

International Knitwear Limited



ANNUAL REPORT 2015



International Knitwear Limited

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International Knitwear Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Naeem Shafi Chairman/Chief Executive
 Mr. Waseem Shafi
 Mr. Javed Khan
 Mr. Muhammad Shafi
 Mr. Muhammad Bilal Zuberi
 Mr. Muhammad Sajid Hussain
 Mr. Arshad Ahmed

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Javed Khan

AUDIT COMMITTEE

Mr. Waseem Shafi Chairman
 Mr. Arshad Ahmed
 Mr. Muhammad Shafi

HR & REMUNERATION COMMITTEE

Mr. Muhammad Bilal Zuberi Chairman
 Mr. Arshad Ahmed
 Mr. Muhammad Sajid Hussain

AUDITORS

Baker Tilly Mehmood Idrees Qamar
 Chartered Accountants

LEGAL ADVISOR

S. Akhtar & Company

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 Shahra-e-Faisal, Karachi-74400

WEBSITE

www.internationalknitwear.com



International Knitwear Limited

VISION AND MISSION

VISION

Is to achieve and then remain as the most progressive and profitable Company offering a wide range of quality products and service provider in terms of industry standards and stakeholders interest.

MISSION

The Company shall achieve its mission through a continuous process of having sourced, developed, implemented and managed the best leading edge technology, industry best practice, human resource and innovative of superior products, performance and service quality that fully meet the needs of our customers, better returns to our stakeholders and a better quality of life to the employees.



International Knitwear Limited

CODE OF CONDUCT

CODE OF CONDUCT

International Knitwear Limited being engaged in the Local and export of garments and providing dyeing facilities is:

- Committed to provide quality products and services to all its local and international customers.
- Further committed to comply with all applicable Regulatory and Customers' requirements, thereby ensuring achievement of customers' continuous satisfaction.
- An equal opportunity employer which does not differentiate between its employees on the basis of cast, creed, sex or religious affiliations.
- Always willing, through a liberal training policy, to educate, train and groom its employees to enhance their professionalism, commitment and personal growth leading to achievement of greater goals.

Committed to the well-being of its employees by adopting generous welfare policies and practices.

In return International Knitwear Limited expects from its employees that:

- As representatives of the Company they must at all times behave appropriately and strictly follow all rules and regulations of the Company.
- They must devote their time, attention, abilities and energy exclusively for the performance of their duties and must not engage themselves in any other occupation, business or employment whatsoever without prior written consent of the Company.
- They must not disclose any confidential information pertaining to the business of the Company to any person inside or outside the company.
- They must protect all records, reports and other published or unpublished documents of the Company and promptly hand over all these to the Company upon leaving, for whatever reason, the employment of the Company. They must not also remove any or all of the said records, reports and documents from the premises of the Company without appropriate authorization.



International Knitwear Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the shareholders of **International Knitwear Limited** will be held at 06:00 P.M on Wednesday , October 28, 2015 at registered office situated at F-2A/L, S.I.T.E - Karachi to transact the following business:

ORDINARY BUSINESS:-

1. To confirm the minutes of the last Annual General Meeting held on Wednesday October 24, 2014.
2. To receive, consider and adopt the audited financial statements for the year ended June 30, 2015 together with Directors' and Auditors' Report thereon.
3. To appoint Auditors for the year ending June 30, 2016 and to fix their remuneration. The present Auditors **M/s Baker Tilly Mehmood Idrees Qamar Chartered Accountants** retire and being eligible have offered themselves for re-appointment.
4. The resignation of Mr. Zahid Ali Director of the Company was placed before the Board. The Board with regret accepted the resignation of Mr. Zahid Ali.
To appoint one Director to fill the casual vacancy, the chairman proposed the name of Mr. Muhammad Bilal Zuberi as a Director of the Company.
5. To elect seven Directors of the Company as fixed by the Board in accordance with the companies' Ordinance 1984 for a term of three years. The retiring Directors eligible for re-election are: -

i. Mr. Naeem Shafi	v. Mr. Waseem Shafi
ii. Mr. Javed Khan	vi. Mr. Muhammad Bilal Zuberi
iii. Mr. Sajid Hussain	vii. Mr. Muhammad Shafi
iv. Mr. Arshad Ahmed	
6. To consider and approve the payment of final cash dividend @10% (Rs.1.00 per share) to the shareholders for the financial year ended June 30, 2015 as recommended by the Board of Directors.
7. To transact any other business with the permission of the chair.

By Order of the Board

Javed Khan
Company Secretary

Karachi: October 07, 2015



International Knitwear Limited

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Closure of share transfer books:

The share Transfer Books of the Company will remain closed and no transfer of shares will be accepted for registration from October 22, 2015 to October 28, 2015 (both days inclusive). Transfers received in order at the office of our Shares Registrar M/s Central Depository Company of Pakistan Limited CDC House , 99-B , Block "B" S.M.C.H.S Main Shahra-e-Faisal , Karachi -74400 by the close of the business on 21 October 2015 will be in time for the purpose of payment of final dividend to the transferees.

2. Participation in the annual general meeting:

A member entitled to attend and vote at this meeting is entitled to appoint another member/ any other person as his/ her proxy to attend and vote.

Duly completed instrument of proxy , and the other authority under which it is signed, thereof , must be lodged with the Secretary of the Company at the company's registered office F-2A/L, S.I.T.E , Karachi at least 48 hours before the time of the Meeting.

3. Change of Address :

Any change of address of Members should be immediately notified to the company's share registrars, Central Depository Company of Pakistan Limited CDC House, 99-B, Block "B" S.M.C.H.S Main Shahra-e-Faisal, Karachi -74400

4. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan :

A) For attending the meeting :

- i. In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original computerized national Identity card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity , the Board of Directors ' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of meeting.



International Knitwear Limited

NOTICE OF ANNUAL GENERAL MEETING

B) For appointing proxies:

- In case of individuals, the account holder or sub-account holder and / or person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport.
- The proxy shall produce his / her original CNIC or original passport at the time of meeting.
- In case of corporate entity, the Board of Directors' resolution/ power of attorney with specimen signature shall be submitted along with proxy form to the Company.

1. Confirmation for filing status of income tax return for application of revised rates pursuant to the provisions of Finance Act, 2015:

All members of the Company are hereby informed that pursuant to the provisions of Finance Act, 2015, Effective July 01, 2015, reforms have been made with regards to deduction of income tax. For cash dividend, the rates of deduction of income tax under section 150 of the Income Tax Ordinance, 2001 have been revised as follows:

1	Rate of tax deduction for filer of income tax returns	12.50%
2	Rate of tax deduction for non-filer of income tax returns	17.50%

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to the Company by sending following detail on the registered address of the Company and the members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) are requested to send a copy of detail regarding tax payment status also to the relevant member stock exchange and CDC if maintaining CDC investor account, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS ID /AC #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC No.	Shareholding Proportion (No of Shares)	Name and CNIC No.	Shareholding Proportion (No of Shares)

The CNIC number/ NTN detail is now mandatory and is required for checking the tax status as per the Active Taxpayers list (ATL) issued by the Federal Board of Revenue (FBR) from time to time .



International Knitwear Limited

NOTICE OF ANNUAL GENERAL MEETING

1. Payment of cash dividend electronically (e-dividend).

In accordance with the SECP's Circular No. 18 of 2012 dated June 2012, the shareholders have been given an opportunity to authorize the Company to make payment of cash dividend through direct credit to shareholder's bank account. To opt. for the dividend mandate option as stated, the Dividend Mandate Form is available at Company's website i.e. www.internationalknitwear.com needs to be duly filled and submitted to the Company on its registered address.

2. Submission of computerized national identity card (CNIC) for payment of final cash dividend 2014-15.

Members are requested to provide attested photocopies of their CNIC to the Company on its registered address in order to meet the mandatory requirements of SRO 831(1) 2012 of 5th July 2012 which provides that the dividend warrant should bear the Computerized National Identity Card (CNIC) number of the registered member.

3. Circulation of Annual Audited Financial Statements to shareholders through email.

The directive of SECP contained in SRO 787(1) dated September 8, 2014 whereby Securities and Exchange Commission of Pakistan (SECP) has allowed companies to circulate annual balance sheet, profit and loss account, auditor's report and directors' report etc. (Audited Financial Statements) along with notice of annual general meeting (Notice) to its members through e-mail. Members are requested to provide their email addresses on registered address of the Company.

