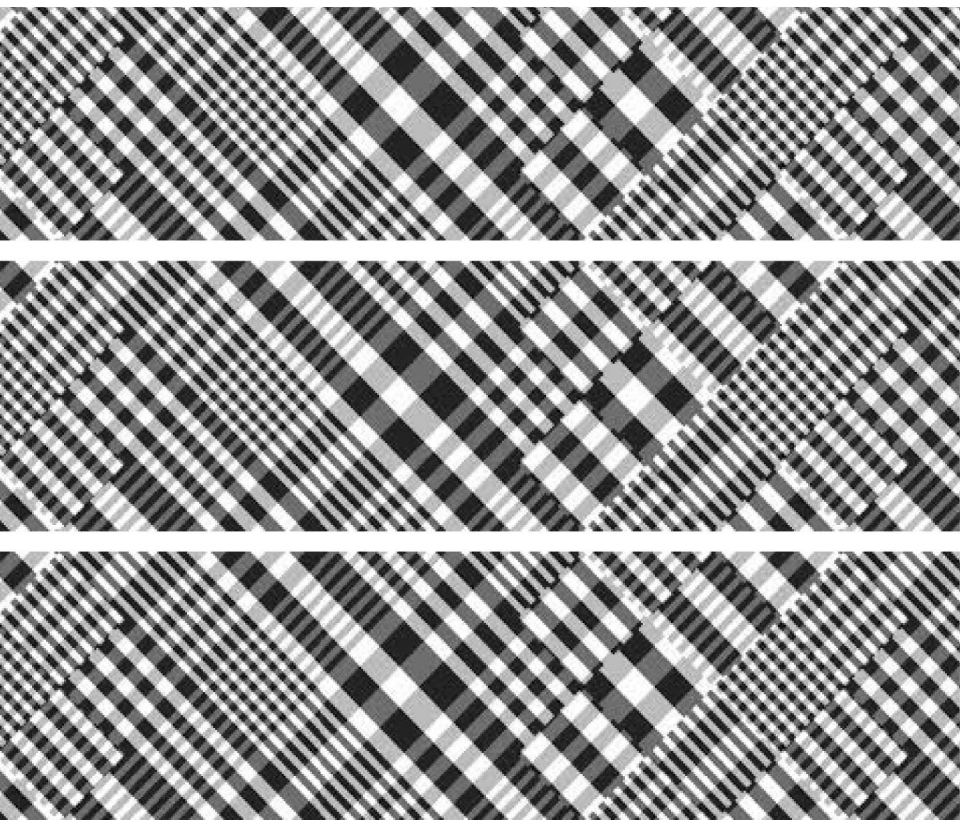


International Knitwear Limited



**FIRST QUARTER REPORT
FOR THE QUARTER ENDED
SEPTEMBER 2018**



COMPANY INFORMATION

BOARD OF DIRECTORS	Mr. Waseem Shafi Mr. Naem Shafi Mr. Javed Khan Mr. Muhammad Shafi Mr. Muhammad Sajid Hussain Mr. Mudassir Habib Khan Ms. Saleha Majid	Chairman Chief Executive
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CHIEF FINANCIAL OFFICER & COMPANY SECRETARY	Mr. Javed Khan
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AUDIT COMMITTEE	Ms. Saleha Majid Mr. Muhammad Sajid Hussain Mr. Mudassir Habib Khan
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HR & REMUNERATION COMMITTEE	Ms. Saleha Majid Mr. Muhammad Shafi Mr. Muhammad Sajid Hussain
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AUDITORS	RSM Avais Hyder Liaquat Nauman Chartered Accountants
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LEGAL ADVISOR	Ali Associates
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BANKERS	Bank AL-Habib Limited Habib Bank Limited
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REGISTERED OFFICE & FACTORY	F-2A/(L), S.I.T.E., Karachi-75730.
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REGISTRAR	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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WEBSITE	www.internationalknitwear.com
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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, 2018.

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

FINANCIAL PERFORMANCE

	July-September 2018	July-September 2017
	Rupees	Rupees
Net Sales	83,176,074	23,353,215
Cost of goods sold	(70,135,513)	(25,707,149)
Gross profit/(loss)	13,040,561	(2,353,934)
Profit/ (loss) before taxation	1,867,084	(22,837,484)
Profit/ (loss) after taxation	1,035,323	(23,071,016)
Earnings/ (loss) per share	0.11	(2.38)

PROFIT AND LOSS ANALYSIS

The company has achieved net sales of Rs.83.17 million against Rs. 23.35 million when compared with last year. Showing an increase of Rs. 59.82 million, depicting growth of 256.20% against the corresponding period last year.

