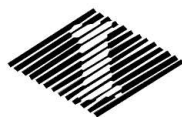


FIRST QUARTER REPORT SEPTEMBER 2020



International Knitwear Limited



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 (IKL) is pleased to present the un-audited financial statements of the Company for the three months period ended September 30, 2020.

FINANCIAL PERFORMANCE

	Un-Audited	
	July-September 2020	July- September 2019
	Rupees	Rupees
Net Sales	120,538,065	182,240,407
Cost of goods sold	(111,380,700)	(165,677,788)
Gross profit	9,157,365	16,562,619
(Loss)/profit before taxation	(829,424)	5,854,733
(Loss)/profit after taxation	(3,191,843)	4,032,329
(Loss)/earnings per share	(0.33)	0.42

PROFIT AND LOSS ANALYSIS

During the period under review, the net sales of the Company amounted to Rs.120.53 million as compared to Rs. 182.24 million in the comparative period– a decrease of Rs. 61.70 million. As a result, the Company recorded a gross profit of Rs. 9.15 million during the period under review reflecting a decrease of 44.71% over the same period last year.

The overall performance of the Company was under pressure, the driving factor being the continued influence of the pandemic on the economy. This has unfortunately resulted in lower sales locally and a broad including previously confirmed shipments being put on hold due to restrictions in the buyer's country. Apart from the shipments on hold negatively influencing sales, our financial cost has also increased as a consequence of rescheduling payment terms with our bank.

FUTURE OUTLOOK

Despite the challenges we face today, the management is confident of carrying on our journey of sustainable growth in the future. Sales volume is expected to increase as our buyers are lifting the hold on consignments and the process of new orders gathers pace. The management will continue to strive to improve upon its performance with the hope that the government will formulate long term and consistent policies to boost economic activities and gain investors' confidence to meet challenges ahead in the wake of the coronavirus pandemic. We remain optimistic that going forward the political and economic scenario will improve.

ACKNOWLEDGEMENT

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

On behalf of the Board

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director & Chief Financial Officer

Karachi: October 28, 2020



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2020

		(Un-Audited) SEPTEMBER 2020 Rupees	(Audited) JUNE 2020 Rupees
ASSETS	Note		
Non-Current Assets			
Property, plant and equipment	4	35,307,007	35,942,893
Long term deposits		2,052,600	2,052,600
Long term loan	8	837,000	556,000
Long term investments	5	17,851,183	14,478,781
		56,047,790	53,030,274
Current Assets			
Stock in trade	6	119,795,859	160,126,086
Short term investments	5	15,358,065	8,506,301
Trade debts - considered good	7	19,951,497	29,420,504
Loans and advances	8	5,535,550	4,559,014
Other receivables	9	35,428,914	33,089,225
Taxation - net		23,591,422	22,410,808
Cash and bank balances	10	377,041	885,322
		220,038,348	258,997,261
TOTAL ASSETS		276,086,137	312,027,536
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed & paid-up capital		96,750,000	96,750,000
Revenue Reserves			
Unappropriated profit		24,829,145	28,020,988
		121,579,145	124,770,988
Capital Reserves			
Unrealized (loss) / gain on revaluation of investments - FVTOCI		1,783,833	(982,490)
		123,362,978	123,788,498
Non-Current Liabilities			
Long term liability against assets subject to finance lease		1,655,661	1,651,865
Current Liabilities			
Short term finance under mark-up arrangement	11	75,270,269	82,058,581
Current maturity of liability against assets subject to finance lease		319,586	419,987
Creditors, accrued and other payables	12	73,747,013	102,377,977
Unclaimed dividend		1,730,629	1,730,629
		151,067,496	186,587,174
Contingencies and Commitments		-	-
TOTAL EQUITY AND LIABILITIES		276,086,137	312,027,536

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

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director / CFO



International Knitwear Limited

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	30-Sep-20 Rupees	30-Sep-19 Rupees
Net sales	120,538,065	182,240,407
Cost of goods sold	(111,380,700)	(165,677,788)
Gross profit	9,157,365	16,562,619
Administrative and selling expenses	(5,311,998)	(5,945,199)
Operating profit	3,845,367	10,617,420
Other income	3,030,313	642,480
Unrealized (loss) on revaluation of investments through P&L	(622,954)	(276,585)
	2,407,359	365,895
	6,252,726	10,983,315
Finance cost	(7,143,622)	(4,696,296)
Other charges	61,472	(432,286)
	(7,082,150)	(5,128,582)
(Loss)/ profit before taxation	(829,424)	5,854,733
Taxation	(2,362,418)	(1,822,404)
(Loss)/ profit after taxation	(3,191,843)	4,032,329
Earnings per share - basic and diluted	(0.33)	0.42