CDC account holders are requested to submit attested to provide their email addresses to the relevant member stock exchange and CDC if maintaining CDC investor account.

4. Audited accounts of the company for the year ended June 30, 2015 will be provided on the Website www.internationalknitwear.com at least 21 days before the date of Annual General Meeting.



International Knitwear Limited

DIRECTORS' REPORT

The Directors of your Company are pleased to present the 25th Annual Report with the audited financial statements of the Company for the year ended June 30, 2015.

The Directors' report is prepared under section 236 of the Companies Ordinance, 1984 and clause xix of the code of corporate Governance.

FINANCIAL PERFORMANCE

A comparison of the key Financial results of the Company for the year ended June 30, 2015 with the last year as follows:-

	2015 Rupees	2014 Rupees
Net sales	184,117,984	145,538,825
Gross profit	22,552,146	17,832,118
Profit before taxation	8,577,070	2,595,535
Profit from discontinued operation	3,061,996	2,100,420
Profit for the year	9,797,887	3,719,824
Net earnings per share	2.05	1.04

PROFIT AND LOSS ANALYSIS

By the grace of Almighty Allah, during current year, in spite of various challenges to the Textile Industry the operations of our company were quite satisfactory. The performance is improving as our sales have grown by 26.50%. The company has earned profit before taxation for the year Rs. 8.57 million as compared Rs. 2.59 million in the previous year which represents showing an increase of Rs. 5.98 million over the corresponding last year.

SALES

The company has continued its revenue and profit growth trend from the financial year 2014-2015. We managed in increasing our sales from 145.53 million to Rs.184.11 million against last year, showing an increase of 26.50%. Similarly, gross profit increased from Rs.17.83 million to Rs.22.55 million showing an increase of 26.47% over the last year. This significant growth in gross profit and net profit is mainly attributable to increase in quantities and prices of the product manufactured and sold by the company. We are striving to make our production process more efficient to curtail the cost of production.

Both business segments (Export & Local) of the company have contributed towards satisfactory results in the current year over the previous corresponding year. We are also working on to diversity in our product portfolio so that we can avoid dependency on any one product or segment.

Pakistani Rupees and GBP & Euro parity remained unstable during the year. Pakistani rupees appreciated (from Rs.170/- per GBP to Rs.140/- per GBP) & (from Rs.135/- per Euro to Rs.108/- per Euro). In such instability to control the foreign exchange risk in difficult task to quote the rate to the Buyer. This factor also adversely effective our net margins.



International Knitwear Limited

DIRECTORS' REPORT

CAPITAL EXPENDITURE

In keeping with the Company's commitment to invest in expansion/ value addition of production facilities new stitching machines & other assets were added amounting to Rs.3.58 million.

DIVIDEND

The Directors are pleased to propose a final cash dividend of Rs. 1/- being 10% on a share of Rs. 10/- each held at October 21, 2015 (against Nil dividend last year 2014).

RIGHT SHARES

in the ratio of 1(one) share for every 1(one) share held i.e The Board of Directors of the Company in their meeting held on September 26,2014 approved increase in paid up share capital of the company by way of further issuance of right shares at par value of Rs.10/- per share 100% right.

The main purpose of this issue is to increase the Company's existing equity to utilize the additional funds for working capital required to achieve the business objectives set out by the management.

EARNINGS PER SHARE

For the year under review number of ordinary shares increased from 3,225,000 to 6,450,000 due to issuance of right shares. However, according to the requirement of the IFRS (IAS 33), the earning per share (EPS) has been calculated taking effect of Right issue on weighted average number of shares which comes to 4,772,057 as on June 30, 2015. On this basis the EPS for the year is reported at Rs.2.05 as compared to the last year restated EPS of Rs. 1.04.

MEETINGS OF THE BOARD OF DIRECTORS

The Board held five (5) meetings during the year. Attendance by each Director was as follows:

<u>Name of Director</u>	<u>No of Meetings attended</u>
Mr. Naeem Shafi	5
Mr. Waseem Shafi	2
Mr. Javed Khan	5
Mr. Zahid Ali	5
Mr. Muhammad Sajid Hussain	5
Mr. Arshad Ahmed	5
Mr. Muhammad Shafi	4

We would like to extend our gratitude to Mr. Zahid Ali retired as Director on completion of three years term and we welcome Mr. Muhammad Bilal Zuberi on joining the board.

AUDIT COMMITTEE

The audit committee held five (5) meetings during the year. Attendance by each member was as follows:-

	<u>No of Meetings attended</u>
Mr. Waseem Shafi	5
Mr. Arshad Ahmed	5
Mr. Zahid Ali	5



International Knitwear Limited

DIRECTORS' REPORT

INTERNAL AUDIT FUNCTION

The audit Committee is assisted by the Internal Audit function maintaining internal controls and best practices, function of the internal audit is to review controls and procedures.

HR & REMUNERATION COMMITTEE

The Board in accordance with the Code of Corporate of Governance has also constituted a Human Resource and Remuneration Committee, comprising of the following three Directors:

Mr. Arshad Ahmed
Mr. Muhammad Sajid Hussain
Mr. Muhammad Shafi

AUDITORS

The retiring auditors **M/s Baker Tilly Mehmood Idrees Qamar Chartered** Accountants retire and being eligible, offer themselves for re-appointment for the year ending June 30, 2016.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the company as at June 30, 2015, along with the necessary information is annexed to this report.

There were 1,221 shareholders on the record of the company as at 30th June 2015.

FUTURE OUTLOOK

Since start of this financial year Textile Industry is under immense pressure due to International market situation. The depressed situation still continues and nothing can be predicted at this stage. As we cannot control the market situation, purchase prices of raw material, power tariffs, currency fluctuations and sales prices of finished goods, therefore we can only make our operations efficient and in this area we are focusing and hope to achieve improved results in the coming year. Management is striving to make the future business profitable.

ACKNOWLEDGEMENT

Finally, we take this opportunity to thank all our stakeholders for the loyalty they have shown us during these difficult times. We could not have achieved these positive results without the cooperation, support and loyalty of our employees, banks, shareholders, various government bodies and board of Directors. The company has come through a difficult period and we look towards your continuous support as always to help us navigate through what look like another challenging year ahead.

For and on behalf of the Board

NAEEM SHAFI
Chief Executive

Karachi: September 30, 2015



International Knitwear Limited

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No.35 of listing regulations of Karachi & Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of non-executive directors on its board of directors. At present the board includes:

Category	Names
Executive Directors	Mr. Naeem Shafi
	Mr. Javed Khan
	Mr. Muhammad Bilal Zuberi
Non-Executive Directors	Mr. Waseem Shafi
	Mr. Arshad Ahmed
	Mr. Muhammad Sajid Hussain
	Mr. Muhammad Shafi

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year one Casual Vacancy Occurred in the Board which was duly filled up by the Directors.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.



International Knitwear Limited

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

10. The directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance (CCG) and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The board has formed an Audit Committee. It comprises of three members, who are non-executive directors including the chairman of the committee.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises of three members including chairman of the committee, of whom two are non-executive directors.
17. The board has set up an effective internal audit function.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
22. We confirm that all other material principles enshrined in the CCG have been complied with, except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.
 - Training programs for the members of the Board of Directors.

NAEEM SHAFI
Chief Executive

Karachi: September 30, 2015



International Knitwear Limited

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

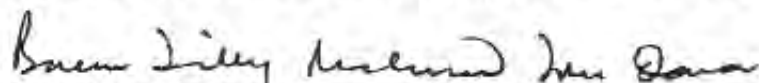
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of INTERNATIONAL KNITWEAR LIMITED to comply with the Listing Regulations of the Karachi and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects that status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's Statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Listing Regulations of the Stock Exchanges where the company is listed require the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Director and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company of the year ended June 30, 2015.


Engagement Partner: Mahmood A. Razzak

Karachi.

Date: September 30, 2015



International Knitwear Limited

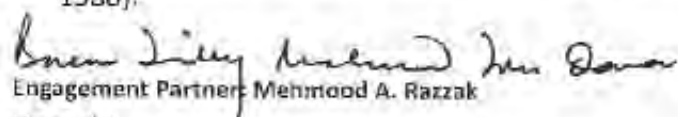
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of INTERNATIONAL KNITWEAR LIMITED as at **June 30, 2015** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, (*hereinafter referred to as financial statements*), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts, and are further in accordance with the accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditures incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014, and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deducted at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).


Engagement Partner: Mehrzood A. Razzak

Karachi.

