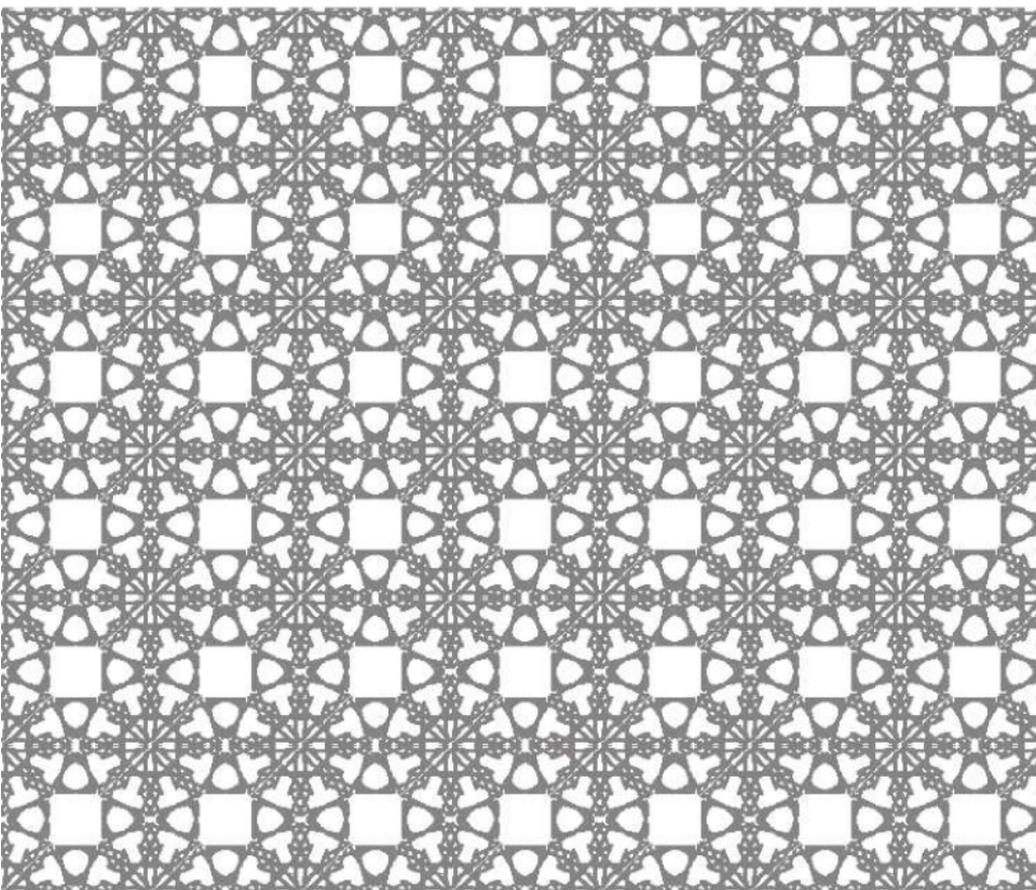


International Knitwear Limited



**FIRST QUARTER REPORT  
FOR THE QUARTER ENDED  
SEPTEMBER 2017**



**COMPANY INFORMATION**

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<b>BOARD OF DIRECTORS</b>	Mr. Waseem Shafi	Chairman
	Mr. Naem Shafi	Chief Executive
	Mr. Javed Khan	
	Mr. Muhammad Shafi	
	Mr. Muhammad Sajid Hussain	
	Mr. Arshad Ahmed	
	Mr. Javed Akhter Malik	

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<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	Mr. Javed Khan
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<b>AUDIT COMMITTEE</b>	Mr. Arshad Ahmed	Chairman
	Mr. Waseem Shafi	
	Mr. Javed Akhter Malik	

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<b>HR &amp; REMUNERATION COMMITTEE</b>	Mr. Muhammad Sajid Hussain	Chairman
	Mr. Muhammad Shafi	
	Mr. Javed Akhter Malik	

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<b>AUDITORS</b>	RSM Avais Hyder Liaquat Nauman Chartered Accountants
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<b>LEGAL ADVISOR</b>	Ali Associates
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<b>BANKERS</b>	Bank AL-Habib Limited Habib Bank Limited
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<b>REGISTERED OFFICE &amp; FACTORY</b>	F-2A/(L), S.I.T.E., Karachi-75730.
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<b>REGISTRAR</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shakra-e-Faisal, Karachi-74400
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<b>WEBSITE</b>	<a href="http://www.internationalknitwear.com">www.internationalknitwear.com</a>
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# International Knitwear Limited

## Directors' Report

The Board of Directors of International Knitwear Limited (IKL) is pleased to present the un-audited financial statements of the Company for the three months period ended September 30, 2017.

The Directors' Report is prepared under section 236 of the Companies Ordinance, 1984 and Clause xix of the Code of Corporate Governance.

