

International Knitwear Limited



**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED
DECEMBER 31, 2019**



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Waseem Shafi Chairman
Mr. Naeem Shafi Chief Executive
Mr. Javed Khan
Mr. Muhammad Shafi
Mr. Muhammad Sajid Hussain
Mr. Mudassir Habib Khan
Ms. Saleha Majid

**CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY**

Mr. Javed Khan

AUDIT COMMITTEE

Ms. Saleha Majid
Mr. Muhammad Sajid Hussain
Mr. Mudassir Habib Khan

**HR & REMUNERATION
COMMITTEE**

Ms. Saleha Majid
Mr. Muhammad Shafi
Mr. Muhammad Sajid Hussain

AUDITORS

RSM Avais Hyder Liaquat Nauman
Chartered Accountants

LEGAL ADVISOR

Ali Associates

BANKERS

Bank AL-Habib Limited
Habib Bank Limited

**REGISTERED OFFICE &
FACTORY**

F-2A/(L), S.I.T.E., Karachi-75730.

REGISTRAR

CDC Registrar Services Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.
Main Shahra-e-Faisal, Karachi-74400

WEBSITE

www.internationalknitwear.com



DIRECTORS' REPORT

The Board of Directors of International Knitwear Limited (INKL) is pleased to present the un-audited financial statements of the Company for the half year ended December 31, 2019.

FINANCIAL PERFORMANCE

Profit or Loss	Un-Audited	
	July-December 2019	July- December 2018
	Rupees	Rupees
Net Sales	372,867,662	201,533,927
Cost of goods sold	(336,056,558)	(178,842,371)
Gross profit	36,811,104	22,691,556
Profit before taxation	19,115,742	9,332,854
Profit after taxation	15,387,065	7,317,515
Earnings per share	1.59	0.76

PROFIT AND LOSS ANALYSIS

During the period under review the net sales of the Company amounted to Rs.372.86 million against Rs. 201.53 million in the preceding year showing an increase of Rs. 171.33 million and growth by 85.01%. There has been a gross profit of Rs. 36.81 million during the period under review against Rs. 22.69 million as compared to the previous year reflecting an increase by Rs. 14.12 million. Earnings per share (EPS) for the period are Rs.1.59 compared to Rs. 0.76 for the corresponding period. The positive impact is mainly due to improvement in turnover. Cost of sales also increased during the period under review. Which resulted reduction in Gross Profit (GP) from 11.25% to 9.87% of sales when compared with the same period of last year.

The substantial devaluation of Pakistani currency had a resultant negative impact on the cost of raw material, energy and other input costs. The markup rates have also increased substantially which directly impacted our financial cost.

FUTURE OUTLOOK

Although the Government is making efforts to improve overall economic situation of the country, it appears that that Pakistan is going through very difficult times. The major problems confronting the Pakistan Economy are the current account deficit / high fiscal deficit and high cost of doing business. Pakistan's economy is facing issues of high inflation, sharply deteriorating currency and weakening foreign exchange reserves.

In order to encourage industrialization and revive the exports of textile sector, the government would have to take measures for immediate payment of long overdue refunds of Sales Tax, Income Tax and export DTL.

Despite challenges faced by the country your company has been successful in maintaining increase in turnover when compared with last year. The management remains committed to increase in value addition of existing facilities to cope with the growing demand of our products. However persistent challenges faced by our country is a continues threat for textile business of Pakistan.

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.

Karachi: February 26, 2020

On behalf of the Board

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF INTERNATIONAL KNITWEAR LIMITED
REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **International Knitwear Limited** as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statement in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 statements 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 statements is not prepared, in all material respects, in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other matter

The figures for the quarters ended December 31, 2019 and December 31, 2018 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the audit resulting in this independent auditor's report is Adnan Zaman.