After incorporating administrative & selling expenses, financial charges and other charges, profit before taxation was reported at a gain of Rs. 1.87 million against a loss of Rs. 22.83 million in the corresponding period.

Furthermore, gain after taxation for the period under review has amounted to Rs. 1.03 million against loss of Rs. 23.07 million in the corresponding period. The International Knitwear Limited has gradually demonstrated strength, with solid growth in top line over the years. Despite challenges, we are pleased to report that overall performance has remained positive and the Company's management continues to focus on creating value for its shareholders.

OTHER INCOME

In other income the company realized and unrealized loss of Rs.4.81 million against loss of Rs.15.14 million in the corresponding period last year. 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. 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 department 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

NAEEM SHAFI
Chief Executive Officer

Karachi: October 31, 2018



CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2018

		(Un-Audited) SEPTEMBER 2018 Rupees	(Audited) JUNE 2018 Rupees
ASSETS	Note		
Non-Current Assets			
Property, Plant & Equipment owend		27,153,438	25,728,306
Long term deposits		2,052,600	1,500,000
Long term investments		21,346,260	23,011,500
		50,552,298	50,239,806
Current Assets			
Stock in trade	4	110,150,660	50,619,309
Short term investments		20,989,976	26,228,324
Trade debts - considered good	5	63,566,542	69,310,130
Loan and advances		8,332,309	2,387,520
Other receivables		11,540,573	11,273,510
Taxation - net		19,303,991	18,230,723
Cash and bank balances		414,270	1,661,962
		234,298,321	179,711,478
TOTAL ASSETS		284,850,619	229,951,284
EQUITY & LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital		96,750,000	96,750,000
Reserve		18,799,726	17,764,403
		115,549,726	114,514,403
Unrealized gain on revaluation of investments- available for sale		18,293,462	19,958,702
		133,843,188	134,473,105
Current Liabilities			
Short term finances under mark-up arrangements	6	53,360,373	19,195,460
Creditors, accrued and other payables	7	96,331,797	74,966,895
Unclaimed dividend		1,315,261	1,315,823
		151,007,431	95,478,178
CONTINGENCIES & COMMITMENTS		-	-
TOTAL EQUITY AND LIABILITIES		284,850,619	229,951,284

The annexed notes 1 to 9 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director & Chief Financial Officer



International Knitwear Limited

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	30-Sep-18	30-Sep-17
	Rupees	Rupees
Net sales	83,176,074	23,353,215
Cost of goods sold	(70,135,513)	(25,707,149)
Gross profit/(loss)	13,040,561	(2,353,934)
Administrative and selling expenses	(5,217,009)	(3,968,071)
Operating profit/ (loss)	7,823,552	(6,322,005)
Other income	659,747	(5,176,525)
Unrealized (loss) on revaluation of investments- HFT	(4,163,008)	(9,724,317)
	(3,503,261)	(14,900,842)
	4,320,291	(21,222,847)
Finance cost	(2,314,831)	(1,595,954)
Other charges	(138,377)	(18,683)
	(2,453,207)	(1,614,637)
Profit/(loss) before taxation	1,867,084	(22,837,484)
Taxation	(831,761)	(233,532)
Profit/(loss) after taxation	1,035,323	(23,071,016)
Earning /(loss) per share basic and diluted	0.11	(2.38)

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2018

	30-Sep-18	30-Sep-17
	Rupees	Rupees
Profit / (Loss) after taxation for the period	1,035,323	(23,071,016)
Other comprehensive(loss)/ Income	(1,665,240)	(5,853,963)
Total comprehensive income/ (loss) for the period	(629,917)	(28,924,979)

The annexed notes 1 to 9 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director & Chief Financial Officer



