.

The preparation of these condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this condensed interim financial information, the significant judgments made by the management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2019.

The Company's accounting and financial risk management policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2019.

3 ACCOUNTING POLICIES

The Company's accounting and financial risk management policies and methods of computation of this condensed interim financial information are the same as those followed in the preparation of annual financial statements for the preceding financial year ended June 30, 2019.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Note	(Un-audited) September 30, 2019	(Audited) June 30, 2019
	------(Rupees)-----	
4 Property, plant & equipment		
Property and equipment - at cost less accumulated depreciation	31,611,486	32,134,519
Capital work in progress	219,050	-
	31,830,536	32,134,519
4.1 Additions / adjustments at cost		
Factory building	-	2,959,266
Plant and machinery	495,000	2,538,000
Computers	42,200	196,900
Furniture Fitting	18,500	521,355
Office equipment	-	357,000
Motor vehicles	-	1,029,500
Leased Motor vehicles	-	2,897,000
	555,700	10,499,021
4.2 Deletions / write-off / adjustments at cost		
Plant and machinery	-	1,218,145
Computers	-	306,790
Furniture Fitting	-	666,005
Office equipment	-	277,158
	-	2,468,098
4.3 Movement in Capital Work in Progress		
Opening balances	-	-
Add: Additions during the period	219,050	2,959,266
Less: Transfer to operating assets	-	(2,959,266)
	219,050	-
5 INVESTMENTS		
At fair value through other comprehensive income (FVTOCI)		
Equity securities - listed	5.1 16,392,172	17,769,757
At fair value through profit or loss (FVTPL)		
Equity securities - listed	5.2 4,221,930	3,717,501
Mutual funds - listed	5.3 405,535	459,570
	21,019,637	21,946,828
5.1 FVTOCI - Equity Securities		
- The Searle Company Limited	16,088,948	15,916,564
- Indus Motor Company Ltd	-	1,541,018
- Engro Corporation Limited	146,790	146,080
- Pakistan Petroleum Limited	156,434	166,095
	16,392,172	17,769,757
5.2 FVTPL - Equity securities		
- The Searle Company Limited.	4,221,930	3,548,952
- Indus Motor Company Ltd	-	168,549
	4,221,930	3,717,501
5.3 FVTPL - Mutual Funds		
Name of the Fund		
- AKD Opportunity Funds	405,535	459,570
6 STOCK IN TRADE		
Raw material	30,033,310	26,710,382
Work-in-process	60,754,269	59,404,553
Finished goods	21,802,553	34,285,071
	112,590,132	120,400,006



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

7 TRADE DEBTS - CONSIDERED GOOD

Foreign - secured, considered good	35,135,793	38,390,880
Gain on translation of export debtors	-	5,313,961
	35,135,793	43,704,841
Local - unsecured		
- Considered good	58,046,546	10,875,507
- Considered doubtful	1,236,162	1,236,162
	59,282,708	12,111,669
Less: Provision for bad debts	(1,236,162)	(1,236,162)
	93,182,339	54,580,348

8 LOANS AND ADVANCES

Loan to employees - Long term portion - unsecured, considered good	8.1	339,000	703,000
Short term Advances - unsecured, considered good	8.2	2,580,508	4,050,811
		2,919,508	4,753,811
8.1 Loan to employees - Long term portion - unsecured, considered good			
Loan to employees		1,759,500	1,267,500
Less: current portion of loan to employees		(1,420,500)	(564,500)
		339,000	703,000
8.2 Short term Advances - unsecured, considered good			
Advance to contractor and supplier		1,096,408	3,422,711
Current portion of advances to employees		1,420,500	564,500
Prepayments		63,600	63,600
		2,580,508	4,050,811

9 OTHER RECEIVABLES

Sales tax refundable	9,487,564	2,643,021
Export rebate receivables	3,311,724	2,501,493
Research and development receivable	15,457,071	13,056,054
Other receivable	262,268	682,173
	28,518,627	18,882,741

10 CASH AND BANK BALANCES

Cash in hand	63,292	100,000
With banks in:		
- Treasures call accounts (deposit accounts)	1,712,314	3,944,447
- Current accounts	115,892	138,350
	1,828,206	4,082,797
Security deposit	(1,500,000)	(1,500,000)
	391,498	2,682,797

11 SHORT TERM FINANCE UNDER MARK-UP ARRANGEMENT

Running finance facility	5,898,946	5,909,632
Export refinance facility	68,933,000	59,000,000
Discount against local LC	5,000,000	4,249,522
	79,831,946	69,159,154

