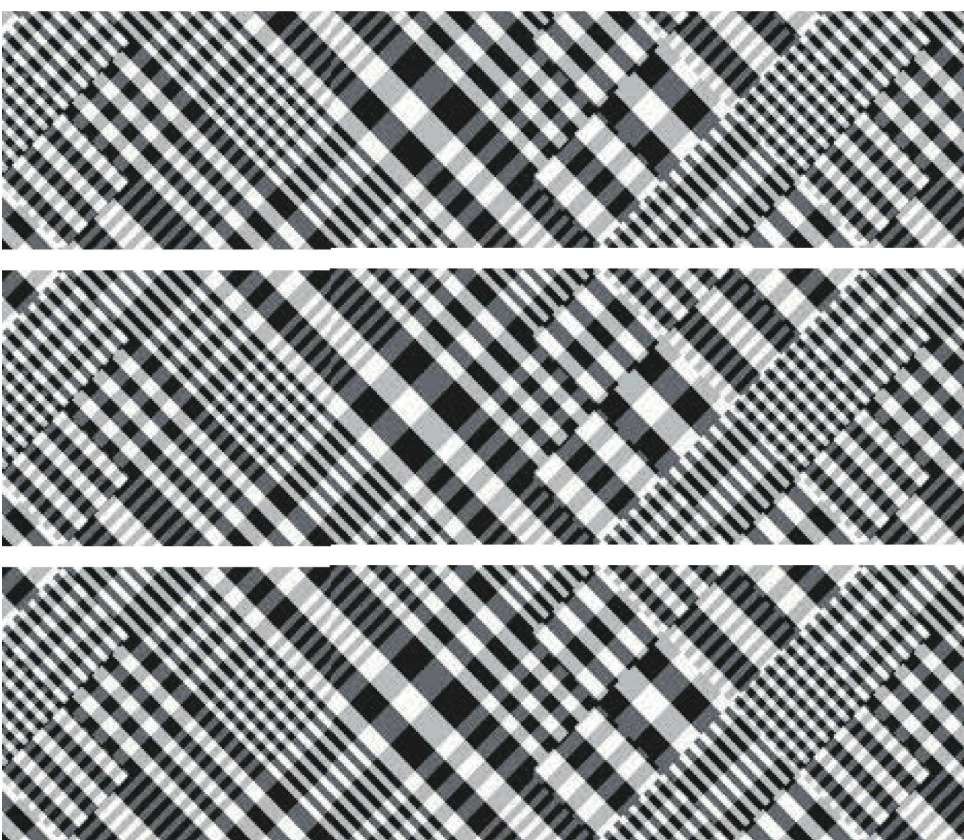
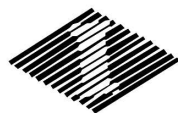


International Knitwear Limited



**CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2018**



# International Knitwear Limited

## COMPANY INFORMATION

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<b>BOARD OF DIRECTORS</b>	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	

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<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	Mr. Javed Khan
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<b>AUDIT COMMITTEE</b>	Ms. Saleha Majid
	Mr. Muhammad Sajid Hussain
	Mr. Mudassir Habib Khan

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<b>HR &amp; REMUNERATION COMMITTEE</b>	Ms. Saleha Majid
	Mr. Muhammad Shafi
	Mr. Muhammad Sajid Hussain

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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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## DIRECTORS' REPORT

The Board of Directors of International Knitwear Limited (INKL) is pleased to present the unaudited financial statements of the Company for the half year ended December 31, 2018.

### FINANCIAL PERFORMANCE

	July-December 2018 Rupees	July-December 2017 Rupees
Sales	201,533,927	123,545,085
Gross profit	22,691,556	11,236,556
Operating profit	11,616,978	3,292,906
Provision of taxation	(2,015,339)	(1,234,060)
Profit/(loss) after taxation	7,317,515	(23,957,679)
Earnings/(loss) per share-basic and diluted	0.76	(2.48)

### PROFIT AND LOSS ANALYSIS

The company has achieved net sales of Rs. 201.53 million against Rs. 123.54 million when compared with last year. Showing an increase of Rs. 77.98 million, depicting growth of 63.12% against the corresponding period last year.

After incorporating administrative & selling expenses reported at profit of Rs. 11.61 million against Rs. 3.29 million in the corresponding period last year.