Chartered Accountants

Karachi

Dated: February 26, 2020



International Knitwear Limited

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT DECEMBER 31, 2019

		(Un-Audited) December 2019 Rupees	(Audited) June 2019 Rupees
ASSETS	Note		
Non-Current Assets			
Property, plant and equipment	7	34,631,220	32,134,519
Long term deposits		2,052,600	2,052,600
Long term loans	12	1,073,000	703,000
Long term investments	8	18,520,171	17,769,756
		56,276,991	52,659,875
Current Assets			
Stock-in-trade	10	126,973,580	120,400,006
Short term investment	9	7,433,783	4,177,071
Trade debts - considered good	11	58,771,465	54,580,348
Loans and advances	12	6,301,974	4,050,811
Other receivables	13	40,849,272	18,882,741
Taxation - net		25,639,001	21,607,985
Cash and bank balances		2,652,952	2,682,797
		268,622,027	226,381,759
TOTAL ASSETS		324,899,017	279,041,635
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, Subscribed & paid-up capital		96,750,000	96,750,000
Revenue Reserves			
Unappropriated profit		37,502,730	28,449,084
		134,252,730	125,199,084
Unrealized loss on revaluation of investments - FVTOCI		(1,653,213)	(3,689,453)
		132,599,517	121,509,631
Non-Current Liabilities			
Long term liability against assets subject to finance lease		1,859,012	2,048,904
Current Liabilities			
Short term finance under mark-up arrangement	15	73,877,526	69,159,154
Short term liability against assets subject to finance lease		395,942	401,891
Creditors, accrued and other payables	16	114,434,583	84,398,930
Unclaimed dividend		1,732,438	1,523,125
		190,440,488	155,483,100
CONTINGENCIES AND COMMITMENTS	17	-	-
TOTAL EQUITY AND LIABILITIES		324,899,017	279,041,635

The annexed notes 1 to 21 form an integral part of these condensed interim financial

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



International Knitwear Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	QUARTER ENDED		HALF YEAR ENDED	
	December 2019	December 2018	December 2019	December 2018
Note	------(Rupees)-----		------(Rupees)-----	
Sales - net	190,627,255	118,357,853	372,867,662	201,533,927
Cost of goods sold	(170,378,770)	(108,706,858)	(336,056,558)	(178,842,371)
Gross profit	20,248,485	9,650,995	36,811,104	22,691,556
Administrative and selling expenses	(6,157,212)	(5,857,570)	(12,102,411)	(11,074,579)
Operating profit	14,091,273	3,793,426	24,708,693	11,616,978
Other income	3,946,674	3,800,740	4,589,154	4,460,487
Unrealized gain/(loss) on revaluation of investments through P&L	11,571	3,059,822	(265,014)	(1,103,186)
	3,958,245	6,860,562	4,324,140	3,357,301
	18,049,518	10,653,987	29,032,833	14,974,279
Financial charges	(3,804,054)	(2,634,900)	(8,500,350)	(4,949,731)
Other charges	(984,455)	(553,317)	(1,416,741)	(691,694)
	(4,788,509)	(3,188,217)	(9,917,091)	(5,641,425)
Profit before taxation	13,261,009	7,465,770	19,115,742	9,332,854
Taxation	(1,906,273)	(1,183,578)	(3,728,677)	(2,015,339)
Profit after taxation	11,354,736	6,282,192	15,387,065	7,317,515
Earning per share-basic and diluted	1.17	0.65	1.59	0.76

The annexed notes 1 to 21 form an integral part of these condensed interim financial

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	QUARTER ENDED		HALF YEAR ENDED	
	December 2019	December 2018	December 2019	December 2018
Profit for the period	11,354,736	6,282,192	15,387,065	7,317,515
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Unrealised gain/(loss) on remeasurement of investments classified as fair value through OCI	1,758,013	(7,071,394)	540,321	(6,587,256)
Reclassification of OCI on disposal of fair value through OCI investment directly into equity	(1,331,211)	1,864,780	(1,495,919)	2,365,374
	426,802	(5,206,614)	(955,598)	(4,221,882)
Total comprehensive income for the period	11,781,538	1,075,578	14,431,467	3,095,633