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	30-Sep-20 Rupees	30-Sep-19 Rupees
(Loss)/ profit after taxation for the period	(3,191,843)	4,032,329
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	2,766,323	(1,217,692)
Reclassification of OCI component on disposal of FVTOCI investment directly into equity	-	(164,708)
	2,766,323	(1,382,400)
Total comprehensive (loss) / income for the period	(425,520)	2,649,929

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

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director / CFO



International Knitwear Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	-----Reserves-----			Total
	Issued, Subscribed and Paid up Share Capital	Unrealized gain / (loss) on revaluation of investments	Unappropriated profit	
	-----Rupees-----			
Balance as at July 01, 2019	96,750,000	(4,003,372)	28,763,003	121,509,631
<u>Total comprehensive income:</u>				
Net profit for the year ended June 30, 2020	-	-	7,735,146	7,735,146
Reclassification on disposal of FVTOCI directly into equity	-	(2,040,503)	-	(2,040,503)
Fair value adjustment on investment classified as FVTOCI	-	1,421,724	-	1,421,724
Unrealized loss realized and transfer of FVTOCI		3,639,661	(3,639,661)	-
<u>Transaction with owners:</u>				
5% cash dividend paid for the year ended June 30, 2019	-	-	(4,837,500)	(4,837,500)
Balance as at June 30, 2020	96,750,000	(982,490)	28,020,988	123,788,498
<u>Total comprehensive income:</u>				
Net (loss) for the period ended September 30, 2020	-	-	(3,191,843)	(3,191,843)
Reclassification on disposal of FVTOCI directly into equity	-	-	-	-
Fair value adjustment on investment classified as FVTOCI	-	2,766,323	-	2,766,323
Balance as at September 30, 2020	96,750,000	1,783,833	24,829,145	123,362,978

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

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director / CFO



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Note	30-Sep-20 Rupees	30-Sep-19 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) before taxation		(829,424)	5,854,733
Adjustment for non cash items:			
Depreciation		1,188,552	1,078,735
(Gain) on sale of property, plant and equipment		(178,802)	-
Other (income)		(2,407,875)	(536,487)
Finance cost		7,143,622	7,143,622
		<u>5,745,497</u>	<u>7,685,870</u>
Profit before changes in working capital		4,916,073	13,540,603
Increase in current assets			
Stock in trade		40,330,227	7,809,874
Trade debts		9,469,007	(38,601,991)
Loans and advances		(1,257,536)	1,834,303
Other receivables		(2,339,689)	(9,635,886)
		<u>46,202,009</u>	<u>(38,593,700)</u>
Increase / (decrease) in current liabilities			
Creditors, accrued and other payables		(28,630,964)	22,176,445
		<u>(28,630,964)</u>	<u>22,176,445</u>
Financial charges paid		(7,143,622)	(7,143,622)
Taxes paid		(3,543,032)	(2,150,258)
Net cash generated used in operating activities		11,800,463	(12,170,531)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(782,362)	(555,700)
Additions in investment		(42,756,498)	(12,294,838)
Disposal of investment		37,706,532	12,157,199
Proceeds from sale of property, plant and equipment		408,500	-
Finance lease rentals paid		(96,605)	(97,609)
Net cash (used in) / generated from investing activities		(5,520,433)	(790,948)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash proceeds from short term finance under markup arrangement		36,691,365	83,818,752
Repayment of short term finance under markup arrangement		(43,479,676)	(73,145,960)
Dividend paid		-	(2,612)
Net cash generated from / (used in) financing activities		(6,788,311)	10,670,181
Net (decrease)/ increase in cash and cash equivalents		(508,281)	(2,291,299)
Cash and cash equivalents at the beginning of the year		885,322	2,682,797
Cash and cash equivalents at the end of the year	10	377,041	391,498

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

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director / CFO



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

1 STATUS AND NATURE OF THE BUSINESS

International Knitwear Limited (hereinafter referred to 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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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, 2020.

Note	(Un-audited) September 30, 2020	(Audited) June 30, 2020
	------(Rupees)-----	
4 Property, plant & equipment		
Property and equipment - at cost less accumulated depreciation	35,261,007	35,942,893
Capital work in progress	46,000	-
	35,307,007	35,942,893
4.1 Additions / adjustments at cost		
Factory building	-	1,791,705
Plant and machinery	595,500	4,897,000
Computers	-	107,200
Furniture Fitting	-	122,000
Office equipment	82,362	-
Motor vehicles	58,500	1,550,000
	736,362	8,467,905
4.2 Deletions / write-off / adjustments at cost		
Plant and machinery	405,000	895,200
Motor vehicles	350,000	-
	755,000	895,200
4.3 Movement in Capital Work in Progress		
Opening balances	-	-
Add: Additions during the period	46,000	1,791,705
Less: Transfer to operating assets	-	(1,791,705)
	46,000	-



