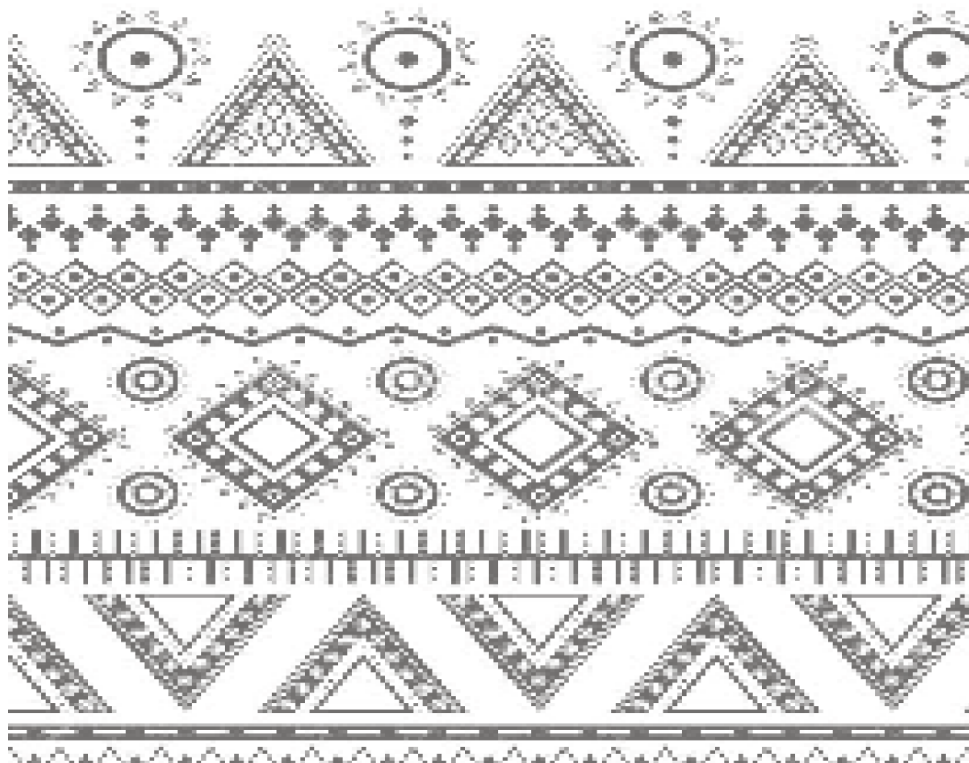


International Knitwear Limited



**CONDENSED INTERIM FINANCIAL INFORMATION
HALF YEAR ENDED DECEMBER 31, 2016**



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. Arshad Ahmed	
Mr. Javed Akhter Malik	

**CHIEF FINANCIAL OFFICER
& COMPANY SECRETARY**

Mr. Javed Khan

AUDIT COMMITTEE

Mr. Arshad Ahmed	Chairman
Mr. Waseem Shafi	
Mr. Javed Akhter Malik	

**HR & REMUNERATION
COMMITTEE**

Mr. Muhammad Sajid Hussain	Chairman
Mr. Muhammad Shafi	
Mr. Javed Akhter Malik	

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

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.
Main Shakra-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 half year ended December 31, 2016.

This financial information is submitted in accordance with section 245 of the Companies Ordinance, 1984.

FINANCIAL PERFORMANCE

	July-December 2016 Rupees	July-December 2015 Rupees
Sales	69,167,027	91,418,345
Profit before taxation	1,504,791	7,483,707
Provision of taxation	(691,670)	(914,000)
Profit after taxation	813,121	6,569,707
Earnings per share-basic and diluted	0.13	1.01

PROFIT AND LOSS ANALYSIS

The gross sales of the Company during the period under review are Rs. 69.17 Million decreasing by 24.34 % when compared to the same period last year.

The profit before taxation for the period Rs.1.50 Million as compared to the profit of Rs. 7.48 Million for the same period last year. After incorporating administrative & selling expenses, financial and other charges, there is profit after taxation of Rs. 0.81 Million against profit of Rs. 6.57 Million in the corresponding period last year.

SALES

During the period under review, decrease in sales was the result of carry over stock of our present customers due to their low sales in previous season. The adverse effect results in negative margins due to the increase in cost of various inputs and capacity utilization.