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Issued, subscribed and paid-up share capital	Unrealized gain on revaluation of investment	Unappropriated profit/(loss)	Total
	----- Rupees -----			
Balance as at June 30, 2018 (Audited)	96,750,000	14,360,264	23,362,841	134,473,105
Total comprehensive income for the period				
Profit for the half year ended December 31, 2018	-	-	7,317,515	7,317,515
Fair value adjustment on investment classified as FVTOCI	-	(6,587,256)	-	(6,587,256)
Reclassification on disposal of FVTOCI directly into equity	-	2,365,374	(2,365,374)	-
Transaction with owners:				
5% Cash dividend paid for the year ended June 30, 2018	-	-	(4,837,500)	(4,837,500)
	-	(4,221,882)	114,641	(4,107,241)
Balance as at December 31, 2018 (Un-Audited)	<u>96,750,000</u>	<u>10,138,382</u>	<u>23,477,482</u>	<u>130,365,864</u>
Balance as at June 30, 2019	96,750,000	(3,689,453)	28,449,084	121,509,631
Total comprehensive income for the period				
Profit for the half year ended December 31, 2019	-	-	15,387,065	15,387,065
Fair value adjustment on investment classified as FVTOCI	-	540,321	-	540,321
Reclassification on disposal of FVTOCI directly into equity	-	1,495,919	(1,495,919)	-
Transaction with owners:				
5% Cash dividend paid for the year ended June 30, 2019	-	-	(4,837,500)	(4,837,500)
	-	2,036,240	9,053,646	11,089,886
Balance as at December 31, 2019 (Un-Audited)	<u>96,750,000</u>	<u>(1,653,213)</u>	<u>37,502,730</u>	<u>132,599,517</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	December 2019	December 2018
Note	------(Rupees)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	19,115,742	2,461,000
Adjustment for non cash items:		
Depreciation	2,206,198	1,828,733
Loss on sale of property, plant and equipment	2,303	6,273
Other Income	(4,591,457)	-
Finance cost	8,500,350	4,949,731
	6,117,394	6,784,737
Profit before changes in working capital	25,233,136	9,245,737
Increase in current assets		
Stock in trade	(6,573,574)	(63,095,511)
Trade debts	(4,191,117)	(9,944,443)
Loans and advances	(2,621,163)	(2,549,614)
Other receivables	(21,966,531)	(2,297,214)
	(35,352,385)	(77,886,782)
Increase in current liabilities		
Creditors, accrued and other payables	29,839,812	45,213,883
	29,839,812	45,213,883
Financial charges paid	(8,500,350)	(4,949,731)
Taxes paid	(7,759,693)	(4,499,569)
Net cash generated from/(used) in operating activities	3,460,520	(32,876,462)
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(4,850,200)	(8,368,632)
Additions in investment	(89,679,841)	(35,644,667)
Disposal of investment	85,511,381	43,629,478
Proceeds from sale of property, plant and equipment	145,000	25,000
Net cash used in investing activities	(8,873,660)	(358,821)
CASH FLOW FROM FINANCING ACTIVITIES		
Cash proceeds from short term finance under markup arrangement	127,843,352	86,732,220
Repayment of short term finance under markup arrangement	(117,636,028)	(50,589,028)
Payment against lease obligation	(195,841)	-
Dividend paid	(4,628,188)	(4,257,087)
Net cash generated from financing activities	5,383,295	31,886,105
Net decrease in cash and cash equivalents	(29,845)	(1,349,178)
Cash and cash equivalent at the beginning of the period	2,682,797	1,661,962
Cash and cash equivalent at the end of the period	2,652,952	312,784

The annexed notes 1 to 21 form an integral part of these condensed interim financial

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director / CFO



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

1 STATUS AND NATURE OF THE BUSINESS

International Knitwear Limited (hereinafter referred as the "Company" or "INKL") 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 STATEMENT OF COMPLIANCE

- 2.1 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 International Accounting Standard 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.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with Company's annual audited financial statements for the year ended June 30, 2019.
- 2.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2019 and 2018 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2019 and 2018.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the audited financial statements for the year ended 30 June 2019 except as disclosed in note 3.2 below:

3.2 Changes in accounting policies

The Company has adopted IFRS 16 'Leases' from 01 July 2019 which is effective from annual periods beginning on or after 01 January 2019 and the key changes to the Company's accounting policies resulting from adoption of IFRS 16 are summarized below:

3.2.1 IFRS 16 'Leases'

IFRS 16 has introduced a single, on-balance sheet accounting model for lessees. As a result, the entity, as a lessee has recognized right-of-use asset representing its rights to use the underlined assets and lease liabilities representing its obligation to make lease payments.

The Company has applied IFRS 16 using the modified retrospective approach. Under this approach the cumulative effect of initial application has been recognized in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The entity mainly leases properties for its operations. The entity recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company did not have any property leases arrangement therefore, adoption of IFRS 16 at 1 July 2019 did not have an effect on the condensed interim financial information of the Company except the reclassification of leased assets as Right-of-use assets (refer note 7.5).

4 New or Amendments / Interpretations to Existing Standards, Interpretation and Forthcoming Requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 July 2019 other than those disclosed in note 3.2, are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in these condensed interim financial information.

5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following International Financial Reporting Standards (IFRS) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020.

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

6 USE OF ESTIMATES AND JUDGEMENTS

In preparing these condensed interim financial information, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements as at and for the year ended 30 June 2019.

Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
	----- (Rupees) -----	
7 PROPERTY, PLANT & EQUIPMENT		
Property and equipment - at cost less accumulated depreciation	32,458,470	32,134,519
Right-of-use assets	2,172,750	-
	34,631,220	32,134,519
7.1 Operating assets		
Opening book value	32,134,519	25,728,306
Additions during the period	4,850,200	10,499,021
Disposals during the period at book value	(147,301)	(143,018)
Right-of-use assets	(2,462,450)	-
Depreciation charged during the period	(1,916,498)	(3,949,790)
	32,458,470	32,134,519



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019
-----{Rupees}-----			
7.2 Additions during the period/year			
Factory building		-	2,959,266
Plant and machinery		3,188,000	2,538,000
Computers		93,700	196,900
Furniture Fitting		18,500	521,355
Office equipment		-	357,000
Motor vehicles		1,550,000	1,029,500
Motor vehicles leased		-	2,897,000
		4,850,200	10,499,021
7.3 Deletions / write-off / adjustments at book value - period/year			
Plant and machinery		147,301	23,825
Computers		-	50,582
Furniture Fitting		-	37,682
Office equipment		-	30,929
		147,301	143,018
7.4 Movement in Capital Work in Progress			
Opening balances		-	-
Add: Additions during the period		-	2,959,266
Less: Transfer to operating assets		-	(2,959,266)
		-	-
7.5 Right-of-use assets			
Opening balances		-	-
Transferred from operating assets		2,462,450	-
Additions during the period		-	-
Transferred from CWIP		-	-
Disposals		-	-
Depreciation for the period		(289,700)	-
		2,172,750	-
8 LONG TERM INVESTMENTS			
At fair value through other comprehensive income (FVTOCI)			
Equity securities- listed	8.1	18,520,171	17,769,756
		18,520,171	17,769,756
8.1 FVTOCI - Equity Securities			
Name of Shares			
- The Searle Company Limited		-	15,916,564
- Indus Motor Company Limited		-	1,541,018
- Engro fertilizer Limited.		1,835,750	-
- Engro Corporation Limited		189,888	146,080
- Pakistan Oilfields Limited		16,305,280	-
- Pakistan Petroleum Limited		189,253	166,095
		18,520,171	17,769,756
9 SHORT TERM INVESTMENTS			
At fair value through profit or loss (FVTPL)			
Equity securities- listed	9.1	6,863,882	3,717,501
Mutual funds- listed	9.2	569,901	459,570
		7,433,783	4,177,071
9.1 FVTPL - Equity Securities			
Name of Shares			
- The Searle Company Limited.		6,417,162	3,548,952
- Indus Motor Company Limited		-	168,549
- Pakistan Oilfields Limited		446,720	-
		6,863,882	3,717,501



International Knitwear Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

Note	(Un-audited) December 31, 2019	(Audited) June 30, 2019		
	------(Rupees)-----			
9.2 FVTPL - Mutual funds				
Name of the Fund				
- AKD Opportunity Fund	-	459,570		
- AKD Islamic income Fund	569,901	-		
	<u>569,901</u>	<u>459,570</u>		
10 STOCK IN TRADE				
Raw material	52,142,744	26,710,382		
Work-in-process	60,581,609	59,404,553		
Finished goods	14,249,227	34,285,071		
	<u>126,973,580</u>	<u>120,400,006</u>		
11 TRADE DEBTS - CONSIDERED GOOD				
Foreign - secured, considered good	50,238,736	43,704,841		
Local - unsecured				
- Considered good	8,532,729	10,875,507		
- Considered doubtful	1,236,162	1,236,162		
	9,768,891	12,111,669		
Less: Provision for doubtful debts	(1,236,162)	(1,236,162)		
	<u>58,771,465</u>	<u>54,580,348</u>		
12 LOANS AND ADVANCES				
Loan to employees - Long term portion - unsecured, considered good				
Loan to employees	1,591,000	1,267,500		
Less: current portion of loan to employees	(518,000)	(564,500)		
	<u>1,073,000</u>	<u>703,000</u>		
Short term Advances - unsecured, considered good				
Advance to contractor and supplier	5,686,844	3,422,711		
Current portion of advances to employees	518,000	564,500		
Prepayments	97,130	63,600		
	<u>6,301,974</u>	<u>4,050,811</u>		
13 OTHER RECEIVABLES				
Sales tax refundable	23,228,672	2,643,021		
Export rebate receivables	3,929,137	2,501,493		
Research and development receivable	13,426,121	13,056,054		
Other receivable	265,342	682,173		
	<u>40,849,272</u>	<u>18,882,741</u>		
	(Un-audited) Quarter ended	(Un-audited) Half year ended		
	December 2019	December 2018		
	December 2019	December 2018		
	------(Rupees)-----			
14 INCOME FROM FINANCIAL ASSETS				
Income From Financial Assets				
Exchange gain -Net	-	2,628,219	-	3,748,871
Profit on bank accounts	117,474	65,595	202,044	119,145
Dividend Income	536,465	355,524	536,465	492,524
Other income	-	34,000	-	34,000
Gain on disposal of investment	3,295,038	723,674	3,852,948	72,219
Income From Non-Financial Assets				
(Loss) on disposal of property, plant and equipment	(2,303)	(6,273)	(2,303)	(6,273)
	<u>3,946,674</u>	<u>3,800,740</u>	<u>4,589,154</u>	<u>4,460,488</u>