After incorporating financial charges and other charges, profit after taxation reported at a gain of Rs. 7.31 million against a loss of Rs. (23.95) million in the corresponding period last year.

### EXPORT SALES

The continuing focus on Export sales and providing quality products. The company has achieved sales of Rs. 140.27 Million against Rs. 69.44 Million when compared with last year. We succeeded in increasing our export sales by Rs. 70.83 Million showing an increase 102.00% when compared with the last year.

### LOCAL SALES

The Company has Local Sales of Rs. 61.26 Million against Rs. 54.10 Million when compared with last year. Showing an increase of Rs. 7.16 Million.

### FUTURE OUTLOOK

The management remains committed to increasing the sales & performance of the company by utilizing its resources efficiently. Sales volume is expected to increase with the addition of new foreign buyers with good gross margin. We expect better performance in the second half year of this financial year.

### 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.

Karachi: February 27, 2019

On behalf of the Board

NAEEM SHAFI  
Chief Executive

JAVED KHAN  
Director



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**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, 2018 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 (hereinafter 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, 2018 and December 31, 2017 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 Syed Adnan Zaman.



# International Knitwear Limited

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

		(Un-Audited) December 2018 Rupees	(Audited) June 2018 Rupees
<b>ASSETS</b>	<b>Note</b>		
<b>Non-Current Assets</b>			
Property, plant and equipment	4	32,236,934	25,728,306
Long term deposits		2,052,600	1,500,000
Long term loans	9	589,500	877,500
Long term investments	5	29,616,381	42,052,371
		64,495,415	70,158,177
<b>Current Assets</b>			
Stock-in-trade	7	113,714,820	50,619,309
Short term investment	6	5,572,092	7,108,605
Trade debts - considered good	8	79,254,573	69,310,130
Loans and advances	9	4,138,481	1,588,867
Other receivables	10	13,570,724	11,273,510
Taxation - net		20,727,780	18,230,723
Cash and bank balances	11	312,784	1,661,962
		237,291,254	159,793,106
<b>TOTAL ASSETS</b>		<b>301,786,671</b>	<b>229,951,285</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		96,750,000	96,750,000
Reserves		23,477,482	23,362,841
		120,227,482	120,112,841
Unrealized gain on revaluation of investments- available for sale		10,138,382	14,360,264
		130,365,864	134,473,105
<b>Non-Current Liabilities</b>			
Long term liability against assets subject to finance lease		2,450,795	-
<b>Current Liabilities</b>			
Short term finance under mark-up arrangement	13	49,343,192	19,195,460
Short term liability against assets subject to finance lease		189,705	-
Creditors, accrued and other payables	14	117,540,278	74,966,895
Unclaimed dividend		1,896,836	1,315,823
		168,970,011	95,478,178
<b>CONTINGENCIES AND COMMITMENTS</b>		-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>301,786,671</b>	<b>229,951,285</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

**NAEEM SHAFI**  
Chief Executive

**JAVED KHAN**  
Director & Chief Financial Officer





# International Knitwear Limited

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	QUARTER ENDED		HALF YEAR ENDED	
	December	December	December	December
	2018	2017	2018	2017
Note	------(Rupees)-----		------(Rupees)-----	
Sales - net	118,357,853	100,191,870	201,533,927	123,545,085
Cost of goods sold	(108,706,858)	(86,601,380)	(178,842,371)	(112,308,529)
<b>Gross profit</b>	<b>9,650,995</b>	<b>13,590,490</b>	<b>22,691,556</b>	<b>11,236,556</b>
Administrative and selling expenses	(5,857,570)	(3,975,579)	(11,074,579)	(7,943,650)
<b>Operating profit</b>	<b>3,793,426</b>	<b>9,614,911</b>	<b>11,616,978</b>	<b>3,292,906</b>
Other income	3,800,740	(9,194,036)	4,460,487	(14,370,560)
Unrealized (loss)/gain on revaluation of investments through P&L	3,059,822	1,231,591	(1,103,186)	(8,492,726)
	6,860,562	(7,962,445)	3,357,301	(22,863,286)
	<b>10,653,987</b>	<b>1,652,467</b>	<b>14,974,279</b>	<b>(19,570,379)</b>
Financial charges	(2,634,900)	(1,458,448)	(4,949,731)	(3,054,403)
Other charges	(553,317)	(80,153)	(691,694)	(98,836)
	(3,188,217)	(1,538,601)	(5,641,425)	(3,153,239)
<b>Profit/(loss) before taxation</b>	<b>7,465,770</b>	<b>113,866</b>	<b>9,332,854</b>	<b>(22,723,618)</b>
Taxation	(1,183,578)	(1,000,528)	(2,015,339)	(1,234,060)
<b>Profit/(loss) after taxation</b>	<b>6,282,192</b>	<b>(886,662)</b>	<b>7,317,515</b>	<b>(23,957,678)</b>
Earnings (loss) per share-basic and diluted	0.65	(0.09)	0.76	(2.48)