The other income of Rs. 18.72 million includes Rs. 16.60 Million income from investment in Shares as compared to Rs. 7.44 Million same period last year

FUTURE OUTLOOK

We aim to carry on our journey of sustainable and profitable growth in future. Sales volume is expected to increase with the addition of new foreign and local buyers with good gross margin. We expect better performance in the second half year of this 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

Karachi: February 24 , 2017

NAEEM SHAFI
Chief Executive



INDEPENDENT REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF INTERNATIONAL KNITWEAR LIMITED

Introduction

We have reviewed the accompanying condensed interim balance sheet of **International Knitwear Limited** (the Company) as at **31 December 2016**, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the six month period then ended (here-in-after referred to as the "condensed 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 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 the 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 condensed interim financial information of the Company is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The financial statements of the Company for the year ended June 30, 2016 and condensed interim financial information of the Company for the six months period ended December 31, 2015 were audited and reviewed respectively by another firm of chartered accountants who expressed modified opinion on the financial statements of the Company for the year ended June 30, 2016 and unmodified conclusion on the condensed interim financial information of the Company for the six months period ended December 31, 2015 vide their audit and review reports dated September 30, 2016 and February 24, 2016 respectively.

The modification in the financial statements of the Company for the year ended June 30, 2016 pertained to treatment, classification and disclosure of investments. However the same has been rectified in this condensed interim financial information.

Chartered Accountants
Karachi
Date: February 24, 2017

Engagement Partner: Adnan Zaman



International Knitwear Limited

CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

		(Un-Audited) December 2016 Rupees	(Audited) June 2016 Rupees
ASSETS	Note		
Non-Current Assets			
Property, plant and equipment	4	22,020,856	26,849,520
Long term deposits		1,500,000	2,006,200
Long term investments	5	98,745,017	75,600,145
		122,265,873	104,455,865
Current Assets			
Stock-in-trade		19,542,975	27,943,941
Short term investment	6	92,904,304	-
Trade debts - considered good	7	29,412,987	24,777,191
Loans and advances	8	4,711,599	3,315,091
Other receivables	9	638,834	1,065,043
Taxation - net		11,060,485	10,134,651
Cash and bank balances	10	681,305	2,961,810
		158,952,489	70,197,727
TOTAL ASSETS		281,218,362	174,653,592
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	11	64,500,000	64,500,000
Reserves		12,227,186	17,864,065
		76,727,186	82,364,065
Unrealized gain on revaluation of investments- available for sale		51,658,603	38,043,729
		128,385,789	120,407,794
Non-Current Liabilities			
Liability against assets subject to finance lease		-	1,678,130
Current Liabilities			
Short term finance under mark-up arrangement		20,704,242	15,028,512
Current maturity of liability against assets subject to finance lease		-	646,313
Payable against purchase of investment		99,827,728	-
Creditors, accrued and other payables		32,300,602	36,892,843
		152,832,572	52,567,668
CONTINGENCIES AND COMMITMENTS	12	-	-
TOTAL EQUITY AND LIABILITIES		281,218,362	174,653,592

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

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	HALF YEAR ENDED		QUARTER ENDED	
	December 2016	December 2015	December 2016	December 2015
Note	------(Rupees)-----		------(Rupees)-----	
Sales - net	69,167,027	91,418,345	35,874,205	51,273,855
Cost of goods sold	(78,106,594)	(81,995,059)	(35,431,217)	(47,224,056)
Gross (loss)/ profit	(8,939,567)	9,423,286	442,988	4,049,799
Administrative and selling expenses	(7,220,295)	(6,832,002)	(3,610,811)	(3,492,502)
Operating (loss) / profit	(16,159,862)	2,591,284	(3,167,823)	557,297
Financial charges	(3,609,396)	(1,942,043)	(2,162,877)	(1,547,446)
Other income	18,716,297	8,526,402	12,878,501	7,699,108
Workers profit participation fund	-	(402,000)	-	(278,666)
Workers welfare fund	(55,334)	(154,000)	(28,700)	(107,133)
(Loss)/profit before taxation from continuing operation	(1,108,295)	8,619,643	7,519,101	6,323,160
Taxation	(691,670)	(914,000)	(358,742)	(512,555)
(Loss)/profit after taxation from continuing operation	(1,799,965)	7,705,643	7,160,359	5,810,605
Discontinued Operations				
Profit/(loss) from discontinued operations	2,613,086	(1,135,937)	2,400,825	(574,269)
Profit for the period	813,121	6,569,707	9,561,184	5,236,336
(Loss) / Earnings per share-basic and diluted				
From continuing operations	(0.28)	1.19	1.11	0.90
From discontinued operation	0.41	(0.18)	0.37	(0.09)