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	(Un-audited) December 31, 2019	(Audited) June 30, 2019
Note	----- (Rupees) -----	
15 SHORT TERM FINANCE UNDER MARK-UP ARRANGEMENT		
Running finance facility	5,527,526	5,909,632
Export refinance facility	63,350,000	59,000,000
Discount against local LC	5,000,000	4,249,522
	<u>73,877,526</u>	<u>69,159,154</u>
16 CREDITORS, ACCRUED AND OTHER PAYABLES		
Creditors	95,998,697	68,687,752
Accrued expenses	10,708,496	9,585,111
Compensated absences payable	1,704,329	1,624,468
Other fund payable	557,956	487,306
Workers' profit participation fund	1,026,624	792,087
Workers' welfare fund	2,491,427	2,101,310
Advance from customers	1,489,831	825,823
Others	457,222	295,073
	<u>114,434,583</u>	<u>84,398,930</u>

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There are no significant changes in the status of contingencies as reported in the note 19 to the annual audited financial statements of the Company for the year ended June 30, 2019.

17.2 Commitments

Commitments under letter of credit are Rs. 27.237 million (June 30, 2019: Rs 22.210 million)

18 FAIR VALUE MEASUREMENT

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended June 30, 2019. There is no change in the nature and corresponding hierarchies of fair value levels of financial instruments from those as disclosed in the audited financial statements of the Company for the year ended June 30, 2019.

The carrying values of financial assets and liabilities approximate their fair values. The table below analyzes financial assets that are measured at fair value, by valuation method.

The different levels have been defined as follows:

- Level 1 : Quoted prices in active markets for identical assets and liabilities;
- Level 2 : Observable inputs; and
- Level 3 : Unobservable inputs

The Company held the following financial assets at fair value;

	December 31, 2019			Total	June 30, 2019
	(Level 1)	(Level 2)	(Level 3)		
	Rupees				
Investment at FVTOCI	18,520,171	-	-	18,520,171	17,769,756
Investment at FVTPL	7,433,783	-	-	7,433,783	4,177,071
	<u>25,953,954</u>	-	-	<u>25,953,954</u>	<u>21,946,827</u>



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

19 TRANSACTIONS WITH RELATED PARTIES

All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. The related parties comprise staff retirement funds, directors and key management personnel. Transactions with related parties, other than those disclosed elsewhere in these financial statements, are follows:

	31-Dec-19	31-Dec-18
	----- (Rupees) -----	
Balances:		
Provident Fund - outstanding balance	552,382	794,016
Transactions:		
Contribution to staff retirement benefit plans	1,135,112	747,611
Key management personnel's remuneration and other benefits	6,616,129	3,299,333

20 DATE OF AUTHORIZATION

These condensed interim financial statements was authorised by the Board of Directors of the Company on February 26, 2020.