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

**NAEEM SHAFI**  
Chief Executive

**JAVED KHAN**  
Director & Chief Financial Officer



# International Knitwear Limited

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	QUARTER ENDED		HALF YEAR ENDED	
	December 2018	December 2017	December 2018	December 2017
	------(Rupees)-----		------(Rupees)-----	
Profit/ (loss) for the period	6,282,192	(886,662)	7,317,515	(23,957,679)
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Unrealised loss on remeasurement of investments classified as fair value through OCI	(7,071,394)	(7,473,818)	(6,587,256)	(7,473,818)
Reclassification of OCI on disposal of fair value through OCI investment directly into equity	(1,864,780)	-	2,365,374	-
	(5,206,614)	(7,473,818)	(4,221,882)	(7,473,818)
<b>Total comprehensive income for the period</b>	<b>1,075,578</b>	<b>(8,360,480)</b>	<b>3,095,633</b>	<b>(31,431,497)</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

**NAEEM SHAFI**  
Chief Executive

**JAVED KHAN**  
Director & Chief Financial Officer



# International Knitwear Limited

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Issued, subscribed and paid-up share capital	Unrealized gain on revaluation of investment	Unappropriated profit / (loss)	Total
----- Rupees -----				
Balance as at June 30, 2017 (Audited)	96,750,000	25,701,370	4,359,421	126,810,791
<b>Total comprehensive income for the period</b>				
(Loss) for the half year ended December 31, 2017	-	-	(23,957,679)	(23,957,679)
(Loss) on revaluation of investment	-	(7,473,818)	-	(7,473,818)
	-	(7,473,818)	(23,957,679)	(31,431,497)
Balance as at December 31, 2017 (Un-Audited)	96,750,000	18,227,552	(19,598,258)	95,379,294
<b>Total comprehensive income for the period</b>				
Profit for the year ended June 30, 2018	-	-	13,404,981	13,404,981
(Loss) on revaluation of investment	-	(5,742,669)	-	(5,742,669)
	-	(5,742,669)	13,404,981	7,662,312
Balance as at June 30, 2018 (Audited)	96,750,000	19,958,702	17,764,403	134,473,105
Impact of early adoption of IFRS - 9 - Transfer from unappropriated profit into OCI due to change in accounting policy (Refer note 3.1)	-	(5,598,438)	5,598,438	-
Balance as at July 01, 2018	96,750,000	14,360,264	23,362,841	134,473,105
<b>Total comprehensive income for the period</b>				
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)	-
<b>Transaction with owners:</b>				
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)	96,750,000	10,138,382	23,477,482	130,365,864