CASH FLOW STATEMENT FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	30-Sep-18 Rupees	30-Sep-17 Rupees
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,867,084	(22,837,483)
Adjustment for non cash items:		
Depreciation	834,377	719,150
(Gain) on sale of property, plant and equipment	-	(211,900)
Other income	(1,311,202)	-
Finance cost	2,314,831	1,595,954
	<u>1,838,006</u>	<u>2,103,204</u>
Profit before changes in working capital	3,705,089	(20,734,279)
(Increase) / decrease in current assets		
Stock in trade	(59,531,351)	(36,458,346)
Trade debts	5,743,588	50,657,092
Loans and advances	(5,944,789)	(4,014,686)
Other receivables	(267,063)	(184,932)
	<u>(59,999,615)</u>	<u>9,999,128</u>
Increase / (decrease) in current liabilities		
Short term finance under mark-up arrangement	34,164,913	(14,200,000)
Payable against purchase of investment	-	(12,670,360)
Creditors, accrued and other payables	21,364,902	1,861,230
	<u>55,529,815</u>	<u>(25,009,130)</u>
Financial charges paid	(2,314,831)	(1,595,954)
Taxes paid	(1,884,479)	(928,475)
Net cash inflow from / (used in) operating activities	(4,964,021)	(38,268,711)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	562	-
Net cash (used in) / inflow from financing activities	562	-
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure	(2,279,507)	(2,083,585)
Additions in investment	(20,807,396)	(39,618,183)
Disposal of investment	27,355,270	81,706,909
Proceeds from sale of property, plant and equipment	-	238,000
Long term deposits	(552,600)	-
Net cash (used in) investing activities	3,715,767	40,243,141
Net (decrease)/ increase in cash and cash equivalents	(1,247,692)	1,974,430
Cash and cash equivalents at the beginning of the year	1,661,962	(231,681)
Cash and cash equivalents at the end of the year	414,270	1,742,749

The annexed notes 1 to 9 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director & Chief Financial Officer



International Knitwear Limited

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

	Issued, Subscribed and Paid up Share Capital	Unrealized (loss) on revaluation of investments available for sale	Unappropriated profit	Total
	----- Rupees -----			
Balance as at June 30, 2017- restated	96,750,000	25,701,370	4,359,421	126,810,792
Total comprehensive income:				
Net profit for the year ended June 30, 2018	-	-	13,404,981	13,404,981
Unrealized (loss) on revaluation of investments - available for sale	-	(5,742,669)	-	(5,742,669)
Balance as at June 30, 2018	96,750,000	19,958,702	17,764,403	134,473,105
Total comprehensive income:				
Net profit for the period ended september 30, 2018	-	-	1,035,323	1,035,323
Unrealized (loss) on revaluation of investments - available for sale	-	(1,665,240)	-	(1,665,240)
Balance as at September 30, 2018	96,750,000	18,293,462	18,799,726	133,843,188

The annexed notes 1 to 9 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director & Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

1. STATUS AND NATURE OF BUSINESS

International Knitwear Limited (hereinafter referred as the "Company" or "IKL") was incorporated in Pakistan on May 21, 1990 as an unlisted company and was listed in Pakistan Stock Exchange Limited on February 08, 1994. 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

The accounting and reporting standards 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, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on June 30, 2018

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, 2018.

	Sep-18	Jun-18
	Rupees	Rupees
Raw material	22,269,028	15,863,455
Work-in-process	83,855,042	28,494,071
Finished goods	4,026,590	6,261,783
	110,150,660	50,619,309

5. TRADE DEBTS - CONSIDERED GOOD

Foreign - secured, considered good	12,579,530	35,357,835
Gain on translation of export debtors	-	1,159,450
	12,579,530	36,517,285
Local - unsecured		
- Considered good	50,987,012	32,792,845
- Considered doubtful	1,286,162	1,286,162
	52,273,174	34,079,007
Less: Provision for bad debts	(1,286,162)	(1,286,162)
	63,566,542	69,310,130



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2018 (UN-AUDITED)

6. SHORT TERM FINANCE UNDER MARK-UP ARRANGEMENT	Sep-18 Rupees	Jun-18 Rupees
Running finance facility	5,910,373	5,995,461
Export refinance facility	27,450,000	13,200,000
Local short term finance facility	20,000,000	-
	53,360,373	19,195,461

7. CREDITORS, ACCRUED AND OTHER PAYABLES

Creditors	81,168,115	58,766,471
Accrued expenses	7,977,957	7,869,139
Compensated absences payable	1,162,834	1,080,684
Other fund payable	349,814	315,692
Workers' profit participation fund	1,031,385	931,112
Workers' welfare fund	1,838,421	1,800,317
Advance from customers	349,125	340,075
Sales tax payable	751,161	1,367,873
Payable to director	1,450,000	2,162,000
Others	252,985	333,533
	96,331,797	74,966,895

8. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the board of directors of the Company and authorized for issue on October 31, 2018.

9. FIGURES

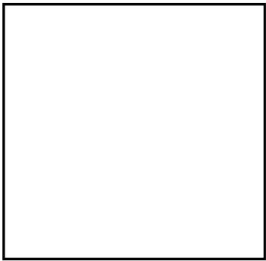
9.1 Figures have been rounded off to the nearest of rupees.

9.2 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 1 to 9 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive Officer

JAVED KHAN
Director & Chief Financial Officer



International Knitwear Limited

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