Date: September 30, 2015



International Knitwear Limited

BALANCE SHEET AS AT JUNE 30, 2015

ASSETS	Note	2015 Rupees	2014 Rupees
Non-Current Assets			
Property, plant and equipment	3	20,095,361	23,271,594
Long term deposits	4	1,500,000	1,607,669
Investments	5	42,677,438	1,054,415
		64,272,799	25,933,678
Current Assets			
Stock in trade	6	27,607,551	25,479,584
Trade debts - considered good	7	15,547,426	25,770,417
Advances, deposits, prepayments and other receivables	8	4,080,831	2,145,167
Taxation - net	13	6,039,056	3,693,045
Cash and bank balances	9	6,188,564	124,646
		59,463,428	57,212,859
TOTAL ASSETS		123,736,227	83,146,537
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	10	64,500,000	32,250,000
Unappropriated profit		14,548,245	4,914,664
		79,048,245	37,164,664
Unrealized gain on revaluation of investments-available for sale		11,855,847	458,172
		90,904,092	37,622,836
Current Liabilities			
Short term finances under mark-up arrangements	11	2,846,046	4,511,029
Trade and other payables	12	29,986,089	41,012,672
		32,832,135	45,523,701
Contingencies and Commitments	14	-	-
TOTAL EQUITY AND LIABILITIES		123,736,227	83,146,537

The annexed notes 1 to 33 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
Continuing Operations			
Net sales	15	184,117,984	145,538,825
Cost of goods sold	16	(161,565,838)	(127,706,707)
Gross profit		22,552,146	17,832,118
Administrative and selling expenses	17	(12,691,552)	(13,174,003)
Operating profit		9,860,594	4,658,115
Other income	18	1,545,339	181,042
		11,405,934	4,839,157
Finance cost	19	(1,966,247)	(1,895,586)
Other charges	20	(862,617)	(348,035)
		(2,828,864)	(2,243,621)
Profit before taxation from continuing operation		8,577,070	2,595,535
Taxation	13	(1,841,179)	(976,131)
Profit after taxation from continuing operation		6,735,891	1,619,404
Discontinued Operations			
Profit from discontinued operations	26	3,061,996	2,100,420
Profit for the year		9,797,887	3,719,824
Earnings per share-basic and diluted			
From continuing operations	22	1.41	0.45
From discontinued operation	22	0.64	0.59

The annexed notes 1 to 33 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees	2014 Rupees
Profit after taxation for the year	9,797,887	3,719,824
<u>Reclassifiable to profit and loss account</u>		
Unrealized profit on remeasurement of investment	11,397,674	321,701
Total comprehensive income for the year	<u>21,195,561</u>	<u>4,041,525</u>

The annexed notes 1 to 33 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Issued, Subscribed and Paid up Share Capital	Unrealized gain on revaluation of investments available for sale	Unappropriated profit	Total
	Rupees			
Balance as at June 30, 2013	32,250,000	136,471	1,194,840	33,581,311
Total comprehensive income:				
Net profit for the year ended June 30, 2014	-	-	3,719,824	3,719,824
Unrealized gain on revaluation of investments - available for sale	-	321,701	-	321,701
Balance as at June 30, 2014	32,250,000	458,172	4,914,664	37,622,836
Share issue cost	-	-	(164,306)	(164,306)
Issued right shares	32,250,000	-	-	32,250,000
Total comprehensive income:				
Net profit for the year ended June 30, 2015	-	-	9,797,887	9,797,887
Unrealized gain on revaluation of investments - available for sale	-	11,397,674	-	11,397,674
Balance as at June 30, 2015	64,500,000	11,855,847	14,548,245	90,904,092

The annexed notes 1 to 33 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

IAVED KHAN
Director



International Knitwear Limited

STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		11,639,066	4,695,955
Adjustment for non cash items:			
Depreciation		3,377,756	4,387,663
(Gain) on sale of property, plant and equipment		(5,767,411)	(5,290,983)
Finance cost		1,966,247	1,895,586
		(423,408)	992,266
Profit before changes in working capital		11,215,658	5,688,221
Increase in current assets			
Stock in trade		(2,127,967)	(9,367,743)
Trade debts		10,222,991	8,973,433
Advances, deposits, prepayments and other receivables		(1,935,664)	2,401,057
		6,159,360	2,006,747
(Decrease) in current liabilities			
Short term finances under mark-up arrangements		(1,350,000)	16,666
Trade and other payables		(11,026,100)	(10,277,976)
		(12,376,100)	(10,261,310)
Financial charges paid		(1,966,247)	(1,895,586)
Taxes paid		(4,187,189)	(4,257,627)
Net cash (used in) operating activities		(1,154,518)	(8,719,555)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceed from issuance of right shares-net		32,085,695	-
Dividend paid		(483)	(545)
Net cash inflow from / (used in) financing activities		32,085,212	(545)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(4,592,313)	(3,992,967)
Proceeds from sale of property, plant and equipment		10,158,200	17,023,313
Long term deposits		107,669	-
Investments		(30,225,348)	(172,598)
Net cash (used in) / Inflow from investing activities		(24,551,792)	12,857,748
Net increase in cash and cash equivalents		6,378,902	4,137,647
Cash and cash equivalents at the beginning of the year		(536,384)	(4,674,031)
Cash and cash equivalents at the end of the year	23	5,842,518	(536,384)

The annexed notes 1 to 33 form an integral part of these financial statements.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. STATUS AND NATURE OF BUSINESS

International Knitwear Limited (hereinafter referred as the Company or IKL) is a public limited company listed on Karachi and Islamabad 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. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

Statement of compliance

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.

Critical accounting estimates and judgments

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain accounting estimates. It also requires the 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 as follows:

- Provision for impairment of trade debts;
- Provision for obsolete inventory;
- Taxation; and
- Valuation of Work in Process.

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

New or Revised Standards, amendments and interpretations which became effective during the period:

There were certain new standards and amendments to the approved accounting standards and new interpretations which became effective during the year but are considered not to be relevant or have no material effect on the company's operations or did not have any material impact on the company's accounting policies and are, therefore, not disclosed in these financial statements.

New or Revised Standards, amendments and interpretations issued but not yet effective:

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning January 1, 2015 that may have an impact on the financial statements of the Company.

IFRS 12, 'Disclosures of Interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention except as otherwise disclosed in the accounting policies below.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

2.3 Property, Plant and Equipment

Fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method. In respect of additions, depreciation is charged from the month in which assets is put to use to the month prior to disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Gain and loss arising on disposal of property, plant and equipment is included in income in the year of disposal.

Assets subject to finance lease

The Company accounts for fixed assets acquired under finance lease by recording the asset and the corresponding liability. These amounts are based on discounting value of minimum lease payments. Financial charges are allocated to the income in the period.

Capital work in progress

Capital work-in-progress is stated at cost accumulated up to the balance sheet date and represents expenditure incurred on property, plant and equipment in the course of construction. These expenditures are transferred to relevant category of property, plant and equipment as and when the assets start operation.

2.4 Stock-in-Trade

- a) Raw, Packing and other materials are valued at the lower of cost calculated on a first-in-first-out basis and net realizable value.
- b) Work in Process is valued at material cost plus estimated conversion cost.
- c) Finished Goods are valued at lower of cost and net realizable value (NRV). NRV signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make the sale.
- d) Stock-in-transit is valued at cost comprising invoice value plus other charges incurred thereon.

2.5 Trade Debts

Trade debts are carried at nominal values less provisions for doubtful debts. Known bad debts, if any, are written off and provision is made against debts considered doubtful. Provision for doubtful debts is based on management's assessment of customer's creditworthiness.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

2.6 Staff Retirement Benefits

The Company operates an approved defined contributory provident fund scheme for eligible employees. Equal contributions are made to the fund by the Company and the employees at the rate of 8.33 % of basic salary.

2.7 Compensated Absences

The company has a policy to provide for compensated absences for all employees in accordance with the rules of the company.

2.8 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation in accordance with the final tax regime, of the Income Tax Ordinance, 2001. Income not covered under final tax regime is taxed under normal regime.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date. However due to application of final tax basis of taxation, deferred taxation would not arise.

2.9 Borrowing Costs

Borrowing costs are recognized as expense in the period in which they are incurred, except to the extent that they are directly attributable to the construction of a qualifying asset in which case they are capitalized as part of the cost of that particular asset.