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

**NAEEM SHAFI**  
Chief Executive

**JAVED KHAN**  
Director & Chief Financial Officer





# International Knitwear Limited

## CONDENSED INTERIM STATEMENT OF CASHFLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	December 2018	December 2017
Note	-----{(Rupees)}-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(loss before taxation)	2,461,000	(30,197,436)
<b>Adjustment for non cash items:</b>		
Depreciation	1,828,733	1,478,970
Loss/(gain) on sale of property, plant and equipment	6,273	(211,900)
Financial charges	4,949,731	3,054,402
	6,784,737	4,321,472
<b>(Loss) / profit before changes in working capital</b>	<b>9,245,737</b>	<b>(25,875,964)</b>
<b>Decrease / (increase) in current assets</b>		
Stock in trade	(63,095,511)	(32,081,502)
Trade debts	(9,944,443)	22,239,557
Loans and advances	(2,549,614)	(2,291,182)
Other receivables	(2,297,214)	(2,741,138)
	(77,886,782)	(14,874,265)
<b>(Decrease) / increase in current liabilities</b>		
Short term financing under markup arrangements	30,568,275	(1,302,000)
Creditors, accrued and other payables	45,213,883	(14,295,532)
	75,782,158	(15,597,532)
Financial charges paid	(4,949,731)	(3,054,403)
Taxes paid	(4,499,569)	(2,877,727)
Dividend paid	(4,257,087)	-
<b>Net cash (used in) operating activities</b>	<b>(6,565,274)</b>	<b>(62,279,891)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(8,368,632)	(3,062,424)
Proceeds from sale of property, plant and equipment	25,000	238,000
(Purchase) / sale of investments - net	7,984,811	60,073,761
<b>Net cash (used in) / generated from investing activities</b>	<b>(358,821)</b>	<b>57,249,337</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(6,924,095)</b>	<b>(5,030,554)</b>
Cash and cash equivalent at the beginning of the period	1,661,962	336,491
<b>Cash and cash equivalent at the end of the period</b>	<b>(5,262,133)</b>	<b>(4,694,063)</b>
Cash and bank balances	312,784	1,095,155
Running finance facility	(5,574,917)	(5,789,216)
	<b>(5,262,133)</b>	<b>(4,694,061)</b>

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

**NAEEM SHAFI**  
Chief Executive

**JAVED KHAN**  
Director & Chief Financial Officer



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

### 1 Status and nature of the business

International Knitwear Limited (hereinafter referred 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 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, 2018.

2.3 The figures included in the condensed interim statement of profit or loss and other comprehensive income for the quarters ended December 31, 2018 and 2017 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, 2018 and 2017.

### 3 Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments". The revised accounting policies adopted by the management are as follows:

#### 3.1 IFRS 9 'Financial Instruments'

The Securities and Exchange Commission of Pakistan (SECP) had notified IFRS 9, replacing the International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" with effect from reporting periods starting July 1, 2018 for all companies required to prepare their financial statements in accordance with the requirements of IFRS. However, the SECP has deferred the applicability of IFRS 9 for reporting period/year ending on or after June 30, 2019, permitting early adoption of the standard.

The Company has early adopted the requirements of IFRS 9 Financial Instruments as of July 1, 2018.

IFRS 9 has replaced the multiple classification and measurement models in IAS 39 Financial Instruments: Recognition and Measurement with a single model having two classification categories (i.e. amortised cost and fair value). It has also introduced an expected credit loss impairment model. Following the application of IFRS 9, the Company's policy for financial instruments stands amended as follows:

#### Financial assets

The Company classifies its financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

#### a) Financial assets at amortised cost

Financial assets at amortised cost are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### b) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



## NOTES FOR THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

### c) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those financial assets which are either designated in this category or not classified in any of the other categories.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade date i.e. the date on which the Company commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Gains and losses arising on financial assets at amortised cost and financial assets at fair value through profit or loss are recognised in profit or loss. Interest calculated under effective interest method, dividend, impairment and foreign exchange gains and losses on financial assets at fair value through other comprehensive income are also recognised in profit or loss. Gains and losses from changes in fair value of financial assets at fair value through other comprehensive income are recognised in other comprehensive income and, in case of debt instruments, are reclassified to profit or loss on derecognition or reclassification.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value minus transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

#### Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Company has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated and the reclassification is recognised in the opening statement of financial position.

The effect of change in accounting policy is as follows:

	As at June 30, 2018	Reclassification (Rupees)	As at 1 July, 2018
<b>Impact on statement of financial position</b>			
Investments - available for sale	23,011,500	19,040,871	42,052,371
Investments - at fair value through profit or loss	26,228,324	(19,119,719)	7,108,605
<b>Impact on statement of changes in equity</b>			
Unrealized appreciation on re-measurement of 'available for sale' financial assets	19,958,702	(5,598,438)	14,360,264
Retained earnings	17,764,403	5,598,438	23,362,841

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at July 1, 2018:

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
(Rupees)				
Long term deposits	Loans and receivables	Amortised cost	1,500,000	1,500,000
Long term investments	Available for sale	Mandatorily at	23,011,500	42,052,371
Short term investments	Held for trading	Mandatorily at	26,228,324	7,108,605
Trade debts - considered good	Loans and receivables	Amortised cost	69,310,130	69,310,130
Loans and advances	Loans and receivables	Amortised cost	2,387,520	2,387,520
Other receivables	Loans and receivables	Amortised cost	11,273,510	11,273,510
Cash and bank balances	Loans and receivables	Amortised cost	1,661,962	1,661,962
			<u>135,372,946</u>	<u>135,294,098</u>

### 3.2 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognise revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Following the application of IFRS 15, the Company's policy for revenue recognition stands amended as follows:

#### Revenue recognition

- Revenue from sale of goods is recognised when the Company satisfies a performance obligation by transferring promised goods to customer. Goods are transferred when the customer obtains their control (i.e. on dispatch of goods to customers). Revenue is recognised at transaction price (which excludes estimates of variable consideration).