### OPERATING RESULTS

	July-September 2017 Rupees	July-September 2016 Rupees
Sales	23,353,215	33,292,822
Cost of goods sold	(25,963,824)	(42,675,379)
Gross (loss)	(2,610,609)	(9,382,557)
(Loss) before taxation	(23,094,158)	(8,627,397)
(Loss) for the period	(23,327,691)	(8,748,064)
Net (loss) per share	(2.38)	(1.36)

The company has achieved sales of Rs. 23.35 million against Rs. 33.29 million when compared with last year. Showing a decrease of Rs. 9.94 million for the period under review.

After incorporating administrative & selling expenses, financial charges and other charges, profit before taxation was reported at a loss of Rs. 23.09 million against a loss of Rs. 8.62 million in the corresponding period.

During the period under review the company faced low sales issues which could not take care of fixed overheads as being in transaction phase. Long term investments also could not contribute to the bottom line as were in red during the term.

### OTHER INCOME

The company realized loss of Rs. 5.42 million in sale of investments against Rs. 5.06 million gain when compared with the last year. Similarly unrealized loss on revaluation of investments held for trading (HFT) Rs. 9.70 million against nil in the corresponding period. This is due to deteriorating market behavior of the Pakistan Stock Exchange (PSX).

### FUTURE OUTLOOK

The management is focused on maximizing the company's profits and potential in the short and long term. We are concentrating on the diversification of our product range and consolidating our efforts on quality improvements. Our aim remains to aggressively pursue the local and export markets in order to expand our business. Sales volume is expected to increase Insha Allah with the addition of new departments and customers.

### ACKNOWLEDGEMENT

We wish to thank our customers for their cooperation and continued faith in our products. We would also like to acknowledge our shareholders and financial institutions for their support and assistance.

On behalf of the Board

NAFEM SHAFI  
Chief Executive

Karachi: October 30, 2017



## BALANCE SHEET AS AT SEPTEMBER 30, 2017

	(Un-Audited) SEPTEMBER 2017 Rupees	(Audited) JUNE 2017 Rupees
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	25,019,583	23,704,246
Long term deposits	1,500,000	1,500,000
Long term Investments	22,919,126	35,182,728
	49,438,709	60,386,974
<b>Current Assets</b>		
Stock in trade	57,021,604	20,563,258
Short term investment	45,191,424	74,847,959
Trade debts - considered good	7,645,007	58,302,099
Loans and advances	6,120,831	2,106,145
Other receivables	5,843,828	5,658,896
Taxation - net	13,932,480	13,237,537
Cash and bank balances	1,742,749	336,491
	137,497,923	175,052,385
<b>TOTAL ASSETS</b>	<b>186,936,632</b>	<b>235,439,359</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Share capital	96,750,000	96,750,000
Unappropriated profit	(10,394,231)	12,676,785
	86,355,769	109,426,785
Unrealized gain on revaluation of investments-available for sale	19,847,407	25,701,369
	106,203,176	135,128,154
<b>Current Liabilities</b>		
Short term finances under mark-up arrangements	25,799,557	34,568,172
Payable against purchase of investment	12,106,842	24,777,202
Creditors, accrued and other payables	42,827,058	40,965,828
	80,733,457	100,311,202
<b>Contingencies and Commitments</b>	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>186,936,633</b>	<b>235,439,359</b>

The annexed notes form 01 to 5 an integral part of these financial statements.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017 (UN-AUDITED)**

	SEPTEMBER 2017 Rupees	SEPTEMBER 2016 Rupees
<b>Continuing Operations</b>		
Net sales	23,353,215	33,292,822
Cost of goods sold	(25,707,149)	(42,675,379)
<b>Gross (loss)</b>	<b>(2,353,934)</b>	<b>(9,382,557)</b>
Administrative and selling expenses	(3,968,071)	(3,609,484)
<b>Operating (loss)</b>	<b>(6,322,005)</b>	<b>(12,992,041)</b>
Other income	(5,176,525)	5,182,278
Unrealized (loss) on revaluation of investments held for trading	(9,724,317)	-
	(14,900,842)	5,182,278
	<b>(21,222,846)</b>	<b>(7,809,763)</b>
Finance cost	(1,595,954)	(791,000)
Other charges	(18,683)	(26,634)
	(1,614,637)	(817,634)
<b>(Loss) before taxation from continuing operation</b>	<b>(22,837,483)</b>	<b>(8,627,397)</b>
Taxation	(233,532)	(332,928)
<b>(Loss) after taxation from continuing operation</b>	<b>(23,071,016)</b>	<b>(8,960,325)</b>
<b>Discontinued Operations</b>		
Profit from discontinued operations	-	212,261
<b>(Loss) for the period</b>	<b>(23,071,016)</b>	<b>(8,748,064)</b>
<b>(Loss)/ earnings per share-basic and diluted</b>		
From continuing operations	(2.38)	(1.39)
From discontinued operation	-	0.03