2.10 Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, when it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

2.11 Foreign Currencies Translation

Transactions in foreign currencies are accounted for in Pak Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the balance sheet date are expressed in rupees at rates of exchange prevailing on that date. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange gains and losses are included in income currently.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

2.12 Revenue Recognition

Revenue from export sales is recognized upon transfer of risks and rewards which coincides with shipment of goods.

Revenue from dyeing, knitting and local sales is recognized on completion of services and delivery of goods.

Dividend income is recognized when the company's right to receive is established.

Bank profit and commission income is recognized on accrual basis.

2.13 Financial Instruments

Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits, other receivable and cash and bank balances in the balance sheet.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investments within twelve months from the balance sheet date. These comprise investment in shares.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Financial Liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognized when the obligation under the liability is discharged or 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 or 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 recognized in the profit and loss account.

Financial liabilities carried on the balance sheet include Medium term finances, short term finances under markup arrangements and trade and other payables.

2.14 Cash and Cash Equivalents

Cash and cash equivalents comprise of cash balances, current and deposit account balances with banks, and Running finance facilities availed by the company, which form an integral part of company's cash management and are included as part of cash and cash equivalents for the purpose of statement of cash flow.

2.15 Off - Setting

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis, or to realize the asset and settle the liability simultaneously.

2.16 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

2.17 Related Party Transactions

All transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes, as admissible, except in extremely rare circumstances, where subject to the approval of the Board of Directors, it is in the interest of the company to do so.

2.18 Impairment of Assets

The carrying value of fixed assets is reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable. If such indication exists and the carrying value exceeds the estimated recoverable amount, the assets are written down to the recoverable amount.

2.19 Segments Reporting

Identification of segments

Export division

Local division

Method of pricing inter-segment transfer:

These are transferred on the basis of actual cost.

Basis for allocation for revenue and expenses:

Revenue in respect of each segment is separately identifiable. Expenses against Knitting charges, Dyeing and Other charges, Embroidery charges, stitching charges, clearing and forwarding charges, Freight octroi and cartage expenses are allocated on actual basis. However, depreciation and all other general expenses are allocated on the following basis.

Basis of allocation		Segment Allocation	
		Export	Local
Depreciation on all assets		58.49%	41.51%
3. PROPERTY, PLANT AND EQUIPMENT	Note	2015 Rupees	2014 Rupees
Operating owned assets	3.1	18,817,768	23,005,914
Capital work in progress:			
- Building development charges	3.4	1,277,593	265,680
		20,095,361	23,271,594



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

5.1 Operating Owned Assets

Leasehold Land	Factory Building	Plant and Machinery	Furniture and Fittings	Office Equipments	Motor Vehicles	Computers	Total
Rupees							

Year ended June 30, 2014

Opening net book amount	4,014,362	3,648,531	24,154,258	318,456	266,201	2,237,718	245,967	34,895,493
Additions	-	1,442,562	2,401,820	249,682	-	-	136,350	4,230,414
Disposals	-	-	(16,722,462)	-	-	-	(32,400)	(16,754,862)
Depreciation charge	(47,177)	(471,791)	(2,929,737)	(67,298)	(50,404)	(723,518)	(97,830)	(4,387,663)
Adjustment	-	-	4,990,132	-	-	-	32,400	5,022,532
Closing net book amount	<u>3,967,185</u>	<u>4,619,393</u>	<u>11,904,011</u>	<u>500,840</u>	<u>215,797</u>	<u>1,514,200</u>	<u>284,487</u>	<u>23,005,914</u>

At June 30, 2014

Cost	4,717,652	9,914,870	26,897,823	945,687	504,035	5,935,090	555,400	49,470,657
Accumulated depreciation	(750,467)	(5,295,477)	(14,993,812)	(444,847)	(288,237)	(4,420,890)	(270,913)	(26,464,743)
Net book amount	<u>3,967,185</u>	<u>4,619,393</u>	<u>11,904,011</u>	<u>500,840</u>	<u>215,797</u>	<u>1,514,200</u>	<u>284,487</u>	<u>23,005,914</u>

Year ended June 30, 2015

Opening net book amount	3,967,185	4,619,393	11,904,011	500,840	215,798	1,514,200	284,487	23,005,914
Additions	-	-	2,669,800	-	41,000	715,000	154,600	3,580,400
Disposals	-	-	(8,447,416)	-	(96,163)	(260,000)	(66,000)	(8,869,579)
Depreciation charge	(47,177)	(495,744)	(1,807,704)	(84,786)	(45,807)	(790,185)	(106,353)	(3,377,756)
Adjustment	-	-	4,127,973	-	68,917	260,000	21,900	4,478,790
Closing net book amount	<u>3,920,008</u>	<u>4,123,649</u>	<u>8,446,664</u>	<u>416,054</u>	<u>183,744</u>	<u>1,439,015</u>	<u>288,634</u>	<u>18,817,768</u>

At June 30, 2015

Cost	4,717,652	9,914,870	21,120,307	945,687	448,872	6,390,090	644,000	44,181,478
Accumulated depreciation	(797,644)	(5,791,221)	(12,673,643)	(529,633)	(265,127)	(4,951,075)	(355,366)	(25,363,709)
Net book amount	<u>3,920,008</u>	<u>4,123,649</u>	<u>8,446,664</u>	<u>416,054</u>	<u>183,744</u>	<u>1,439,015</u>	<u>288,634</u>	<u>18,817,768</u>

Rate of depreciation

1%	5%	10%	10%	10%	20%	20%
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International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

3.2 Detail of Disposal of Property, Plant and Equipment

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain	Mode of disposal	Particular of Purchaser
	Rupees						
Plant and machinery	8,447,416	(4,127,973)	4,319,443	9,888,700	5,569,257	Negotiation	Miscellaneous
Office equipments	96,163	(68,917)	27,246	10,000	(17,246)	Negotiation	Miscellaneous
Motor Vehicles	260,000	(260,000)	-	210,000	210,000	Negotiation	Miscellaneous
Computer	66,000	(21,800)	44,100	49,500	5,400	Negotiation	Miscellaneous
Total	8,869,579	(4,478,790)	4,390,789	10,158,200	5,767,411		

3.3 Segment wise Allocation of Depreciation charge for the year

Allocation criteria		2015			2014		
		Export	Local	Total	Export	Local	Total
		Rupees					
Lease hold land	58.49 : 41.51	8,278	5,875	14,153	5,048	9,105	14,153
Factory building	58.49 : 41.51	86,986	61,738	148,724	50,476	91,033	141,509
Plant and machinery	58.49 : 41.51	52,865	37,521	90,386	52,252	94,235	146,487
Cost of goods sold		148,130	105,134	253,263	107,775	194,373	302,149
Furniture and fittings	58.49 : 41.51	49,590	35,196	84,786	24,005	43,293	67,298
Office equipments	58.49 : 41.51	26,792	19,015	45,807	17,979	32,425	50,404
Motor vehicles	58.49 : 41.51	462,167	328,018	790,185	258,079	465,439	723,518
Computers	58.49 : 41.51	62,204	44,149	106,353	34,896	62,934	97,830
Admin and selling expenses		600,754	426,378	1,027,131	334,960	604,092	939,049
		748,883	531,512	1,280,394	442,735	798,465	1,241,199

Depreciation charge to dyeing segment (Cost of good sold) Rs. 2,097,362 (2014: 3,146,464)

3.4 Movement in Capital Work in Progress

	2015 Rupees	2014 Rupees
Opening balance	265,680	503,127
Add: Addition during the year	1,011,913	1,545,052
Less: Transfer to operating assets	-	(1,782,499)
	1,277,593	265,680

4. LONG TERM DEPOSITS

Security deposits	1,500,000	1,607,669
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4.1 These represent guarantee given to Sul Southern Gas Company Limited.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

5. INVESTMENTS	Note	Opening Balance	Addition/ (Disposal)	Fair Value Adjustment	2015 Rupees	2014 Rupees
Investment in quoted companies	5.1	1,030,380	30,225,349	11,395,194	42,650,923	1,030,380
Other investments	5.2	24,035	-	2,480	26,515	24,035
		1,054,415	30,225,349	11,397,674	42,677,438	1,054,415