- Profit on bank balances is recognised on a time proportion basis on the principal amount outstanding and at the applicable rate.

- Insurance commission income is recognised as and when received.

- Gains / (losses) arising on disposal of investments are recognised on the date when the transaction takes place.

- Unrealised gains / (losses) arising on revaluation of securities measured at 'fair value are included in profit or loss / other comprehensive income in the period in which they arise.

- The aforesaid change in accounting policy resulted in reclassification of certain payments / rebates from selling and distribution costs to trade and other discounts because they meet the criteria of variable consideration and do not constitute distinct goods / services.

- The aforesaid change in accounting policy did not result in any significant change.



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	Note	(Un-audited) December 31, 2018	(Audited) June 30, 2018
		------(Rupees)-----	
<b>4 Property, plant &amp; equipment</b>			
Property and equipment - at cost less accumulated depreciation		32,236,934	25,728,306
Capital work in progress		-	-
		<u>32,236,934</u>	<u>25,728,306</u>
<b>4.1 Additions / adjustments at cost</b>			
Factory building		2,518,432	1,618,157
Plant and machinery		2,508,000	2,300,500
Computers		83,700	186,100
Furniture Fitting		27,500	152,830
Office equipment		334,000	136,000
Motor vehicles		2,897,000	1,457,500
		<u>8,368,632</u>	<u>5,851,087</u>
<b>4.2 Deletions / write-off / adjustments at cost</b>			
Plant and machinery		-	1,050,000
Computers		106,400	85,710
Office equipment		41,000	130,000
Motor vehicles		-	350,000
		<u>147,400</u>	<u>1,615,710</u>
<b>4.3 Movement in Capital Work in Progress</b>			
Opening balances		-	-
Add: Additions during the period		2,518,432	1,618,157
Less: Transfer to operating assets		(2,518,432)	(1,618,157)
		<u>-</u>	<u>-</u>
<b>5 Long term investments</b>			
Fair value through other comprehensive income (FVTOCI)			
Quoted securities	5.1	29,616,381	42,052,371
		<u>29,616,381</u>	<u>42,052,371</u>
<b>5.1 FVTOCI - Quoted Securities</b>			
<b>Name of the Company</b>			
- The Searle Company Limited		19,874,616	36,906,027
- Shell Pakistan Limited		30,660	31,609
- Attock Petroleum Limited		4,841,206	294,995
- Engro Corporation Limited		145,540	156,930
- Pakistan Oilfields Limited		765,950	337,910
- Pakistan Petroleum Limited		172,109	214,900
- Abbot Laboratories pak Limited		3,786,300	4,110,000
		<u>29,616,381</u>	<u>42,052,371</u>
<b>6 Short term investments</b>			
Fair value through profit or loss (FVTPL)			
Quoted securities	6.1	5,020,319	6,497,040
Mutual funds	0	551,773	611,566
		<u>5,572,092</u>	<u>7,108,606</u>
<b>6.1 FVTPL - Other investments</b>			
<b>Name of the Company</b>			
- Abbot Laboratories pak Limited		252,420	102,750
- The Searle Company Limited.		155,950	3,978,940
- Attock Refinery Limited - Future		92,200	-
- AGP Limited		349,720	355,160
- Attock Petroleum Limited		3,339,655	-
- Sui Northren Gas Company		115,605	150,330
- Pakistan Oilfields Limited		254,892	-
- Pakistan State Oil Co. Limited		459,877	1,909,860
		<u>5,020,319</u>	<u>6,497,040</u>
<b>6.2 FVTPL - Mutual funds</b>			
<b>Name of the Fund</b>			
- AKD Opportunity Funds		551,773	611,566
		<u>551,773</u>	<u>611,566</u>
<b>7 STOCK IN TRADE</b>			
Raw material		20,191,331	15,863,455
Work-in-process		90,589,969	28,494,071
Finished goods		2,933,520	6,261,783
		<u>113,714,820</u>	<u>50,619,309</u>
<b>8 Trade debts</b>			
Export - secured, considered good		71,029,513	36,517,285
<b>Local - unsecured</b>			
- Considered good		8,225,060	32,792,845
- Considered doubtful		1,286,162	1,286,162
		<u>9,511,222</u>	<u>34,079,007</u>
Less: Provision for doubtful debts		(1,286,162)	(1,286,162)
		<u>79,254,573</u>	<u>69,310,130</u>