International Knitwear Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

5 INVESTMENTS

At fair value through other comprehensive income (FVTOCI)

Equity securities - listed	5.1	17,851,183	14,478,781
At fair value through profit or loss (FVTPL)			
Equity securities - listed	5.2	14,236,312	7,412,058
Mutual funds - listed	5.3	1,121,753	1,094,243
		<u>33,209,248</u>	<u>22,985,082</u>

5.1 FVTOCI - Equity Securities

- The Searle Company Limited	-	-	-
- Indus Motor Company Ltd	-	-	-
- Engro Corporation Limited	15,051	14,646	
- Pakistan Oilfields Limited	16,431,870	13,078,499	
- Pakistan Petroleum Limited	127,042	119,756	
- Engro fertilizer Limited	1,277,220	1,265,880	
	<u>17,851,183</u>	<u>14,478,781</u>	

5.2 FVTPL - Equity securities

- Lucky Cement Limited	1,941,210	-	
- Engro fertilizer Limited	1,338,040	-	
- Pakistan Oilfields Limited - Future	421,330	525,945	
- The Searle Company Limited.	9,534,732	4,044,369	
- Oil and Gas Development Company Limited	-	327,000	
- Pakistan State Oil Co. Limited	1,001,000	2,514,744	
	<u>14,236,312</u>	<u>7,412,058</u>	

5.3 FVTPL - Mutual Funds

Name of the Fund			
AKD Islamic Fund	445,643.12	431,287.00	
UBL Liquidity Plus Fund	676,109.38	662,956.00	
	<u>1,121,753</u>	<u>1,094,243</u>	

6 STOCK IN TRADE

Raw material	29,549,862	29,613,718
Work-in-process	45,662,727	46,308,773
Finished goods	44,583,270	84,203,595
	<u>119,795,859</u>	<u>160,126,086</u>

7 TRADE DEBTS - CONSIDERED GOOD

Foreign - secured, considered good	18,740,335	-
Local - unsecured		
- Considered good	1,211,162	29,420,504
- Considered doubtful	1,211,162	1,211,162
	2,422,324	30,631,666
Less: Provision for bad debts	(1,211,162)	(1,211,162)
	<u>19,951,497</u>	<u>29,420,504</u>

8 LOANS AND ADVANCES

Loan to employees - Long term portion - unsecured, considered good	8.1	837,000	556,000
Short term Advances - unsecured, considered good	8.2	5,535,550	4,559,014
		<u>6,372,550</u>	<u>5,115,014</u>
8.1 Loan to employees - Long term portion - unsecured, considered good			
Loan to employees		1,615,500	1,692,000
Less: current portion of loan to employees		(778,500)	(1,136,000)
		<u>837,000</u>	<u>556,000</u>
8.2 Short term Advances - unsecured, considered good			
Advance to contractor and supplier		4,655,420	3,325,884
Current portion of advances to employees		778,500	1,136,000
Prepayments		101,630	97,130
		<u>5,535,550</u>	<u>4,559,014</u>



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

9 OTHER RECEIVABLES

Sales tax refundable	14,042,186	14,131,468
Export rebate receivables	1,911,760	1,311,664
Research and development receivable	19,054,157	17,453,902
Other receivable	420,811	192,191
	<u>35,428,914</u>	<u>33,089,225</u>

10 CASH AND BANK BALANCES

Cash in hand	10,237	-
With banks in:		
- Treasuries call accounts (deposit accounts)	1,671,415	1,822,944
- Current accounts	195,388	562,379
	1,866,804	2,385,323
Security deposit	(1,500,000)	(1,500,000)
	<u>377,041</u>	<u>885,323</u>

OTHER INCOME

Income From Financial Assets

Exchange gain -Net	315,709	-
Profit on bank accounts	43,927	397,510
Dividend Income	84,000	1,394,065
Gain/(loss) on disposal of investment	2,407,875	350,644
Reversal of provision against doubtful debts	-	25,000

Income From Non-Financial Assets

(Loss)/gain on disposal of property, plant and equipment	178,802	12,698
	<u>3,030,312</u>	<u>2,179,917</u>

11 SHORT TERM FINANCE UNDER MARK-UP ARRANGEMENT

Running finance facility	5,627,569	5,995,719
Export refinance facility	42,500,000	59,000,000
Discount against local LC	5,000,000	2,301,062
MTF salary and wages(Covid-19)	22,142,700	14,761,800
	<u>75,270,269</u>	<u>82,058,581</u>

12 CREDITORS, ACCRUED AND OTHER PAYABLES

Creditors	57,959,134	89,802,944
Accrued expenses	7,782,183	5,544,400
Compensated absences payable	1,436,369	1,365,598
Other fund payable	542,496	593,546
Workers' profit participation fund	861,213	905,758
Workers' welfare fund	2,428,571	2,445,498
Contract liability	1,889,719	1,226,780
Advance from others	340,000	340,000
Others	507,328	153,452
	<u>73,747,013</u>	<u>102,377,977</u>

13 Corresponding figures

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

14 Date of authorization for Issue

These financial statements were approved by the board of directors of the Company and authorized for issue on October 28, 2020.