5.1 Investment in Quoted Companies

Number of Units			Opening Balance	Addition/ (Disposal)	Fair Value Adjustment	2015 Rupees	2014 Rupees
2015	2014						
112,090	910	The Searle Company Limited	166,767	30,354,506 (3,540,337)	11,694,905	38,675,840	166,767
600	567	Shell Pakistan Limited	157,697	9,605	(19,846)	147,456	157,697
550	550	Fuji Fertilizer Company Limited	62,233	-	21,439	83,672	62,233
500	275	Attock Petroleum Limited	162,250	126,048	1,687	289,985	162,250
500	140	Engro Corporation Limited	24,325	105,726	33,874	163,925	24,325
2,000	110	Oil and Gas Development Company Limited	28,985	360,084	(65,769)	323,300	28,985
5,503	300	Pakistan Oilfields Limited	172,110	1,928,590	(138,936)	1,961,764	172,110
5,000	600	Pakistan Petroleum Limited	134,760	756,579	(130,589)	760,750	134,760
500	300	Pakistan State Oil Company Limited	117,885	78,061	(8,601)	187,345	117,885
600	60	Engro fertilizer limited	3,368	46,487	7,031	56,886	3,368
			1,030,380	30,225,349	11,395,194	42,650,923	1,030,380

5.2 Other Investments

Number of Units			Opening Balance	Addition/ (Disposal)	Fair Value Adjustment	2015 Rupees	2014 Rupees
2015	2014						
480.6	480.6	Al Meezan MOPRFII	24,035	-	2,480	26,515	24,035
-	-	UBL Govt Securities Fund	-	20,000,000 (20,000,000)	-	-	-
-	-	UBL Liquidity Plus Fund	-	200,000 (200,000)	-	-	-
			24,035	-	2,480	26,515	24,035

6. STOCK IN TRADE

	2015 Rupees	2014 Rupees
Raw material	4,828,718	3,584,650
Work-in-process	20,254,743	20,164,604
Finished goods	2,524,090	1,730,330
	27,607,551	25,479,584



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
7. TRADE DEBTS - CONSIDERED GOOD			
Export - secured, considered good		4,183,413	7,305,602
Local - unsecured			
- Considered good		11,364,013	18,464,815
- Considered doubtful		4,687,728	4,687,728
		16,051,741	23,152,543
Less: Provision for bad debts.	7.1	(4,687,728)	(4,687,728)
		15,547,426	25,770,417
7.1 Reconciliation of provision for impairment of trade debts			
Opening provision		4,687,728	4,706,536
Charged for the year		-	-
Written off during the year		-	(18,808)
		4,687,728	4,687,728
8. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
LOAN - unsecured, considered good			
Loan to employees	8.1	745,000	205,750
ADVANCES - unsecured, considered good			
Advance to contractor, employees and supplier		1,549,086	1,004,995
Prepayments		68,406	-
OTHER RECEIVABLES			
Sales tax refundable		179,974	53,775
Export rebate receivables		674,358	356,940
Research and development receivable		-	1,485,313
Other Receivable		864,007	523,707
		1,718,339	2,419,735
Research and development written off		-	(1,485,313)
		4,080,831	2,145,167
8.1 The unsecured loans to employees are granted in accordance with the terms of employment. Loans are recoverable in monthly installments over a period ranging between 3 to 5 years and are interest free. The outstanding balance as at June 30, 2015 pertains to a period between 1 - 2 years.			
9. CASH AND BANK BALANCES			
Cash in hand		-	-
With banks in:			
- Treasures call accounts		6,135,140	101,451
- Current accounts		53,424	23,195
		6,188,564	124,646
		6,188,564	124,646



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

10. SHARE CAPITAL	Note	2015 Rupees	2014 Rupees	
Authorized share capital				
Number of Shares				
2015	2014			
10,000,000	6,000,000	Ordinary Shares of Rs. 10/- each	100,000,000	60,000,000
Issued, subscribed and paid-up share capital				
3,000,000	3,000,000	Ordinary shares of Rs.10 each fully paid in cash	30,000,000	30,000,000
225,000	225,000	Ordinary shares of Rs.10 each issued as bonus shares	2,250,000	2,250,000
3,225,000	-	Right shares of Rs. 10 each fully paid in cash	32,250,000	-
6,450,000	3,225,000		64,500,000	32,250,000
10.1	During the year, the Company issued 3,225,000 ordinary shares by way of 100% right issue (i.e. one share for every one share held) Rs. 10/- at par.			
11. SHORT TERM FINANCES UNDER MARK-UP ARRANGEMENTS				
Running finance facility	11.1	346,046	661,029	
Export refinance facility	11.2	2,500,000	3,850,000	
		2,846,046	4,511,029	
11.1 Limit Rs. 5 million.				
Secured against hypothecation charge over stocks and equitable mortgage over factory property at Plot # F-2A/L, SITE, Karachi amounting to Rs.30 million (with 50% margin), and lien over export documents and personal guarantees of Directors of the Company. The rate of mark-up is equal to 3 Months KIBOR + 2.5% p.a (2014: 3 Months KIBOR + 2.5% p.a). The facility is renewable and is valid till June 30, 2015.				
11.2 Limit Rs. 12.5 million.				
Secured against hypothecation charge over stocks and equitable mortgage over factory property at Plot # F-2A/L, SITE, Karachi amounting to Rs. 30 million (with 50% margin), and lien over export documents and personal guarantees of Directors of the Company. The finance carry mark up equals to SBP export refinance rate +1% (2014: SBP export refinance rate +1%). The facility is renewable and is valid till June 30, 2015.				
12. TRADE AND OTHER PAYABLES				
Creditors		19,379,841	29,688,504	
Accrued expenses		4,246,125	4,769,186	
Compensated absences payable		530,243	1,349,091	
Other fund payable	12.1	143,074	176,030	
Workers' profit participation fund	12.2	2,099,491	2,855,939	
Workers' welfare fund		1,103,953	918,238	
Advance from customers		1,455,000	61,448	
Advance for sale of machine		-	200,000	
Unclaimed dividend		816,552	817,035	
Others		211,810	177,201	
		29,986,089	41,012,672	



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees	2014 Rupees
12.1 Other Fund Payable			
Provident fund		140,354	121,110
EOBI payable		2,720	54,920
		<u>143,074</u>	<u>176,030</u>

12.2 Workers' Profit Participation Fund			
Opening balance		2,855,939	3,610,424
Provision for the year		625,084	252,200
Interest on workers' profit participation fund payable		8,468	76,315
		3,489,491	3,938,939
Less: Payments made during the year		(1,390,000)	(1,083,000)
		<u>2,099,491</u>	<u>2,855,939</u>

13. TAXATION

Provision for taxation			
Opening balance		(3,693,045)	(411,547)
Add: Charged for the year		1,841,179	976,131
Less: Payments made during the year		(4,187,190)	(4,257,629)
		<u>(6,039,056)</u>	<u>(3,693,045)</u>

Relationship between tax expense and accounting profit has been not presented as tax has been computed under section 113 of Income Tax Ordinance, 2001 i.e. Minimum tax and final tax regime.

14. CONTINGENCIES AND COMMITMENTS

Contingencies

Bank Al-Habib Limited has issued bank guarantees of Rs. 3 million (2014: Rs. 3 million) on behalf of the Company.

15. NET SALES

	EXPORT		LOCAL		TOTAL	
	2015	2014	2015	2014	2015	2014
	Rupees					
Export	106,539,491	50,797,887	-	-	106,539,491	50,797,887
Commission	-	(112,043)	-	-	-	(112,043)
Sales local	-	-	76,430,219	93,630,443	76,430,219	93,630,443
Sales discount	(1,225,419)	-	-	-	(1,225,419)	-
Export rebates	426,158	203,192	-	-	426,158	203,192
Other sales	1,947,535	1,019,346	-	-	1,947,535	1,019,346
	<u>107,687,765</u>	<u>51,908,382</u>	<u>76,430,219</u>	<u>93,630,443</u>	<u>184,117,984</u>	<u>145,538,825</u>



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Note	EXPORT		LOCAL		TOTAL	
	2015	2014	2015	2014	2015	2014
	Rupees					

16. COST OF GOODS SOLD

Raw and packing material consumed

Opening stock	-	514,318	3,584,650	1,523,347	3,584,650	2,037,665
Purchases	47,657,472	23,746,486	33,824,372	45,462,897	81,481,844	69,209,383
Closing stock	(2,824,243)	-	(2,004,475)	(3,584,650)	(4,828,718)	(3,584,650)
	44,833,229	24,260,804	35,404,546	43,401,594	80,237,776	67,662,398