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

	SEPTEMBER 2017 Rupees	SEPTEMBER 2016 Rupees
(Loss)/profit after taxation for the period	(23,071,016)	(8,748,064)
<b>Reclassifiable to profit and loss account</b>		
Unrealized profit on remeasurement of investment	(5,853,963)	3,300,850
<b>Total comprehensive (loss)/income for the period</b>	<b>(28,924,979)</b>	<b>(5,447,214)</b>

The annexed notes form 01 to 5 an integral part of these financial statements.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017 (UN-AUDITED)**

	SEPTEMBER 2017 Rupees	SEPTEMBER 2016 Rupees
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(22,837,483)	(8,415,136)
<b>Adjustment for non cash items:</b>		
Depreciation	719,150	817,099
(Gain) on sale of property, plant and equipment	(211,900)	(787,563)
Finance cost	1,595,954	791,000
	<u>2,103,204</u>	<u>820,536</u>
<b>Profit before changes in working capital</b>	<b>(20,734,279)</b>	<b>(7,594,600)</b>
<b>(Increase)/decrease in current assets</b>		
Stock in trade	(36,458,346)	6,218,502
Trade debts	50,657,092	3,280,196
Loans and advances	(4,014,686)	-
Other receivables	(184,932)	1,514,727
	<u>9,999,128</u>	<u>11,013,425</u>
<b>Increase/(decrease) in current liabilities</b>		
Short term finances under mark-up arrangements	(14,200,000)	4,560,000
Payable against purchase of investment	(12,670,360)	-
Creditors, accrued and other payables	1,861,230	8,079,411
	<u>(25,009,130)</u>	<u>12,639,411</u>
Financial charges paid	(1,595,954)	(791,000)
Taxes paid	(928,475)	(830,897)
<b>Net cash (used in) operating activities</b>	<b>(38,268,711)</b>	<b>14,436,339</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	-	(5,711)
<b>Net cash (used in) financing activities</b>	<b>-</b>	<b>(5,711)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(2,083,585)	(500,250)
Proceeds from sale of property, plant and equipment	238,000	4,699,896
Long term deposits	-	506,200
Additions in investment	(39,618,183)	(330,123,176)
Disposal of investment	81,706,909	308,399,004
<b>Net cash (used in) / inflow from investing activities</b>	<b>40,243,141</b>	<b>(17,018,326)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,974,430</b>	<b>(2,587,698)</b>
Cash and cash equivalents at the beginning of the year	(231,681)	(2,966,701)
<b>Cash and cash equivalents at the end of the period</b>	<b>1,742,749</b>	<b>(5,554,399)</b>

The annexed notes form 01 to 5 an integral part of these financial statements.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017 (UN-AUDITED)**

	Issued, Subscribed and Paid up Share Capital	Unrealized gain/(loss) on revaluation of investments available for sale	Unappropriated profit	Total
	Rupees			
Balance as at June 30, 2016	64,500,000	38,043,729	17,864,065	120,407,794
<b>Transaction with owners:</b>				
10% Cash dividend paid for the year ended June 30, 2016		-	(6,450,000)	(6,450,000)
Share issue cost			(889,311)	(889,311)
Issued right shares	32,250,000			32,250,000
<b>Total comprehensive income:</b>				
Net profit for the year ended June 30, 2017	-	-	2,152,031	2,152,031
Unrealized gain on revaluation of investments - available for sale	-	(12,342,359)	-	(12,342,359)
Balance as at June 30, 2017	96,750,000	25,701,370	12,676,785	135,128,155
<b>Total comprehensive income:</b>				
Net (loss) for the Quarter ended September 30, 2017	-	-	(23,071,016)	(23,071,016)
Unrealized (loss) on revaluation of investments - available for sale	-	(5,853,963)	-	(5,853,963)
Balance as at September 30, 2017	96,750,000	19,847,407	(10,394,231)	106,203,176

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD ENDED SEPTEMBER 30, 2017**

**1. STATUS AND NATURE OF BUSINESS**

International Knitwear Limited (hereinafter referred as the Company or IKL) is a public limited company. Its shares are quoted on the Pakistan Stock Exchange. The Registered office of the Company is located at Plot # F-2A/L, SITE, Karachi. We are leaders in creating, developing and manufacturing of 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 product that meets their specification, 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 standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or the directive issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

**3. ACCOUNTING POLICIES**

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.

**4. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved by the board of directors of the Company and authorized for issue on October 30, 2017.

**5. FIGURES**

5.1. Figures have been rounded off to the nearest of rupees.

5.2. Some of the previous year figures have been rearranged and restated where necessary. For the purpose of comparison of facilitate better presentation in the current period.

The annexed notes form 01 to 5 an integral part of these financial statements.

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



International Knitwear Limited



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