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 COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	HALF YEAR ENDED		QUARTER ENDED	
	December 2016	December 2015	December 2016	December 2015
	----- Rupees -----			
Profit for the period	813,121	6,569,707	9,561,184	5,236,336
Unrealized gain on revaluation of investment	13,614,874	4,509,342	10,314,024	4,509,342
Total comprehensive income for the period	14,427,995	11,079,049	19,875,208	9,745,678

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 (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	Issued, subscribed and paid-up share capital	Unrealized gain on revaluation of investment	Unappropriated profit	Total
	----- Rupees -----			
Balance as at June 30, 2015 (Audited)	64,500,000	11,855,847	14,548,245	90,904,092
Total comprehensive income for the period				
Profit for the half year ended December 31, 2015	-	-	6,569,707	6,569,706
Gain on revaluation of investment		4,509,342		4,509,342
Transaction with owners:				-
10% Cash dividend paid for the year ended June 30, 2015	-		(6,450,000)	(6,450,000)
	-	4,509,342	119,707	4,629,048
Balance as at December 31, 2015 (Un-Audited)	64,500,000	16,365,189	14,667,952	95,533,140
Balance as at June 30, 2016 (Audited)	64,500,000	38,043,729	17,864,065	120,407,794
Total comprehensive income for the period				
Profit for the half year ended December 31, 2016	-	-	813,121	813,121
Gain on revaluation of investment		13,614,874	-	13,614,874
Transaction with owners:				-
10% Cash dividend paid for the year ended June 30, 2016	-	-	(6,450,000)	(6,450,000)
	-	13,614,874	(5,636,879)	7,977,995
Balance as at December 31, 2016 (Un-Audited)	64,500,000	51,658,603	12,227,186	128,385,789

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

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	December 2016	December 2015
Note	------(Rupees)-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,504,792	7,483,706
Adjustment for non cash items:		
Depreciation	1,668,451	1,559,009
(Gain) on sale of property, plant and equipment	(3,273,660)	-
Financial charges	3,609,396	1,942,043
(Gain) on disposal of investment	(14,277,759)	(7,443,083)
	<u>(12,273,572)</u>	<u>(3,942,031)</u>
(Loss) / profit before changes in working capital	(10,768,780)	3,541,675
Decrease / (increase) in current assets		
Stock in trade	8,400,966	(130,900)
Trade debts	(4,635,796)	(7,257,124)
Loans and advances	(1,396,508)	(1,850,511)
Other receivables	426,209	713,962
	<u>2,794,871</u>	<u>(8,524,573)</u>
(Decrease) / increase in current liabilities		
Short term financing under markup arrangements	7,218,000	2,141,000
Creditors, accrued and other payables	(8,181,552)	592,940
	<u>(963,552)</u>	<u>2,733,940</u>
Financial charges paid	(3,609,396)	(1,942,043)
Taxes paid	(1,617,504)	(2,142,109)
Dividend paid	(5,185,134)	(2,258,517)
Net cash (used in) operating activities	(19,349,494)	(8,591,627)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,373,239)	(1,897,796)
Proceeds from sale of property, plant and equipment	8,240,000	-
(Purchase) / sale of investments - net	(88,083,231)	3,807,163
Net cash (used in) / generated from investing activities	(81,216,470)	1,909,367
CASH FLOW FROM FINANCING ACTIVITIES		
Payable against purchase of investment	99,827,728	-
Net cash generated from financing activities	99,827,728	-
Net (decrease) in cash and cash equivalents	(738,236)	(6,682,260)
Cash and cash equivalent at the beginning of the period	(2,966,701)	5,842,517
Cash and cash equivalent at the end of the period	(3,704,937)	(839,743)
Cash and bank balances	681,305	3,155,634
Running finance facility	(4,386,242)	(3,995,377)
	<u>(3,704,937)</u>	<u>(839,743)</u>

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

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

1 Status and nature of the business

International Knitwear Limited (hereinafter referred as the Company or IKL) is a public limited company listed on Pakistan 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 Pakistan Stock Exchange.