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	----- (Rupees) -----	
<b>9 Loans and advances</b>		
Loans - unsecured, considered good		
- Loan to employees	834,000	877,500
Advances - unsecured, considered good		
- Advance to contractors, employees suppliers and broker	3,830,381	1,528,037
- Prepayments	63,600	60,830
	3,893,981	1,588,867
	<u>4,727,981</u>	<u>2,466,367</u>
<b>10 Other receivable</b>		
Export rebate receivables	1,716,273	1,655,433
Research and development receivable	11,074,281	8,990,768
Sales tax receivable	589,626	-
Other receivable	190,544	627,309
	<u>13,570,724</u>	<u>11,273,510</u>
<b>11 Cash and bank balances</b>		
Cash in hand	49,565	-
Bank Balances		
- in current account	42,244	34,530
- in saving account	220,975	1,627,432
	<u>312,784</u>	<u>1,661,962</u>

	(Un-audited) Quarter ended		(Un-audited) Half year ended	
	December 2018	December 2017	December 2018	December 2017
	----- (Rupees) -----		----- (Rupees) -----	
<b>12 Other income</b>				
<b>Income From Financial Assets</b>				
Exchange gain -Net	2,628,219	-	3,748,871	-
Profit on bank accounts	65,595	31,925	119,145	65,223
Dividend Income	355,524	1,097,569	492,524	1,097,569
Other income	34,000	-	34,000	-
(Loss) on disposal of investment	723,674	(10,323,529)	72,219	(15,745,252)
<b>Income From Non-Financial Assets</b>				
(Loss)/gain on disposal of property, plant and equipment	(6,273)	-	(6,273)	211,900
	<u>3,800,740</u>	<u>(9,194,036)</u>	<u>4,460,487</u>	<u>(14,370,560)</u>

	(Un-audited) December 31, 2018	(Audited) June 30, 2018
	----- (Rupees) -----	
<b>13 SHORT TERM FINANCE UNDER MARK-UP ARRANGEMENT</b>		
Running finance facility	5,574,917	5,995,461
Export refinance facility	28,950,000	13,200,000
Discount against local LC	14,818,275	-
	<u>49,343,192</u>	<u>19,195,461</u>
<b>14 CREDITORS, ACCRUED AND OTHER PAYABLES</b>		
Creditors	100,699,263	58,766,471
Accrued expenses	10,633,686	7,869,139
Compensated absences payable	1,230,125	1,080,684
Other fund payable	794,016	315,692
Workers' profit participation fund	501,227	931,112
Workers' welfare fund	1,990,783	1,800,317
Advance from customers	1,200,069	340,075
Sales tax payable	-	1,367,873
Payable to director	-	2,162,000
Others	491,109	333,533
	<u>117,540,278</u>	<u>74,966,895</u>
<b>15 TRANSACTIONS WITH RELATED PARTIES</b>		

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:

**Balances:**

Provident Fund - outstanding balance 794,016 311,830

**Transactions:**

Contribution to staff retirement benefit plans 747,661 1,203,740  
Key management personnel's remuneration and other benefits 3,299,333 5,939,140

**16 Corresponding figures**

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

**17 Date of authorization**

This financial information was authorized on February 27, 2019 by the Board of Directors of the Company.

**18 General**

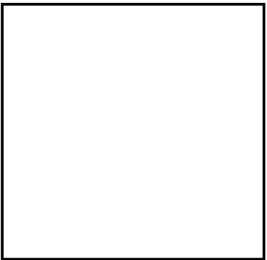
Figures have been rounded off to nearest rupees.

**NAEEM SHAFI**  
Chief Executive

**JAVED KHAN**  
Director & Chief Financial Officer



International Knitwear Limited



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