Salaries, allowances and benefits	7,221,138	3,817,447	5,125,124	6,885,772	12,346,262	10,703,219
Provident fund contribution	244,987	122,263	173,877	220,534	418,864	342,797
Knitting charges	2,469,040	1,055,554	1,752,374	1,844,497	4,221,414	2,900,051
Dyeing and other charges	15,383,112	6,195,968	10,917,996	13,271,517	26,301,108	19,467,485
Embroidery/ Printing charges	1,835,951	1,197,318	1,303,047	5,767,478	3,138,998	6,964,796
Stitching charges	12,352,307	4,603,787	8,766,915	12,763,117	21,119,222	17,366,904
Fuel and power	1,709,534	802,739	1,213,324	1,447,950	2,922,858	2,250,689
Communication	131,780	76,866	93,529	138,647	225,309	215,513
Postage & telegrams	341,902	89,946	242,662	162,242	584,564	252,188
Repairs and maintenance	568,744	282,275	403,660	509,156	972,404	791,431
Staff welfare and medical expenses	54,820	45,597	38,908	82,247	93,728	127,844
Motor vehicle and conveyance	665,147	329,080	472,080	593,582	1,137,227	922,662
Insurance	108,143	85,854	76,754	154,859	184,897	240,713
Depreciation	148,130	107,766	105,133	194,384	253,263	302,150
Clearing and forwarding	1,167,363	512,500	-	-	1,167,363	512,500
Freight, octroi and cartage	2,339,791	1,228,529	1,660,642	771,439	4,000,433	1,999,968
Export Development Charges	269,079	41,854	-	75,495	269,079	117,349
Factory Compliance expenses	314,658	-	223,325	-	537,983	-
Marketing expenses	205,733	-	146,017	-	351,750	-
Travelling expenses	517,365	-	367,194	-	884,559	-
Reversal of GST refundable	-	566,753	-	1,022,288	-	1,589,041
Others	632,071	284,535	448,605	513,233	1,080,676	797,768
	48,680,795	21,446,629	33,531,166	46,418,438	82,211,961	67,865,069

Work-in-process

Opening stock	1,904,246	302,230	18,260,358	12,597,515	20,164,604	12,899,745
Closing stock	(1,206,702)	(1,904,246)	(19,048,041)	(18,260,358)	(20,254,743)	(20,164,604)
	697,544	(1,602,016)	(787,683)	(5,662,843)	(90,139)	(7,264,859)

Cost of goods manufactured

	94,211,568	44,105,417	68,148,029	84,157,189	162,359,597	128,262,606
Finished goods						
Opening stock	617,145	356,081	1,113,185	818,350	1,730,330	1,174,431
Closing stock	(1,476,301)	(617,145)	(1,047,789)	(1,113,185)	(2,524,090)	(1,730,330)
	(859,156)	(261,064)	65,396	(294,835)	(793,760)	(555,899)

COST OF GOODS SOLD

	93,352,413	43,844,353	68,213,425	83,862,354	161,565,838	127,706,707
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International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Note	EXPORT		LOCAL		TOTAL	
	2015	2014	2015	2014	2015	2014
	Rupees					

17. ADMINISTRATIVE AND SELLING EXPENSES

Salaries, allowances and benefits	4,595,427	2,204,561	3,261,555	3,976,507	7,856,982	6,181,068
Provident fund contribution	230,798	117,776	163,805	212,440	394,604	330,216
Communication	130,852	60,329	92,870	108,819	223,722	169,148
Postage & telegrams	85,123	21,791	60,415	39,305	145,538	61,096
Staff welfare and medical expenses	54,678	57,121	38,807	103,033	93,485	160,154
Motor vehicle and conveyance	480,091	653,587	340,740	1,178,915	820,831	1,832,502
Repair and maintenance	119,106	94,021	84,534	169,591	203,640	263,612
Legal and professional charges	180,593	105,224	128,174	189,798	308,767	295,022
Auditors' remuneration 17.1	178,097	106,214	126,403	191,586	304,500	297,800
Depreciation 3.3	600,753	334,924	426,378	604,125	1,027,131	939,049
Printing and stationery	105,610	41,535	74,955	74,920	180,565	116,455
Advertisement and publicity	105,180	15,455	74,651	27,877	179,831	43,332
Fee, subscription and periodicals	398,754	273,149	283,012	492,696	681,766	765,845
R&D Receivable written off	-	1,485,313	-	-	-	1,485,313
Rent, rate and taxes	12,575	16,799	8,925	30,301	21,500	47,100
Insurance	28,007	30,082	19,877	54,261	47,884	84,343
Others	117,448	36,361	83,358	65,587	200,806	101,948
	7,423,093	5,654,242	5,268,459	7,519,761	12,691,552	13,174,003

17.1 Auditors' Remuneration

	2015 Rupees	2014 Rupees
Annual audit	201,000	195,000
Half yearly review	73,500	77,800
Out of pocket expenses	30,000	25,000

304,500 **297,800**

18. OTHER INCOME

	EXPORT		LOCAL		TOTAL	
	2015	2014	2015	2014	2015	2014
	Rupees					

Income From Financial Assets

Profit on bank accounts	169,944	32,287	120,616	58,237	290,560	90,524
Dividend income	35,092	16,556	24,906	19,852	59,998	46,418
Exchange gain - net	107,125	-	-	-	107,125	-
Other income	119,316	-	84,684	-	204,000	-
Gain on disposal of investment	400,940	-	284,563	-	685,503	-

Income From Non-Financial Assets

Gain on disposal of property, plant and equipment	115,897	44,100	82,257	-	198,154	44,100
	948,315	92,942	597,025	88,100	1,545,339	181,042



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

19. FINANCE COST

	EXPORT		LOCAL		TOTAL	
	2015	2014	2015	2014	2015	2014
	Rupees					
Mark-up on export refinance	211,185	132,996	149,886	239,894	361,071	372,890
Mark-up on running finance	237,850	132,826	168,811	239,587	406,661	372,413
Bank charges on export remittances	748,184	224,095	-	-	748,184	224,095
Mark-up on P.F. Loan	-	27,731	-	50,019	-	77,750
Mark-up on W.P.P.F	4,953	27,219	3,515	49,096	8,468	76,315
Bank charges	209,662	120,321	148,806	217,031	358,468	337,352
Long term loan (Generator)	-	7,636	-	13,775	-	21,411
Exchange loss - net	-	413,360	-	-	-	413,360
Capital gain tax	48,776	-	34,619	-	83,395	-
	1,460,610	1,086,184	505,637	809,402	1,966,247	1,895,586

20. OTHER CHARGES

Workers' profit participation fund	319,998	70,827	305,086	181,373	625,084	252,200
Workers' welfare fund	121,599	26,914	115,993	68,922	237,532	95,836
	441,598	97,741	421,019	250,294	862,616	348,035

21. SEGMENT INFORMATION

A segment is a distinguishable component of the company that is engaged in business activities from which the Company earns revenues and incur expenses and its results are regularly reviewed by the Company's Chief Operating Decision Maker to make decision about resources to be allocated to the segment and assess its performance. Further, discrete financial information is available for each segment.

Based on internal management reporting structure and products produced and sold, the Company is organized into the following two operating segments:

- Export
- Local

Management monitors the operating results of above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

EXPORT		LOCAL		TOTAL	
2015	2014	2015	2014	2015	2014
Rupees					

Segment revenue and segment result for the year are as follows:

Net Sales	107,687,765	51,908,382	76,430,219	93,630,443	184,117,984	145,538,825
Cost of goods sold	(93,352,413)	(43,844,353)	(68,213,425)	(83,862,354)	(161,565,838)	(127,706,707)
Gross (loss) / profit	14,335,352	8,064,029	8,216,794	9,768,089	22,552,146	17,832,118
Administrative and selling expenses	(7,423,093)	(5,654,242)	(5,268,459)	(7,519,761)	(12,691,552)	(13,174,003)
Segment results	6,912,260	2,409,787	2,948,335	2,248,327	9,860,594	4,658,115
Other income	948,315	92,942	597,025	88,100	1,545,339	181,042
Finance cost	(1,460,610)	(1,086,184)	(505,637)	(809,402)	(1,966,247)	(1,895,586)
Other charges	(441,598)	(97,741)	(421,019)	(250,294)	(862,617)	(348,035)
(Loss) / profit before taxation from continuing	5,958,367	1,318,804	2,618,704	1,276,731	8,577,070	2,595,536
Taxation						
- Current	(1,076,877)	(507,979)	(764,302)	(468,152)	(1,841,179)	(976,131)
Profit after taxation from continuing operation	4,881,490	810,825	1,854,402	808,579	6,735,891	1,619,405