This condensed interim financial information comprise of the balance sheet as at December 31, 2016 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, 2016.

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, 2016.

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 Accounting policies

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the company's annual financial statements for the year ended June 30, 2016.

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	------(Rupees)-----	
4 Property, plant & equipment		
Property and equipment - at cost less accumulated depreciation	20,821,817	26,018,950
Capital work in progress	1,199,039	830,570
	<u>22,020,856</u>	<u>26,849,520</u>
4.1 Additions / adjustments at cost		
Factory building	2,598,943	1,512,283
Plant and machinery	-	3,237,736
Computers	174,200	135,700
Motor vehicles	-	1,825,000
Motor vehicles (Leased)	-	2,531,000
	<u>2,773,143</u>	<u>9,241,719</u>
4.2 Deletions / write-off / adjustments at cost		
Plant and machinery	6,115,235	1,017,944
Motor vehicles	-	1,270,000
	<u>6,115,235</u>	<u>2,287,944</u>
4.3 Movement in Capital Work in Progress		
Opening balances	2,598,940	1,277,593
Add: Additions during the period	1,199,039	1,065,260
Less: Transfer to operating assets	<u>(2,598,940)</u>	<u>(1,512,283)</u>
	<u>1,199,039</u>	<u>830,570</u>
5 Long term investments		
Available for sale		
Quoted securities	98,692,116	75,568,992
Other investment	52,901	31,153
	<u>98,745,017</u>	<u>75,600,145</u>



NOTES FOR THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

5.1 Available for sales - Quoted Securities

Name of the Company	(Un-audited)	(Audited)
	December 31, 2016	June 30, 2016
	------(Rupees)-----	
- The Searle Company Limited	76,297,947	64,388,399
- Shell Pakistan Limited	310,380	174,126
- Fauji Fertilizer Company Limited	57,402	63,096
- Attock Petroleum Limited	342,310	218,770
- Engro Corporation Limited	158,045	166,484
- Oil and Gas Development Company Limited	1,157,450	345,175
- Pakistan Oilfields Limited	18,445,994	7,367,618
- Pakistan Petroleum Limited	1,881,800	775,250
- Pakistan State Oil Co. Limited	-	187,730
- Engro fertilizer Limited	40,788	70,932
- Jahangir Siddiqui and Co. Limited	-	1,544,401
- ICI Pakistan Limited	-	267,013
	<u>98,692,116</u>	<u>75,568,995</u>

5.2 Available for sales - Other investments

Name of the Fund		
- Al Meezan MCPF II	-	31,152
- AKD Opportunity Funds	52,901	-
	<u>52,901</u>	<u>31,152</u>

6 Short term investments

Held for trading

Quoted securities	92,904,304	-
-------------------	------------	---

6.1 Held for trading - Other investments

Name of the Company		
- D.G. Khan Cement Company Limited-Future	1,118,600	-
- Ferozsons Laboratories Limited	778,960	-
- Fauji Fertilizer Company Limited - Future	1,579,500	-
- Fauji Foods Limited	1,330,050	-
- General Tyre and Rubber Co. of Pakistan Limited	2,729,692	-
- Hascol Petroleum Limited	337,520	-
- National Refinery Limited	2,570,040	-
- Nimir Resins Limited	1,295,000	-
- Pakistan Oilfields Limited - Future	5,390,600	-
- The Searle Company Limited.	29,400,283	-
- Attock Refinery Limited - Future	2,148,850	-
- Dewan Cement Limited	976,000	-
- D.G. Khan Cement Company Limited	16,629,749	-
- Engro fertilizer Limited.	237,930	-
- Engro Corporation Limited - Future	1,594,700	-
- Ghandhara Industries Limited	725,360	-
- Ghandara Nissan Limited	669,440	-
- Maple Leaf Cement Factory Limited - Future	1,284,400	-
- Oil and Gas Development Company Limited - Future	249,975	-
- Pakistan Oilfields Limited	4,811,580	-
- Pakistan State Oil Co. Limited - Future	3,283,275	-
- TRG Pakistan Limited - Future	4,426,000	-
- Sitara Peroxide Limited	849,500	-
- TRG Pakistan Limited	8,487,300	-
	<u>92,904,304</u>	<u>-</u>