15 Figures

Figures have been rounded off to nearest rupees.

WASEEM SHAFI
Chairman

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director / CFO



ڈائریکٹران کی رپورٹ

انٹرنیشنل نٹ ویئر لمیٹڈ (IKL) کا بورڈ آف ڈائریکٹرز کمپنی کے غیر آڈٹ شدہ مالیاتی گوشوارے برائے نو ماہی مدت تختہ نمبر 30 ستمبر 2020 پیش کرتے ہوئے اظہار مسرت کرتا ہے۔

مالیاتی کارکردگی

غیر آڈٹ شدہ		
جولائی تا ستمبر 2019	جولائی تا ستمبر 2020	
182,240,407	120,538,065	خالص فروخت
(165,677,788)	(111,380,700)	لاگت فروخت
16,562,619	9,157,365	خام منافع
5,854,733	(829,424)	(خسارہ)/منافع قبل از ٹیکس
4,032,329	(3,191,843)	(خسارہ)/منافع بعد از ٹیکس
0.42	(0.33)	(خسارہ)/آمدن فی حصص

منافع و خسارہ کا تجزیہ

جائزہ مدت کے دوران کمپنی کی خالص فروخت 120.53 ملین روپے رہی جبکہ گزشتہ اسی مدت میں 182.24 ملین روپے تھی، اس طرح فروخت میں 61.70 ملین روپے کمی ہوئی۔ جس کے نتیجے میں زیر جائزہ مدت کے دوران کمپنی کا خام منافع 9.15 ملین روپے رہا جو کہ گزشتہ سال اسی مدت کی نسبت 44.71 فیصد کم ہے۔

کمپنی کی مجموعی کارکردگی دباؤ میں رہی، جس کی بنیادی وجہ معیشت پر دباؤ کے مسلسل اثرات تھے۔ جس کے نتیجے میں بد قسمتی سے مقامی سطح پر فروخت زریں رہی اور پہلے سے تصدیق شدہ سٹاکس بھی رک گئیں جس کی وجہ خریدار ملک کی طرف سے پابندیاں تھیں۔ رکی ہوئی سٹاکس سے فروخت پر منفی اثرات مرتب ہوئے، اس کے علاوہ قرضوں کی ادائیگی کو ری شیڈول کروانے سے ہماری مالیاتی لاگت میں اضافہ ہوا۔

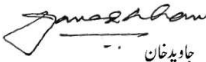
مستقبل کی پیش بینی

جن چیلنجز کا ہمیں سامنا ہے ان کے باوجود انتظامیہ پر اعتماد ہے کہ مستقبل میں پائیدار نمو کا سفر شروع ہو جائے گا۔ جیسے ہی ہمارا کارکا ہوا مال خریدار اٹھانا شروع کر دیں گے اور نئے آرڈرز کا عمل شروع ہو جائے گا تو توقع ہے کہ فروخت کے حجم میں اضافہ ہوگا۔ انتظامیہ تسلسل کے ساتھ اپنی کارکردگی میں بہتری کیلئے کوششیں جاری رکھے گی اس امید پر کہ حکومت ایسی طویل مدتی اور مسلسل پالیسیاں وضع کرے گی جن سے معاشی سرگرمیوں میں اضافہ ہوگا اور سرمایہ کاروں کا اعتماد بحال ہوگا۔ ہم پر امید ہیں کہ مستقبل میں سیاسی اور معاشی منظر نامہ میں بہتری آئے گی۔

اعتراف

کمپنی تمام حصص یافتگان، ملازمین، سپلائرز، ٹھیکیداروں اور گاہکوں کے کمپنی پر اعتماد اور کمپنی کو خوشحالی اور نمو کی راہ پر گامزن کرنے کے لئے ان کی انتھک کوششوں پر ان کی انتہائی مشکور ہے۔

برائے و خجانب


جاويد خان

ڈائریکٹر اینڈ چیف فنانس آفیسر

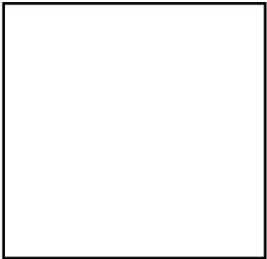

غیر شفیع

چیف ایگزیکٹو

کراچی: 28 اکتوبر 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.**