21 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 نٹ ویز لیمیٹڈ (INKL) کے ڈائریکٹران کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے مختتمہ مدت 31 دسمبر 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

مالیاتی کارکردگی

غیر آڈٹ شدہ		
جولائی - دسمبر 2018	جولائی - دسمبر 2019	
روپے	روپے	
201,533,927	372,867,662	کل فروخت
(178,842,371)	(336,056,558)	فروخت شدہ سامان کی لاگت
22,691,556	36,811,104	خام منافع
9,332,854	19,115,742	منافع قبل از ٹیکس
7,317,515	15,387,065	منافع بعد از ٹیکس
0.76	1.59	فی حصص آمدن

منافع اور خسارہ کا تجزیہ

جائزہ مدت کے دوران کمپنی کی خالص فروخت 372.86 ملین روپے رہیں جبکہ گزشتہ سال اسی مدت میں 201.53 ملین روپے تھیں جس سے 171.33 ملین روپے اضافے اور 85.01 فیصد نمو کی عکاسی ہوتی ہے۔ جائزہ مدت کے دوران خام منافع 36.81 ملین روپے رہا جبکہ گزشتہ سال اسی مدت میں 22.69 ملین روپے تھا جس سے 14.12 ملین روپے اضافہ کی عکاسی ہوتی ہے۔ مدت کی فی حصص آمدن (EPS) 1.59 روپے رہی جبکہ گزشتہ مدت میں 0.76 روپے تھی۔ مثبت اثرات کی بنیادی وجہ فروخت میں بہتری تھی۔ لاگت فروخت میں بھی جائزہ مدت کے دوران اضافہ ہوا جس کے نتیجے میں خام منافع بلحاظ فروخت گزشتہ سال کی اسی مدت کے مقابلے میں کم ہو کر 9.87 فیصد رہ گیا۔ پاکستانی کرنسی کی قدر میں قابل ذکر کمی کے نتیجے میں خام مال، توانائی اور دیگر لاگتوں پر منفی مرتب ہوئے۔ شرح سود میں بھی قابل ذکر اضافہ ہوا جس کے باوجود اس اثرات ہماری مالیاتی لاگت پر پڑے۔

مستقبل کی پیش بینی

اگرچہ حکومت ملکی مجموعی معاشی صورتحال کو بہتر بنانے کی کوششیں کر رہی ہے تاہم اس کے باوجود ایسا معلوم ہوتا ہے کہ پاکستان ایک بہت مشکل وقت سے گزر رہا ہے۔ وہ بڑے مسائل جن کا پاکستانی معیشت کو سامنا ہے میں ان میں رواں کھاتے کا خسارہ، بلند مالیاتی خسارہ اور بلند کاروباری لاگت شامل ہیں۔ پاکستان کی معیشت کو بلند افراط زر، کرنسی کی تیزی سے گرتی ہوئی قدر اور زر مبادلہ کے کمزور ذخائر جیسے مسائل کا سامنا ہے۔

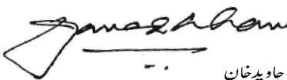
صنعتکاری کی حوصلہ افزائی اور ٹیکسٹائل شعبے کی سہاٹی کے لئے حکومت کو فوری اقدامات لینے پڑیں گے جن میں فوری طور پر سٹریٹجک ریفرنڈم، ٹیکس اور ایکسپورٹ DTL کے حد سے زیادہ طویل مدتی واجبات کی ادائیگی شامل ہے۔

ملک کو درپیش چیلنجز کے باوجود آپ کی کمپنی گزشتہ سال کی یہ نسبت اپنی فروخت میں اضافہ کرنے میں کامیاب رہی۔ انتظامیہ پر عزم ہے کہ اپنی موجودہ سہولیات میں جدت لاکر اپنی مصنوعات کی بڑھتی ہوئے طلب کو پورا کیا جائے۔ تاہم ملک کو درپیش موجودہ چیلنجز پاکستان کے ٹیکسٹائل کے شعبے کے لئے مسلسل خطرہ رہیں گے۔

اعتراف

کمپنی اپنے تخصص یا ذہنگان، ملازمین، سپلائرز، ٹھیکیداروں اور گاہکوں کے کمپنی پر اعتماد اور کمپنی کو ترقی اور خوشحالی کے راستے پر گامزن کرنے کے لئے ان کی انتھک کوششوں پر ان کی انتہائی مشکور ہے۔

برائے و جناب

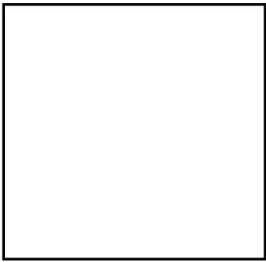

جاوید خان

ڈائریکٹر/سی ایف او


نعم شیع

چیف ایگزیکٹو آفیسر

کراچی: 26 فروری 2020



International Knitwear Limited

BOOK POST

Under Postal Certificate

If undelivered, please return to:

International Knitwear Limited
F-2A(L), S.I.T.E., Karachi-75730.