22. EARNINGS PER SHARE-BASIC AND DILUTED

From continuing operations

	Note	2015 Rupees	2014 Rupees
Profit after taxation		6,735,891	1,619,404
Number of ordinary shares		4,772,057	3,573,527
Earnings per share		1.41	0.45

From discontinued operation

Profit for the year		3,061,996	2,100,420
Number of ordinary shares		4,772,057	3,573,527
Earnings per share		0.64	0.59

23. CASH AND CASH EQUIVALENTS

Cash and bank balances	9	6,188,564	124,646
Running finance facility	11.1	(346,046)	(661,029)
		5,842,518	(536,383)



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

24. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits to the Chief executive, Director and Executives of the Company are as follows:

	2015		2014	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees			
Basic salary	2,400,000	2,560,000	1,819,355	1,615,484
Allowances	1,320,000	1,408,000	1,000,645	888,516
Company's contribution to provident fund	200,000	213,333	151,608	134,626
	3,920,000	4,181,333	2,971,608	2,638,626
Number of person(s)	1	4	1	2

24.1 A sum of Rs. 55,500 (2014: Rs. 75,000) was paid being fee for attending the Board of Directors' meeting.

24.2 Chief executive and Other Executives are provided with free use of Company maintained cars. They are also entitled for medical facility to the extent of reimbursement of actual expenditure and other benefits in accordance with their terms of employment.

24.3 Executive means an employee other than Chief Executive and Director whose basic salary exceeds five hundred thousand rupees in the financial year.

25. DISCONTINUED OPERATIONS

In December 2012 the company decided to discontinue its dyeing segment. However, the criteria for classifying the assets as held for sale under IFRS 5 could not be met by the company so the assets are not classified as held for sale.

26. PROFIT FROM DISCONTINUED OPERATIONS

	Note	2015 Rupees	2014 Rupees
Net Sales		-	-
Cost of goods sold	26.1	(2,507,261)	(3,146,464)
Gross (loss)		(2,507,261)	(3,146,464)
Other Income	26.2	5,569,257	5,246,884
Profit before taxation		3,061,996	2,100,420
Taxation		-	-
Profit from discontinued operation		3,061,996	2,100,420
26.1 COST OF GOODS SOLD			
Salaries, allowances and benefits		180,000	-
Repairs and maintenance		229,899	-
Depreciation	33	2,097,362	3,146,464
COST OF GOODS SOLD		2,507,261	3,146,464
26.2 OTHER INCOME			
Income From Non-Financial Assets			
Gain on disposal of property, plant and equipment		5,569,257	5,246,884
		5,569,257	5,246,884



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

27. 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:

	2015 Rupees	2014 Rupees
Balances:		
Provident Fund - outstanding balance	140,354	121,110
Transactions:		
Contribution to staff retirement benefit plans	813,468	673,013
Key management personnel's remuneration and other benefits	4,181,333	2,638,626

28. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of fund:

	Un-audited 2015	Audited 2014
Size of the fund - total assets	2,695,031	7,424,482
Percentage of investment made	43.73%	13.53%
Fair value of investments	1,178,428	1,004,543

The cost of above investments amounted to Rs. 1,133,212 (2014: Rs. 1,000,000).

	2015 Percentage	2014 Percentage	Un-audited 2015 Rupees	Audited 2014 Rupees
The breakup of fair value of investment is:				
Mutual fund UBL (Al-Ameen IPPF-III)	47.96%	49.10%	565,166	493,194
Mutual fund UBL (UGSF)	47.69%	-	561,988	-
Mutual fund at Al-Meezan (MBF)	4.35%	50.90%	51,274	511,349
	<u>100.00%</u>	<u>100.00%</u>	<u>1,178,428</u>	<u>1,004,543</u>

29. FINANCIAL INSTRUMENTS

Financial risk management objective and policies

The Board of Directors of the company have overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's activities expose it to a variety of liquidity risk, credit risk, financial risk, and market risk (including currency risk, interest rate risk and price risk). Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

29.1 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents. The following are the contractual maturities of financial assets and financial liabilities.

(i) On balance sheet assets and liabilities:

2015							
Effective rate of interest %	INTEREST/MARK-UP BEARING			NON-INTEREST/MARK-UP BEARING			Total
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
	Rupees						

Financial assets:

Long term deposits			-	-	1,500,000	1,500,000	1,500,000
Investments			-		42,677,438	42,677,438	42,677,438
Trade debts			-	15,547,426	-	15,547,426	15,547,426
Advances, deposits, prepayments and other receivables	-	-	-	4,080,831	-	4,080,831	4,080,831
Cash and bank balances	5%	6,135,140	-	6,135,140	53,424	-	53,424
		6,135,140	-	6,135,140	19,681,681	44,177,438	63,859,119
							69,994,359

Financial liabilities:

Medium term finance	1 year KIBOR+ 3%	-	-	-	-	-	-
Short term finances under mark-up arrangements	3 Months KIBOR +2.5% & SBP rate +1%	2,846,046	-	2,846,046	-	-	2,846,046
Trade and other payables		2,099,491	-	2,099,491	27,886,597	-	27,886,597
		4,945,538	-	4,945,538	27,886,597	-	27,886,597
							32,832,135
Sensitivity gap		1,189,602	-	1,189,602	(8,204,916)	44,177,438	35,972,522
							37,162,124

(ii) Off balance sheet liabilities as stated in note 14 amounts to Rs. 3 million.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

(i) On balance sheet assets and liabilities:

2014							
Effective rate of interest %	INTEREST/MARK-UP BEARING			NON-INTEREST/MARK-UP BEARING			Total
	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
	Rupees						

Rupees

Financial assets:

Long term deposits	-	-	-	-	1,607,669	1,607,669	1,607,669
Investments	-	-	-	-	1,054,415	1,054,415	1,054,415
Trade debts	-	-	-	25,770,417	-	25,770,417	25,770,417
Advances, deposits, prepayments and other receivables	-	-	-	2,145,167	-	2,145,167	2,145,167
Cash and bank balances	5%	101,451	-	101,451	23,195	-	23,195
		101,451	-	101,451	27,938,779	2,662,084	30,600,863
							30,702,314

Financial liabilities:

Medium term finance	1 year KIBOR+ 3%	-	-	-	-	-	-
Short term finances under mark-up arrangements	3 Months KIBOR +2.5% & SBP rate +1%	4,511,029	-	4,511,029	-	-	4,511,029
Trade and other payables		2,977,049	-	2,977,049	38,035,624	-	38,035,624
		7,488,078	-	7,488,078	38,035,624	-	45,523,702
Sensitivity gap		(7,386,627)	-	(7,386,627)	(10,096,845)	2,662,084	(7,434,761)
							(14,821,388)

(ii) Off balance sheet liabilities as stated in note 14 amounts to Rs. 3 million.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

29.2 Credit Risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its trade debts and balances at banks. Local Credit sales are essentially to Khaadi. Receivable from export sales are secured against letter of credit. The credit risk on liquid funds is limited because counter parties are banks with reasonably high credit ratings.

i) Exposure to credit risk

The carrying amount of financial assets represents maximum credit exposure. The maximum exposure to credit risk at the date of reporting is as follows:

	2015 Rupees	2014 Rupees
Financial assets:		
Trade debts	15,547,426	25,770,417
Advances, deposits, prepayments and other receivables	4,080,831	2,145,167
	<u>19,628,257</u>	<u>27,915,584</u>

As on June 30, 2015, trade debts of Rs. 15,547,426 (2014: 25,770,417) were past due but not impaired. The aging analysis of these trade receivables is as follows.

	2015 Rupees	2014 Rupees
Up to 3 months	12,828,875	13,066,866
Above 12 months	2,718,551	12,703,551
	<u>15,547,426</u>	<u>25,770,417</u>



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

29.3 Market Risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign

Financial assets include Rs. 4,183,413 (2014 : Rs. 7,305,602) which are subject to currency risk.

(ii) Interest rate risk

Interest rate risk represents the risk that are fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market interest rates.

However, company do possess short term interest bearing financial liabilities which includes Rs. 2,846,046 (2014: Rs. 4,511,029) which are subject to interest rate risk. Applicable interest rate for financial instruments have been indicated in respective notes.

(iii) Other price risk

Price risk represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market.

29.4 Capital Risk Management

The Company's objective when managing capital are to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure the company may adjust the amount of dividends paid to shareholders, issue new share and take other measures commensurating to the circumstances.