International Knitwear Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	------(Rupees)-----	
7 Trade debts		
Export - secured, considered good	19,233,560	7,701,399
Local - unsecured		
- Considered good	10,179,427	17,075,792
- Considered doubtful	2,730,364	3,230,364
	12,909,791	20,306,156
Less: Provision for doubtful debts	(2,730,364)	(3,230,364)
	<u>29,412,987</u>	<u>24,777,191</u>
8 Loans and advances		
Loans - unsecured, considered good		
- Loan to employees	1,325,200	1,526,000
Advances - unsecured, considered good		
- Advance to contractors, employees and suppliers	3,214,423	1,688,549
- Prepayments	171,976	100,542
	3,386,399	1,789,091
	<u>4,711,599</u>	<u>3,315,091</u>
9 Other receivable		
Sales tax refundable	64,559	-
Export rebate receivables	390,915	632,263
Other receivable	183,360	432,780
	<u>638,834</u>	<u>1,065,043</u>
10 Cash and bank balances		
Cash in hand	60,000	43,233
Bank Balances		
- in current account	109,000	199,001
- in saving account	512,305	2,719,576
	<u>681,305</u>	<u>2,961,810</u>
11 Share capital		
Authorized share capital		
Number of Shares		
December 31,	June 30,	
2016	2016	
20,000,000	10,000,000	Ordinary Shares of Rs. 10/- each
<u>20,000,000</u>	<u>10,000,000</u>	200,000,000
		100,000,000
		<u>200,000,000</u>
		<u>100,000,000</u>
Issued, subscribed and paid-up share capital		
Number of Shares		
December 31,	June 30,	
2016	2016	
3,000,000	3,000,000	Ordinary shares of Rs. 10/- each fully paid in cash.
225,000	225,000	Ordinary shares of Rs. 10/- each issued as bonus shares
3,225,000	3,225,000	Right shares of Rs. 10/- each fully paid in cash
<u>6,450,000</u>	<u>6,450,000</u>	30,000,000
		30,000,000
		2,250,000
		2,250,000
		32,250,000
		32,250,000
		<u>64,500,000</u>
		<u>64,500,000</u>



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2016

12 Contingencies and commitments

Contingencies

Bank Ali-Habib Limited has issued bank guarantee of Rs. 3 million (June 2016: 3 million) on behalf of the Company.

(Un-audited) Half year ended		(Un-audited) Quarter ended	
December 2016	December 2015	December 2016	December 2015
------(Rupees)-----		------(Rupees)-----	

13 Other income

Income From Financial Assets

Profit on bank accounts	49,893	75,356	26,093	33,631
Dividend Income	1,188,793	735,563	1,186,043	732,938
Other income	270,743	272,400	137,543	272,400
Gain on disposal of investment	14,277,759	7,443,083	9,209,495	6,660,139
Unrealized gain on the investments - HFT	2,319,326	-	2,319,327	-
Reversal of provision against doubtful debts	500,000	-	-	-

Income From Non-Financial Assets

Gain on disposal of property, plant and equipment	109,783	-	-	-
	18,716,297	8,526,402	12,878,501	7,699,108

14 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:

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
	------(Rupees)-----	
Balances:		
Provident Fund - outstanding balance	427,578	158,992
Transactions:		
Contribution to staff retirement benefit plans	457,696	943,608
Key management personnel's remuneration and other benefits	1,536,387	3,837,219

15 Corresponding figures

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

16 Date of authorization

This financial information was authorized on February 24, 2017 by the Board of Directors of the Company.

17 General

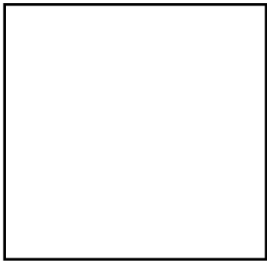
Figures have been rounded off to nearest rupees.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



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.**