12 CREDITORS, ACCRUED AND OTHER PAYABLES

Creditors	86,948,785	68,687,752
Accrued expenses	12,143,366	9,585,111
Compensated absences payable	1,716,382	1,624,468
Other fund payable	556,308	487,306
Workers' profit participation fund	1,105,338	792,087
Workers' welfare fund	2,220,345	2,101,310
Contract liability	1,063,781	485,748
Advance from others	340,000	340,075
Others	481,070	295,073
	106,575,375	84,398,930

13 Corresponding figures

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

14 Date of authorization

These financial statements were approved by the board of directors of the Company and authorized for issue on October 30, 2019.

15 General

Figures have been rounded off to nearest rupees.

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



ڈائریکٹران کی رپورٹ

انٹرنیشنل ویئر لمیٹڈ (IKL) کا بورڈ آف ڈائریکٹرز کمپنی کی سرمایہ مدت ختم شدہ 30 ستمبر 2019 کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے اظہار مسرت کرتا ہے۔
مالیاتی کارکردگی

غیر آڈٹ شدہ		
جولائی تا ستمبر 2018	جولائی تا ستمبر 2019	
روپے		
83,176,074	182,240,407	منافع و خسارہ
(70,135,513)	(165,677,788)	خالص فروخت
13,040,561	16,562,619	لاگت فروخت
1,867,084	5,854,733	خالص منافع
1,035,323	4,032,329	منافع قبل از ٹیکس
0.11	0.42	منافع بعد از ٹیکس
		فی حصص آمدن

منافع و خسارہ کا تجزیہ

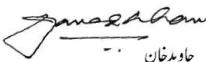
جائزہ مدت کے دوران کمپنی کی خالص فروخت 182.24 ملین روپے رہی جبکہ گزشتہ سال 83.17 ملین روپے تھی۔ جائزہ مدت کا خالص منافع 16.56 ملین روپے رہا جبکہ گزشتہ سال 13.04 ملین روپے تھا جس سے 3.52 فیصد اضافہ کی عکاسی ہوتی ہے۔ فروخت گزشتہ سال کے 83.17 ملین روپے کے مقابلے میں بڑھ کر 182.24 ملین روپے ہو گئیں جس میں 99.07 ملین روپے اور بلحاظ شرح فیصد 119.11 فیصد اضافے کی عکاسی ہوتی ہے۔ صنعت کو درپیش چیلنجز کے باوجود نتائج کا حصول قومی اور عالمی سطح پر ہماری مصنوعات کی بڑھتی ہوئی مقبولیت کی وجہ سے ہے۔

مستقبل کی پیش بینی

گزرے سال کے دوران روپے کی قدر میں 35 فیصد کمی ہوئی اور USD کے مقابلے میں اس میں مزید روٹھی ہو سکتی ہے۔ انفرافلز میں بھی اضافہ کا رجحان ہے اور یہ صارفین کی قوت خرید پر باڈ ڈال سکتا ہے اور جس کے نتیجے میں ہمارے کاروبار کے مقامی شعبے پر اثرات مرتب ہو سکتے ہیں۔ مزید برآں بنگلہ دیش کے برآمدی شعبے پر 17 فیصد GST کے نفاذ سے نقدی کے بہاؤ پر ماحول پر اثرات مرتب ہو سکتے ہیں اور قرض میں اضافہ ہوگا اور زرمبادلہ کمانے والی صنعت کو دنیا بھر میں مسابقت پر معمولی منافع کے ساتھ زندہ رہنا انتہائی مشکل ہو جائے گا۔

اعتراف

کمپنی اپنے حصص یافتگان، ملازمین، سپلائرز، ٹھیکیداروں اور گاہکوں کے کمپنی پر اعتماد اور کمپنی کو ترقی اور خوشحالی کی راہ پر ڈالنے میں ان کی انتہک کوششوں پر ان کے انتہائی مشکور ہیں۔
برائے ویلورڈی کا نائب سے


جاوید خان

ڈائریکٹر اینڈ چیف فنانشل آفیسر

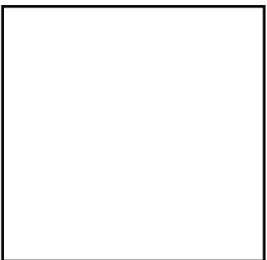

نیش

چیف ایگزیکٹو

کراچی: 30 اکتوبر 2019



International Knitwear Limited



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