The capital structure of the Company is equity based. It has financed all its projects and business expansion through equity financing and never resorted on debt financing. Company has availed short-term borrowing for working capital purposes only.

Fair value of financial assets and liabilities

The carrying value of financial assets and liabilities approximate their fair value.



International Knitwear Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

30. CAPACITY AND PRODUCTION

Export and local (Pcs.)
Dyeing (Kgs.)

Installed capacity	Actual production	
	2015	2014
660,000	452,384	369,548
300,000	-	-

31. NUMBER OF EMPLOYEES

Number of employees of the company as at balance sheet date are:

- Permanent Employees
- Contractual employees

2015	2014
58	60
78	113

Average number of employees of the company at the balance sheet date are:

- Permanent Employees
- Contractual employees

63	54
89	72

32. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were approved by the board of directors of the Company and authorized for issue on September 30, 2015.

33. FIGURES

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

33.2 Some of the previous year figures have been reclassified and re-arranged to facilitate better presentation in the current year.

NAEEM SHAFI
Chief Executive

JAVED KHAN
Director



International Knitwear Limited

KEY OPERATION & FINANCIAL DATA FOR LAST SIX YEARS

PARTICULARS	Jun-15	Jun-14	Jun-13	Jun-12	Jun-11	Jun-10
Sale-Net	184,117,984	145,538,825	105,441,107	158,340,897	134,539,702	144,087,304
Cost of sales	(161,565,838)	(127,706,707)	(88,638,234)	(140,068,926)	(132,923,420)	(128,589,767)
Gross Profit	22,552,146	17,832,118	16,802,873	18,271,971	1,616,282	15,497,537
Administrative and selling expenses	(12,691,552)	(13,174,003)	(7,173,084)	(10,063,323)	(8,815,172)	(7,240,073)
Operating Profit /(loss)	9,860,594	4,658,115	9,629,789	8,208,648	(7,198,890)	8,257,464
Other income	1,545,339	181,042	471,422	3,211,342	537,777	616,123
Finance cost	(1,966,247)	(1,895,586)	(1,808,654)	(2,844,446)	(3,487,116)	(1,584,808)
Other charges	(862,617)	(348,035)	(85,911)	(591,686)	(107,632)	(517,000)
Profit/(loss) before taxation	8,577,070	2,595,536	8,206,646	7,983,858	(10,255,861)	6,771,779
Provision						
- prior	-	-	-	(33,738)		
- current	(1,841,179)	(976,131)	(625,654)	(1,124,232)	(919,762)	(911,000)
Net profit/(loss) after taxation	6,735,891	1,619,404	7,580,992	6,825,888	(11,175,623)	5,860,779



International Knitwear Limited

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2015

Nos. of Shareholders	Shareholdings'Slab			Total Shares Held
230	1	to	100	6,919
204	101	to	500	51,350
634	501	to	1000	353,634
80	1001	to	5000	168,563
19	5001	to	10000	132,387
16	10001	to	15000	192,535
2	15001	to	20000	32,100
2	20001	to	25000	48,112
6	25001	to	30000	173,000
2	30001	to	35000	64,970
3	35001	to	40000	115,158
1	40001	to	45000	42,354
1	45001	to	50000	48,500
3	50001	to	55000	159,976
2	60001	to	65000	122,958
4	70001	to	75000	289,698
1	75001	to	80000	75,791
1	85001	to	90000	88,150
1	100001	to	105000	100,382
1	175001	to	180000	176,000
2	210001	to	215000	430,000
1	375001	to	380000	376,600
1	410001	to	415000	413,470
1	425001	to	430000	430,000
1	510001	to	515000	510,602
1	595001	to	600000	597,641
1	1245001	to	1250000	1,249,150
1221				6,450,000



International Knitwear Limited

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2015

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
NAEEM SHAFI	3	420,618	6.52
WASEEM SHAFI	2	55,134	0.85
JAVED KHAN	1	1,000	0.02
MUHAMMAD SHAFI	1	10,750	0.17
ZAHID ALI	1	1,074	0.02
ARSHAD AHMED	1	1,000	0.02
MOHAMMAD SAJJID HUSSAIN	1	1,000	0.02
HUMAIRA SHAFI	3	711,995	11.04
BUSHRA SHAFI	1	2,580	0.04
SALSABIL SHAFI	1	10,750	0.17
MANAHIL SHAFI	1	6,665	0.10
NOOR SHAFI	1	10,750	0.17
Associated Companies, undertakings and related parties	-	-	-
Executives	-	-	-
Public Sector Companies and Corporations	2	60,783	0.94
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	2	521,495	8.09
Mutual Funds	-	-	-
General Public	1198	4,633,487	71.84
Foreign Investor	-	-	-
OTHERS	2	919	0.01
Totals	1221	6,450,000	100.00

Share holders holding 5% or more	Shares Held	Percentage
RASHID ABDULLA	1,249,150	19.37
HUMAIRA SHAFI	711,995	11.04
KHALID MALIK	544,576	8.44
FIRST UDL MODARABA	510,602	7.92
FAISAL ABDULLA	430,000	6.67
NAEEM SHAFI	420,618	6.52



International Knitwear Limited

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2015

S.No.	Folio #	Name of shareholder	Number of shares	percent	
Directors and their spouse(s) and minor children					
1	2	NAEEM SHAFI	413,470	6.41	
2	520	NAEEM AHMED SHAFI	1,148	0.02	
3	01826-52175	NAEEM AHMED SHAFI	6,000	0.09	
4	1	WASEEM SHAFI	52,624	0.82	
5	3025	WASEEM SHAFI	2,510	0.04	
6	2982	JAVED KHAN	1,000	0.02	
7	2911	MUHAMMAD SHAFI	10,750	0.17	
8	2883	ZAHID ALI	1,074	0.02	
9	2983	ARSHAD AHMED	1,000	0.02	
10	2981	MOHAMMAD SAJID HUSSAIN	1,000	0.02	
11	19	HUMAIRA SHAFI	597,641	9.27	
12	2910	HUMAIRA SHAFI	42,354	0.66	
13	01826-12062	HUMAIRA SHAFI	72,000	1.12	
14	20	BUSHRA SHAFI	2,580	0.04	
15	2912	SALSABIL SHAFI	10,750	0.17	
16	2840	MANAHIL SHAFI	5,665	0.10	
17	2913	NOOR SHAFI	10,750	0.17	
			17	1,233,316	19.12
Associated Companies, undertakings and related parties					
			0	-	-
Executive					
			NIL	-	-
Public sector companies and corporations					
1	03889-28	NATIONAL BANK OF PAKISTAN	67	0.00	
2	03889-44	NATIONAL BANK OF PAKISTAN	60,716	0.94	
			2	60,783	0.94
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds					
1	03277-1651	FIRST UDL MODARABA	510,602	7.92	
2	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	10,893	0.17	
			2	521,495	8.09
Mutual Funds					
			NIL	-	-
Foreign Investor					
			NIL	-	-
Others					
1	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	382	0.01	
2	05728-24	STOCK STREET (PRIVATE) LIMITED	537	0.01	
			2	919	0.01
General Public Local			1198	4,633,487	71.84
Total			1221	6,450,000	100.00



International Knitwear Limited

FORM OF PROXY

I/We _____ son/daughter/wife/husband of _____, Shareholder of International Knitwear Limited, holding _____ ordinary shares hereby appoint _____ who is my _____ [state relationship (if any) with the proxy; required by Government regulations] and the son / daughter / wife / husband of _____, (holding _____ ordinary shares in the Company under Folio No. _____) [required by Government] as my / our proxy, to attend and vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on October 28th, 2015 and / or any adjournment thereof.

Signed this _____ day of _____ 2015.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of Shares held	Signature over Revenue Stamp

Witness 1

Signature _____

Name _____

CNIC No. _____

Address _____

Witness 2

Signature _____

Name _____

CNIC No. _____

Address _____

NOTES:

- The member is requested:
 - To affix Revenue Stamp of Rs. 5/- at the place indicated above.
 - To sign across the revenue Stamp in the same style of signature as is registered with the Company
 - To write down his folio Number.
- In order to be valid, this proxy must be received at the registered office of the Company at least 48 hours before the time fixed for the meeting, duly completed in all respects.
- CDC Shareholders or their proxies should bring their original Computerized National Identity Card or Passport along with the Participant's ID Number and their Account Number to facilitate their identification. Detailed procedure is given in the Notes to the Notice of AGM.



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